TOWN OF NUCLA, COLORADO
FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S
REPORT
December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Board of Trustees
Town of Nucla, Colorado
Nucla, Colorado 81424

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Nucla, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 the Town of Nucla, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the Town of Nucla's 2015 financial statements, and I expressed an unmodified audit opinion on those financial statements in my report dated June 27, 2016. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and pages 33 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Nucla, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules for the proprietary funds and Local Highway Finance Report are presented for purposes of additional analysis or legal and regulatory requirements and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules for the proprietary funds and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements, budgetary schedules for the proprietary funds and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Kelly Neal Scates, CPA, PC

June 26, 2017
Delta, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Nucla, we offer readers of the Town of Nucla's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016.

Financial Highlights

As of the close of the year, the Town had $609,249 in combined ending cash and investment balances compared to $676,977 in combined ending cash and investment balances for the previous year. The reason for this decrease is in part attributable to the capital improvements and equipment purchases.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town of Nucla that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, public works, parks and the library. The business-type activities of the Town include the water and sewer fund operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, emergency medical fund and the capital improvement fund, which are considered to be major funds. Data from the other governmental fund is also presented. Individual fund data for the nonmajor governmental fund is provided in the form of combining statements elsewhere in the report.

The Town adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the general fund, capital improvement fund and emergency medical fund to demonstrate compliance with the budget. Budgetary comparisons for all other funds are provided as schedules elsewhere in the report.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Proprietary funds. The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer utility funds. The Town does not use internal service funds which are an accounting device used to accumulate and allocate costs internally among the Town's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the funds.

The basic proprietary fund financial statements can be found on pages 16 through 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparisons for the general fund, capital improvement fund and emergency medical fund. Required supplementary information can be found on pages 33 through 38 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental fund and budgetary comparison schedules for proprietary funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 39 through 42 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. The Town's assets exceeded liabilities by $3,115,121 at the close of the year 2016.

The largest portion of the Town's net position reflects its investment in the capital assets (e.g. land, buildings, infrastructure and equipment), less any related debt used to acquire those assets that are still outstanding. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Nucla's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	$472,259	$432,207	$318,000	$296,215	790,259	728,422
Capital assets	618,176	672,267	2,007,575	1,889,076	2,625,751	2,561,343
Total assets	1,090,435	1,104,474	2,325,575	2,185,291	3,416,010	3,289,765
Long-term liabilities			78,797	70,545	78,797	70,545
Other liabilities	19,011	18,459	35,085	33,481	54,096	51,940
Deferred inflows	55,421	52,159			55,421	52,159
Net assets:						
Invested in capital assets, net of related debt	618,176	672,267	1,920,920	1,810,279	2,539,096	2,482,546
Restricted	385,505	318,220			385,505	318,220
Unrestricted	12,322	43,369	290,773	270,986	303,095	314,355
Total net assets	1,016,003	1,033,856	2,211,693	2,081,265	3,227,696	3,115,121

The restricted portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Nucla's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services			405,420	427,229	405,420	427,229
Fees and fines	5,533	10,171			5,533	10,171
Operating grants	27,908	32,794			27,908	32,794
Capital grants	344,411	7,816	33,333		377,744	7,816
General revenues:					0	0
Taxes:					0	0
Property tax	61,177	58,703			61,177	58,703
Sales tax	194,366	203,607			194,366	203,607
Franchise tax	5,517	5,545			5,517	5,545
Severance tax	13,342	11,316			13,342	11,316
Cigarette tax	317				317	0
Donations	1,118	89			1,118	89
Miscellaneous	1,575	14,996			1,575	14,996
Earnings on investments	603	538	170	1,100	773	1,638
Total revenue	655,867	345,575	438,923	428,329	1,094,790	773,904
Expenses:						
General government	115,617	118,228			115,617	118,228
Public safety	58,080	58,472			58,080	58,472
Parks	60,099	70,948			60,099	70,948
Public works	69,206	75,599			69,206	75,599
Library	33,449	39,596			33,449	39,596
Transfer	(7,185)	(35,121)	7,185	35,121		0
Utilities			445,696	523,636	445,696	523,636
Total expenses	329,266	327,722	452,881	558,757	782,147	886,479
Increase or (decrease) in net assets	326,601	17,853	(13,958)	(130,428)	312,643	(112,575)
Net assets - January 1	689,402	1,016,003	2,225,651	2,211,693	2,915,053	3,227,696
Net assets - December 31	1,016,003	1,033,856	2,211,693	2,081,265	3,227,696	3,115,121

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The Town General Fund did not exceed the budget in revenues or expenditures for the year ended December 31, 2016.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business type activities as of December 31, 2016 amounts to $2,561,343 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, and roads.

Town of Nucla's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	18,500	18,500	40,703	40,703	59,203	59,203
Land improvements	382,325	429,365	80,688	68,411	463,013	497,776
Infrastructure	35,255	31,337			35,255	31,337
Transmission and distribution systems			1,881,594	1,776,422	1,881,594	1,776,422
Buildings	71,061	75,556	3,322	2,906	74,383	78,462
Equipment	111,035	117,509	1,268	634	112,303	118,143
Total	618,176	672,267	2,007,575	1,889,076	2,625,751	2,561,343

Additional information on the Town of Nucla's capital assets can be found in note 5 on pages 29 through 30 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Nucla had a $78,797 unsecured Note payable to the Colorado Department of Local Affairs.

Town of Nucla's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Bonds payable			86,656	78,797	86,656	78,797

Additional information on the Town's long-term debt can be found in note 7 on page 31 of this report.

Economic Factors and Next Year's Budgets

The economic condition and outlook for the Town's enterprise funds in the upcoming year is positive. We have received funding for wastewater treatment plant upgrades and have been successful in securing a $750,000 grant from the Department of Local Affairs Energy Impact Assistance Fund and a $135,257.16 Design and Engineering Grant from the Colorado Water Resources & Power Development Authority. It is our intention to begin the project in 2017. To promote tourism, the Town, in partnership with Montrose County has opened Town streets and some surrounding County roads to All Terrain Vehicles and Off Highway Vehicles. The Town acquired two new properties in 2016 and we are excited about the opportunities that they bring. We are still working with the West End Economic Development Corp (WEEDC) to help expand businesses. The Town is looking forward to economic growth to sustain the sales tax supported governmental funds.

Requests for Information

This financial report is designed to provide a general overview of the Town of Nucla's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Town of Nucla, P. O. Box 219, Nucla, Colorado 81424-0219.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF NUCLA, COLORADO

Statement of Net Position

December 31, 2016

		Governmental Activities	Business-type Activities	Total
ASSETS				
Cash and cash equivalents	$	343,851	265,398	609,249
Receivables, net				
Accounts		-	30,817	30,817
Sales tax		31,603		31,603
Property tax		52,159		52,159
Due from other governments		4,594		4,594
Capital assets				
(net of accumlutated depreciation)				
Land, right-of-way and easements		18,500	40,703	59,203
Land improvements		429,365	68,411	497,776
Infrastructure		31,337		31,337
Transmission and distribution systems			1,776,422	1,776,422
Buildings and improvements		75,556	2,906	78,462
Equipment		117,509	634	118,143
Total assets		1,104,474	2,185,291	3,289,765
LIABILITIES				
Liabilities:				
Accounts payable		13,711	18,241	31,952
Accrued payroll taxes		2,944		2,944
Accrued payroll and vacation		1,804	5,671	7,475
Interest payable			1,317	1,317
Noncurrent liabilities				
Due within one year			8,252	8,252
Due in more than one year			70,545	70,545
Total liabilities		18,459	104,026	122,485
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax		52,159		52,159
Total deferred inflows of resources		52,159	-	52,159
NET POSITION				
Invested in capital assets, net of related debt		672,267	1,810,279	2,482,546
Restricted for:				
Capital improvements		266,291		266,291
Emergency medical care		8,800		8,800
Other purposes		34,129		34,129
Unrestricted		52,369	270,986	323,355
Total net position	$	1,033,856	2,081,265	3,115,121

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO

Statement of Activities

For the year ended December 31, 2016

	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
GOVERNMENTAL ACTIVITIES:							
General government	$ 118,228	2,151	2,025	-	(114,052)		(114,052)
Public safety	58,472	5,601	-	-	(52,871)		(52,871)
Public works	75,599	-	27,269		(48,330)		(48,330)
Parks	70,948	2,419	-	7,816	(60,713)		(60,713)
Library	39,596	-	3,500	-	(36,096)		(36,096)
Total governmental activities	362,843	10,171	32,794	7,816	(312,062)		(312,062)
BUSINESS-TYPE ACTIVITIES:							
Water	354,385	299,684		-		(54,701)	(54,701)
Sewer	169,251	127,545				(41,706)	(41,706)
Total business-type activities	523,636	427,229	-	-		(96,407)	(96,407)
Total	$ 886,479	437,400	32,794	7,816	(312,062)	(96,407)	(408,469)
General Revenues:							
Taxes							
Property taxes					$ 58,703		58,703
Sales taxes					203,607		203,607
Franchise and occupational taxes					5,545		5,545
Severance taxes					11,316		11,316
Donations					89		89
Miscellaneous					14,996		14,996
Earnings on investments					538	1,100	1,638
Transfers					35,121	(35,121)	-
Total general revenues and transfers					329,915	(34,021)	295,894
Change in net position					17,853	(130,428)	(112,575)
NET POSITION - JANUARY 1					1,016,003	2,211,693	3,227,696
NET POSITION - DECEMBER 31					$ 1,033,856	2,081,265	3,115,121

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF NUCLA, COLORADO
Balance Sheet
Governmental Funds
December 31, 2016
(With comparative totals for December 31, 2015)

		General Fund	Capital Improvement Fund	Emergency Medical Care Fund	Other Governmental Funds	Total 2016	Total 2015
ASSETS							
Cash and cash equivalents	$	59,098	260,225	899	23,629	343,851	385,373
Due from other funds			5,000			5,000	5,000
Receivables, net							
Sales tax		15,801	7,901	7,901		31,603	32,182
Property tax		52,159				52,159	51,921
Due from other governments		4,594				4,594	2,783
Total assets	$	131,652	273,126	8,800	23,629	437,207	477,259
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other governments	$					-	8,192
Accounts payable		6,876	6,835			13,711	6,440
Accrued payroll taxes		2,944				2,944	2,247
Accrued payroll and vacation		1,804				1,804	2,132
Due to other funds		5,000				5,000	5,000
Total liabilities		16,624	6,835	-	-	23,459	24,011
Deferred inflows of resources							
Unavailable revenue							
Grants received						-	3,500
Property tax		52,159				52,159	51,921
Total deferred inflows of resources		52,159	-	-	-	52,159	55,421
Fund Balances:							
Restricted for:							
Emergency		10,500				10,500	19,500
Capital improvement			266,291			266,291	328,200
Emergency medical care				8,800		8,800	13,117
Nonmajor special revenue funds					23,629	23,629	24,688
Assigned for:							
Subsequent year's expenditures		40,306				40,306	599
Unassigned:							
General fund		12,063				12,063	11,723
Total fund balances		62,869	266,291	8,800	23,629	361,589	397,827
Total liabilities, deferred inflows and fund balances	$	131,652	273,126	8,800	23,629	437,207	477,259

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2016

Total fund balances for governmental funds		$ 361,589
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	18,500	
Land improvements, net of $95,410 accumulated depreciation	429,365	
Infrastructure, net of $88,185 accumulated depreciation	31,337	
Buildings and improvements, net of $102,349 accumulated depreciation	75,556	
Equipment, net of $371,756 accumulated depreciation	117,509	
Total capital assets		672,267
Total net position of governmental activities		$ 1,033,856

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2016
(With comparative totals for the year ended December 31, 2015)

	General Fund	Capital Improvement Fund	Emergency Medical Care Fund	Other Governmental Funds	Total Governmental Funds 2016	Total Governmental Funds 2015
REVENUES						
Taxes	$ 193,585	42,793	42,793		279,171	274,402
Licenses and permits	2,151				2,151	2,041
Intergovernmental						
Federal	5,525				5,525	1,384
State	27,269			7,816	35,085	371,252
Miscellaneous	9,553	8,440	9	40	18,042	3,296
Public safety	5,601				5,601	3,492
Total revenues	243,684	51,233	42,802	7,856	345,575	655,867
EXPENDITURES						
Current:						
General government	51,859	18,206	47,119		117,184	114,574
Public safety	58,472				58,472	58,080
Public works	35,551				35,551	39,266
Parks	29,957			8,915	38,872	29,483
Library	36,798				36,798	30,651
Capital outlay:						
Equipment		44,951			44,951	107,220
Land improvements	-	85,106		-	85,106	388,956
Streets		-			-	11,010
Total expenditures	212,637	148,263	47,119	8,915	416,934	779,240
Excess (deficit) of revenues over expenditures	31,047	(97,030)	(4,317)	(1,059)	(71,359)	(123,373)
OTHER FINANCING SOURCES (USES)						
Operating transfers in		35,121			35,121	7,185
Total other financing sources (uses)	-	35,121	-	-	35,121	7,185
Net change in fund balances	31,047	(61,909)	(4,317)	(1,059)	(36,238)	(116,188)
FUND BALANCES, JANUARY 1	31,822	328,200	13,117	24,688	397,827	514,015
FUND BLANCES, DECEMBER 31	$ 62,869	266,291	8,800	23,629	361,589	397,827

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
December 31, 2016

Net change in fund balances - total governmental funds	$	(36,238)
The change in net position reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. This is the amount by which capital outlays - ($130,057) exceeded depreciation - ($75,966) in the current period.		54,091
Change in net position of governmental activities	$	17,853

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2016 and 2015

		Business-type Activities Enterprise Funds					
		Water Fund		Sewer Fund		Total	
		2016	2015	2016	2015	2016	2015
ASSETS							
Current assets:							
Cash and cash equivalents	$	126,409	142,181	138,989	149,423	265,398	291,604
Accounts receivable, net of allowance for uncollectibles		21,632	17,843	9,185	8,552	30,817	26,395
Total current assets		148,041	160,024	148,174	157,975	296,215	317,999
Property, plant and equipment - net of depreciation							
Land, right-of-way and easements		36,094	36,094	4,609	4,609	40,703	40,703
Land improvements and storage reservoirs		68,411	80,688			68,411	80,688
Transmission and distribution systems		1,044,412	1,113,745	732,010	767,850	1,776,422	1,881,595
Buildings and improvements		2,906	3,322	-	-	2,906	3,322
Equipment		-	-	634	1,268	634	1,268
Total property plant and equipment - net		1,151,823	1,233,849	737,253	773,727	1,889,076	2,007,576
Total assets		1,299,864	1,393,873	885,427	931,702	2,185,291	2,325,575
LIABILITIES							
Current liabilities:							
Accounts payable		15,457	13,661	2,784	9,584	18,241	23,245
Accrued payroll and vacation		2,971	1,355	2,700	1,178	5,671	2,533
Interest payable		1,317	1,448			1,317	1,448
Long term debt due in one year:							
Note payable		8,252	7,859			8,252	7,859
Total current liabilities		27,997	24,323	5,484	10,762	33,481	35,085
Long Term Debt							
Note payable		78,797	86,656			78,797	86,656
Less amounts due in one year		(8,252)	(7,859)			(8,252)	(7,859)
Total net long term debt		70,545	78,797	-	-	70,545	78,797
Total liabilities		98,542	103,120	5,484	10,762	104,026	113,882
NET POSITION							
Invested in capital assets, net of related debt		1,073,026	1,147,193	737,253	773,727	1,810,279	1,920,920
Unrestricted		128,296	143,560	142,690	147,213	270,986	290,773
Total net position	$	1,201,322	1,290,753	879,943	920,940	2,081,265	2,211,693

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the years ended December 31, 2016 and 2015

		Business-type Activities Enterprise Funds					
		Water Fund		Sewer Fund		Total	
		2016	2015	2016	2015	2016	2015
OPERATING REVENUES							
Charges for services	$	262,980	245,651	126,331	121,996	389,311	367,647
Meter improvements		9,989	8,895			9,989	8,895
Raw water		18,400	21,257	-	-	18,400	21,257
Tap fees		4,000	1,500			4,000	1,500
Water lease		2,740	2,740			2,740	2,740
Miscellaneous income		1,575	3,127	1,214	254	2,789	3,381
Total operating revenues		299,684	283,170	127,545	122,250	427,229	405,420
OPERATING EXPENSES							
Operations and maintenance		268,159	228,870	132,777	91,741	400,936	320,611
Depreciation		82,025	82,025	36,474	36,514	118,499	118,539
Total operating expenses		350,184	310,895	169,251	128,255	519,435	439,150
Operating income (loss)		(50,500)	(27,725)	(41,706)	(6,005)	(92,206)	(33,730)
NON-OPERATING REVENUES (EXPENSES)							
Interest income		391	103	709	67	1,100	170
Interest expense		(4,201)	(6,546)			(4,201)	(6,546)
County grant		-	33,333			-	33,333
Net nonoperating revenues (expenses)		(3,810)	26,890	709	67	(3,101)	26,957
Income (loss) before special items		(54,310)	(835)	(40,997)	(5,938)	(95,307)	(6,773)
TRANSFERS							
Transfers to other funds		(35,121)	(7,185)			(35,121)	(7,185)
Change in net position		(89,431)	(8,020)	(40,997)	(5,938)	(130,428)	(13,958)
TOTAL NET POSITION, JANUARY 1		1,290,753	1,298,773	920,940	926,878	2,211,693	2,225,651
TOTAL NET POSITION, DECEMBER 31	$	1,201,322	1,290,753	879,943	920,940	2,081,265	2,211,693

The notes to the financial statements are an integral part of this statement.

TOWN OF NUCLA, COLORADO
Statement of Cash Flows
Proprietary Funds
For the years ended December 31, 2016 and 2015

	Business-type Activities Enterprise Funds					
	Water Fund		Sewer Fund		Total	
	2016	2015	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	$ 295,895	283,908	126,912	122,220	422,807	406,128
Receipts (payments) from interfund borrowing		(27,937)			-	(27,937)
Payments to suppliers	(218,140)	(236,573)	(100,807)	(55,981)	(318,947)	(292,554)
Payments to employees	(46,606)	(35,788)	(37,248)	(26,055)	(83,854)	(61,843)
Net cash provided by (used in) operating activities	31,149	(16,390)	(11,143)	40,184	20,006	23,794
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	-	(53,233)			-	(53,233)
Federal grant	-	76,721			-	76,721
County grant	-	33,333			-	33,333
Transfers to other funds	(35,121)	(7,185)			(35,121)	(7,185)
Principal paid on long-term debt	(7,859)	(7,094)			(7,859)	(7,094)
Interest paid on long-term debt	(4,332)	(5,098)			(4,332)	(5,098)
Net cash provided by (used in) capital and related financing activities	(47,312)	37,444	-	-	(47,312)	37,444
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	391	103	709	67	1,100	170
Net cash provided by (used in) investing activities	391	103	709	67	1,100	170
Net increase (decrease) in cash and cash equivalents	(15,772)	21,157	(10,434)	40,251	(26,206)	61,408
CASH AND CASH EQUIVALENTS, JANUARY 1	142,181	121,024	149,423	109,172	291,604	230,196
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 126,409	142,181	138,989	149,423	265,398	291,604
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (50,500)	(27,725)	(41,706)	(6,005)	(92,206)	(33,730)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	82,025	82,025	36,474	36,514	118,499	118,539
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(3,789)	738	(633)	(30)	(4,422)	708
Increase (decrease) in accounts payable	1,796	(43,760)	(6,800)	9,302	(5,004)	(34,458)
Increase (decrease) in accrued payroll and vacation	1,617	269	1,522	403	3,139	672
Increase (decrease) in due to other funds		(27,937)			-	(27,937)
Net cash provided by (used in) operating activities	$ 31,149	(16,390)	(11,143)	40,184	20,006	23,794

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The Town of Nucla, Colorado is incorporated as a statutory Town under the laws of the State of Colorado with a Mayor-Town Board form of government. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by general accepted accounting principles, these financial statements present the Town of Nucla, Colorado, a primary government. Based on criteria set forth by GASB, there are no component units for which the Town is financial accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the Town) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds are charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Fund Financial Statements: The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. 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 are aggregated and reported as nonmajor funds. The Town does not have *fiduciary* fund types.

The Town reports the following major governmental funds:

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

Capital Improvement Fund. This fund accounts for the 1% sales tax dedicated to the construction and maintenance of the Town's various capital projects.

Emergency Medical Care Fund. This fund accounts for the 1% sales tax received and is restricted for the use of public general medical services.

The Town reports the following major enterprise funds:

Water Fund. This fund accounts for the operation, maintenance, and development of water services.

Sewer Fund. This fund accounts for the operation, maintenance, and development of sewer services.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, 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 time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchanges, include sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period for which the taxes are collected by vendors. Revenue from grants, entitlements, 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 the revenues are collected within sixty days after year-end. Sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (continued)

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

D. ASSETS, LIABILITES, AND EQUITY

Deposits and investments - The cash balances of all funds are in separate financial institution accounts.

Cash and cash equivalents - The Town considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes. Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

Restricted assets. Restricted assets in governmental and enterprise funds include assets restricted by various covenants of bonds issued by the Town, including bond and interest funds, reserve funds, unexpended proceeds of bond issues, if applicable. Restricted assets in the non-major governmental funds generally include assets restricted by grantors.

Capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Enterprise Fund construction costs are increased by interest incurred on bonds during the construction period and reduced by earnings from investment of the unexpended bond proceeds.

Depreciation is calculated using the straight-line method over the estimated useful lives, and a full year of depreciation is recorded in the year of acquisition or construction of such assets. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense in the appropriate fund. The estimated useful lives are as follows:

Infrastructure	15 years
Equipment	5 - 7 years
Transmission and distribution lines and meters	40 years
Reservoirs and storage facilities	20 years
Buildings	30 years
Land improvements	15-20 years

Long-term debt - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts and deferred amounts on refunding associated with issuing bonds of proprietary-type funds or bonds issued or refunded after December 31, 2005 for governmental activities are deferred and amortized over the life of the bond issues.

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

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Compensated absences - The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts are recorded for employees who currently are eligible to receive termination payments. The Town's policies do not allow for payment to employees who are expected to become eligible in the future, to receive sick leave payments upon termination.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow for resources (revenue) until that time. The Town has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Net Position/Fund Balances - In the government-wide financial statements and for the proprietary fund statements, net assets are either shown as invested in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net assets are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance should be reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITES, AND EQUITY (continued)

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Town Board of Trustees, should be reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, or ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

For the classification of fund and net asset balances, the Town considers an expenditure to be made from the most restrictive classification first, when more than one classification is available.

Comparative data/reclassifications - Comparative total data for the prior year have been presented in the governmental fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing budgets:

a. Budgets are required by state law for all governmental and proprietary funds.
b. During September, the proposed budget is submitted to the Town Board for the fiscal year commencing the following January 1.
c. Prior to December 31, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.
d. Budgets are adopted on a basis consistent with the accounting basis of all funds except for proprietary-type funds. In the proprietary funds, the Town budgets for capital outlays, transfers to and from reserve funds, bond principal and interest payments, and does not budget for depreciation.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETS AND BUDGETARY ACCOUNTING (continued)

e. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by ordinance from the Town Board. Within the fund level control basis, management may transfer appropriations without Board approval. Revisions to the budget were made throughout the year. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.

f. Appropriations lapse at the end of each year, and the Town Board may adopt supplemental appropriations during the year. The Town Board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Town's director or the revenue estimates must be changed by the Town Board adopting supplemental appropriations.

Originally adopted budgeted expenditures, amendments and the final, amended budgeted expenditures for the year ended December 31, 2016 are as follows:

		ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	$	201,872	22,151	224,023
Captial Improvement Fund		438,600		438,600
Emergency Medical Care Fund		42,828		42,828
Nonmajor governmental funds		39,000		39,000
Water Fund		379,765		379,765
Sewer Fund		2,317,018		2,317,018
	$	3,419,083	22,151	3,441,234

For the year ended December 31, 2016 the Town spent amounts in excess of the amounts budgeted in the Emergency Medical Fund which may be a violation of Colorado State law.

2 – DEPOSITS & INVESTMENTS

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 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 at least be equal to 102% of the aggregate uninsured deposits.

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for deposits allows funds to be placed in any account that is guaranteed by the Federal Deposit Insurance Corporation with remaining amounts collateralized by securities pledged by the financial institution. As of December 31, 2016, none of the Town's bank balances of $525,939 were exposed to custodial credit risk as $250,000 was insured and $275,939 was collateralized by securities pledged by financial institutions.

INVESTMENTS

At December 31, 2016, the Town had the following investments:

Description	Weighted Maturity	Fair Value
Colotrust Plus+	N/A	$105,452

Interest rate risk. The Town does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including 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; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The Town's general investment policy is to apply the prudent-person rule: Prudence and protection of Town funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2016, the Town's investment in Colotrust Plus+ was rated AAAm by Standard & Poor's.

2 – DEPOSITS & INVESTMENTS (continued)

Concentration of credit risk. Investments must be in accordance with Colorado statutes and the Town does not have an investment policy that limits the amount of investments in any single type of investment.

3 – ALLOWANCE FOR UNCOLLECTIBLES

Receivables are stated net of allowances for uncollectibles, however, at December 31, 2016, the Town considered all accounts collectible and accordingly, no provision for an allowance is recorded.

4 – JOINT VENTURE

Mustang Water Authority

The Town is a participant with another municipality in a joint venture to operate the Mustang Water Authority, a water treatment facility. The Authority is governed by a board consisting of five representatives, with the municipalities appointing two representatives each and the four appointed representatives appointing the remaining representative. The Town is obligated by contract to purchase the treatment of 60 million gallons of water annually from the Authority so long as the Authority has any unpaid debt, at rates set by the Authority. The Town paid the Authority $174,000 for treated water and owed the Authority $14,500 at December 31, 2016.

5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 18,500			18,500
Capital assets being depreciated:				
Land improvements	449,087	75,688		524,775
Infrastructure - Road Network	119,522			119,522
Buildings	168,958	9,418		178,376
Equipment	444,314	44,951		489,265
Total capital assets being depreciated	1,181,881	130,057	-	1,311,938
Less accumulated depreciation for:				
Land improvements	66,762	28,648		95,410
Infrastructure - Road Network	84,267	3,918		88,185
Buildings	97,897	4,923		102,820
Equipment	333,279	38,477		371,756
Total accumulated depreciation	582,205	75,966	-	658,171
Total capital assets being depreicated, net	599,676	54,091	-	653,767
Governmental activity capital assets, net	$ 618,176	54,091	-	672,267

5 - CAPITAL ASSETS (continued)

Capital asset activity for the year ended December 31, 2016, was as follows:

		BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Business-type activities:					
Capital assets not being depreciated:					
Land	$	40,703			40,703
		40,703	-	-	40,703
Capital assets being depreciated:					
Transmission & distribution systems		2,442,801			2,442,801
Sewer plant & lines		1,651,876			1,651,876
Buildings & improvements		15,004			15,004
Land improvments		356,419			356,419
Equipment		174,450			174,450
Total capital assets being depreciated		4,640,550	-	-	4,640,550
Less accumulated depreciation for:					
Transmission & distribution systems		1,329,057	69,332		1,398,389
Sewer plant & lines		884,026	35,840		919,866
Buildings & improvments		11,682	416		12,098
Land improvements		275,731	12,277		288,008
Equipment		173,182	634		173,816
Total accumulated depreciation		2,673,678	118,499	-	2,792,177
Total capital assets being depreicated, net		1,966,872	(118,499)	-	1,848,373
Governmental activity capital assets, net	$	2,007,575	(118,499)	-	1,889,076

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

		Governmental Activities		Business Activities
General Governement	$	1,044	Water	82,025
Library		2,798	Sewer	36,474
Parks		32,076		
Public works, including depreciation of general infrastructure		40,048		
Total depreciation	$	75,966		118,499

6 – SHORT-TERM DEBT

During the year ended December 31, 2016, the Town had no short term debt transactions.

7 – LONG-TERM LIABILITIES

A. Town of Nucla Note Payable from Enterprise Fund

Note payable from the Water Fund includes:

$ 93,750 Note payable, 2014, to Colorado Department of Local Affairs due in annual installments of $12,192 from 2016 to 2024 including interest at 5% per annum	$ 78,797

Principal and interest payment requirements on the Town's Note payable from the Water Fund are as follows:

	PRINCIPAL	INTEREST
2017	8,252	3,940
2018	8,664	3,527
2019	9,098	3,094
2020	9,552	2,639
2021	10,030	2,162
2022-2024	33,201	3,374
	$ 78,797	18,736

B. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2016 was as follows:

	BALANCE BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE END OF YEAR	DUE WITHIN ONE YEAR
Business-type activities:					
Note payable	$ 86,656		7,859	78,797	8,252

C. Capitalized interest and interest charged to expense

For the year ended December 31, 2016, no interest in the major enterprise funds was capitalized and $4,333 was charged to expense in the Water Fund.

8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at December 31, 2016 are as follows:

	INTERFUND	
FUND	RECEIVABLE	PAYABLE
Capital Improvement Fund	5,000	
General Fund		5,000
TOTAL	$ 5,000	5,000

During 2016, the Water Fund transferred $35,121 to the Capital Improvement Fund.

9 – PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a participant in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA operates as a common risk management and insurance program for 268 members participating in the Property & Casualty Pool and 141 members in the Workers' Compensation Pool. The Town pays an annual premium to CIRSA for its general insurance coverage and workers' compensation insurance coverage. The agreement for formation of CIRSA provides that CIRSA will be financed by member premiums and will reinsure through commercial companies for claims in excess of $1,000,000 for each insured event. The Town continues to carry commercial insurance for employee health and accident benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10 – TAX, SPENDING AND DEBT LIMITATIONS

The State Constitution, Article X, Section 20, has several limitations regarding revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. In 1995, the Town obtained voter approval to collect and retain all revenues including property taxes beginning in fiscal year 1994 without limitation under the Section. The Town believes it is in compliance with the requirements of the Section. However, the Town has made certain interpretations of the Section's language in order to determine its compliance. The emergency reserves required under the Section have been funded in the General Fund.

12 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenses that could lead to reimbursement to the grantor agencies. Town management is not aware of any such expenses that would not be allowed.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF NUCLA, COLORADO
Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

	2016			2015
	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
REVENUES				
Taxes				
General property taxes	$ 51,978	52,036	58	54,114
Specific ownership taxes	6,000	6,451	451	6,824
Penalty and interest on delinquent property taxes	200	216	16	239
Sales tax	86,000	85,587	(413)	85,029
Use tax	25,000	32,434	7,434	24,307
Franchise tax equivalents	5,000	5,545	545	5,517
Severance tax	10,000	11,316	1,316	13,342
Total taxes	184,178	193,585	9,407	189,372
Licenses and permits				
General:				
Liquor license	300		(300)	300
Business license	1,000	1,050	50	
Animal license	220	130	(90)	89
Building permits	500	346	(154)	1,652
ATV permits	600	625	25	
Total licenses and permits	2,620	2,151	(469)	2,041
Intergovernmental				
Federal shared revenues:				
Mineral lease	1,300	2,025	725	1,384
Library grants	5,500	3,500	(2,000)	
State shared revenues:				
Cigarette taxes			-	317
Highway users tax	25,000	27,269	2,269	26,524
Park grants			-	337,666
Total intergovernmental	31,800	32,794	994	365,891
Miscellaneous				
Park reservations		2,419	2,419	
Library donations	500	89	(411)	1,118
Miscellaneous	425	6,396	5,971	975
Office rental	600	600	-	600
Interest income	100	49	(51)	95
Total miscellaneous	1,625	9,553	7,928	2,788
Public safety:				
Traffic fines	600	2,049	1,449	182
Motor vehicle fees	3,200	3,552	352	3,310
Total public safety	3,800	5,601	1,801	3,492
Total Revenues	224,023	243,684	19,661	563,584

TOWN OF NUCLA, COLORADO
Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

	2016			2015
	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
EXPENDITURES				
General government				
Current				
Salaries	$ 11,787	11,329	458	31,199
Payroll taxes	1,015	1,584	(569)	3,219
Employee benefits	4,000	3,770	230	8,021
Building inspector	250	246	4	103
Insurance	2,600	2,714	(114)	2,620
Travel	250	1,306	(1,056)	328
Printing and publishing	700	882	(182)	796
Dues and membership fees	1,650	2,151	(501)	639
Office supplies	1,146	1,692	(546)	361
Postage	200	510	(310)	138
Treasurer's fees	1,400	1,045	355	1,085
Miscellaneous	1,090	1,514	(424)	1,520
Auditing	14,000	13,372	628	13,666
Legal fees	2,000	1,640	360	2,359
Repairs and maintenance	1,000	1,906	(906)	1,629
Training	500	324	176	150
Community projects	500	865	(365)	450
Supplies		1,395	(1,395)	5,361
Utilities	2,000	1,918	82	1,685
Technology	1,000	845	155	273
Fuel	250	190	60	308
Equipment rental	300	603	(303)	262
Election	1,500	58	1,442	
Total general government	49,138	51,859	(2,721)	76,172

TOWN OF NUCLA, COLORADO
Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

	2016			2015
	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Public safety				
Current:				
Salaries	$ 2,640	2,620	20	2,438
Payroll taxes	200	203	(3)	203
Supplies	500	108	392	
Miscellaneous	500		500	
Insurance	2,600	2,573	27	2,471
Contract services	52,968	52,968	-	52,968
Total public safety	59,408	58,472	936	58,080
Total original budget	$ 58,408			
Public works				
Current:				
Salaries	15,000	11,979	3,021	12,960
Payroll taxes	1,857	959	898	866
Employee benefits	8,000	3,066	4,934	3,666
Supplies	4,000	1,585	2,415	1,037
Utilities	10,000	10,129	(129)	13,760
Fuel	1,500	976	524	1,119
Insurance	2,600	2,698	(98)	2,499
Equipment repairs	4,500	3,620	880	3,047
Miscellaneous	750	463	287	312
Training	150	76	74	
Total public works	48,357	35,551	12,806	39,266
Total original budget	$ 42,057			
Parks				
Current:				
Salaries	4,000	2,930	1,070	10,774
Payroll taxes	300	62	238	747
Employee benefits			-	2,071
Supplies	1,800	4,291	(2,491)	3,682
Insurance	2,600	3,049	(449)	2,471
Repairs and maintenance	6,600	11,342	(4,742)	2,875
Utilities	2,500	4,276	(1,776)	3,650
Fuel	1,000	517	483	735
Miscellaneous	700	3,490	(2,790)	372
Raw water			-	2,000
Equipment rental	220		220	106
	19,720	29,957	(10,237)	29,483

TOWN OF NUCLA, COLORADO
Budgetary Comparison Schedule
General Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

	2016			2015
	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Library				
Current:				
Salaries	$ 15,000	14,160	840	14,638
Payroll taxes	1,100	1,108	(8)	977
Utilities	2,000	2,494	(494)	1,658
Supplies	1,200	1,682	(482)	2,022
Insurance	2,600	2,573	27	2,472
Books	3,750	3,076	674	3,109
Training	300	257	43	238
Postage	400		400	370
Advertising	50	147	(97)	12
Summer reading	700	413	287	474
Miscellaneous	250	80	170	268
Equipment Maintenance	1,000	2,225	(1,225)	269
Inter Library Services	1,850	4,787	(2,937)	167
Professional fees	1,200	296	904	977
Library grant expenditures	5,500	3,500	2,000	3,000
Total current	36,900	36,798	102	30,651
Total original budget	$ 35,800			
Contingency	10,500		10,500	
Total general fund expenditures	224,023	212,637	11,386	571,318
Total original budget	$ 201,872			
Excess (deficiency) of revenues over expenditures	-	31,047	31,047	(7,734)
FUND BALANCES, JANUARY 1	599	31,822	31,223	39,556
FUND BALANCES, DECEMBER 31	$ 599	62,869	62,270	31,822

TOWN OF NUCLA, COLORADO

Budgetary Comparison Schedule
Capital Improvement Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

		2016			2015
		Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
REVENUES					
Taxes					
Sales tax	$	42,828	42,793	(35)	42,515
Miscellaneous					
Region 10 grant			8,000	8,000	
Investment income		300	440	140	452
Total revenues		43,128	51,233	8,105	42,967
EXPENDITURES					
Current:					
General government		5,600	18,206	(12,606)	7,953
Capital outlay:					
Equipment		180,000	44,951	135,049	107,220
Land improvements		203,000	85,106	117,894	6,290
Streets		50,000		50,000	11,010
Total expenditures		438,600	148,263	290,337	132,473
Excess (deficiency) of revenues over expenditures		(395,472)	(97,030)	298,442	(89,506)
OTHER FINANCING SOURCES (USES)					
Operating transfers in		35,121	35,121	-	7,185
Total other financing sources (uses)		35,121	35,121	-	7,185
Net change in Fund Balances		(360,351)	(61,909)	298,442	(82,321)
FUND BALANCES, JANUARY 1		360,389	328,200	(32,189)	410,521
FUND BALANCES, DECEMBER 31	$	38	266,291	266,253	328,200

TOWN OF NUCLA, COLORADO
Budgetary Comparison Schedule
Emergency Medical Care Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

		2016			2015
		Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
REVENUES					
Taxes					
Sales tax	$	42,828	42,793	(35)	42,515
Miscellaneous					
Investment income		10	9	(1)	11
Total revenues		42,838	42,802	(36)	42,526
EXPENDITURES					
Current:					
General government		42,828	47,119	(4,291)	30,449
Total expenditures		42,828	47,119	(4,291)	30,449
Excess (deficiency) of revenues over expenditures		10	(4,317)	(4,327)	12,077
OTHER FINANCING SOURCES (USES)					
Operating transfers in				-	
Total other financing sources (uses)		-	-	-	-
Net change in Fund Balances		10	(4,317)	(4,327)	12,077
FUND BALANCES, JANUARY 1		1,050	13,117	12,067	1,040
FUND BALANCES, DECEMBER 31	$	1,060	8,800	7,740	13,117

SUPPLEMENTARY INFORMATION

TOWN OF NUCLA, COLORADO

Combining Balance Sheet

Nonmajor Special Revenue Fund - Conservation Trust

For the year ended December 31, 2016

(With comparative actual amounts for the year ended December 31, 2015)

		2016	2015
ASSETS			
Cash and cash equivalents	$	23,629	24,688
Total assets	$	23,629	24,688
LIABILITIES			
Accounts payable	$	-	-
Total liabilities		-	-
FUND BALANCES			
Restricted for:			
Conservation trust		23,629	24,688
Total fund equity		23,629	24,688
Total liabilities and fund equity	$	23,629	24,688

TOWN OF NUCLA, COLORADO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds - Conservation Trust Fund
For the year ended December 31, 2016
(With comparative actual amounts for the year ended December 31, 2015)

	Original & Final Budget	2016 Actual	2015 Actual
REVENUES			
Intergovernmental			
Lottery	7,000	7,816	6,745
Miscelleneous			
Investment income	70	40	45
Total revenues	7,070	7,856	6,790
EXPENDITURES			
Current:			
Parks	8,000	8,915	
Capital outlay:			
Land improvements	31,000		45,000
Total expenditures	39,000	8,915	45,000
Excess (deficiency) of revenues over expenditures	(31,930)	(1,059)	(38,210)
FUND BALANCES, JANUARY 1	32,173	24,688	62,898
FUND BALANCES, DECEMBER 31	$ 243	23,629	24,688

TOWN OF NUCLA, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS - ACTUAL AND BUDGET
WATER FUND - BUDGET BASIS OF ACCOUNTING
For the year ended December 31, 2016 with comparative actual amounts
for the year ended December 31, 2015

		2016			2015
		Original & Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES					
Charges for services	$	240,000	262,980	22,980	245,651
Meter improvements		9,000	9,989	989	8,895
Raw water		23,000	18,400	(4,600)	21,257
Tap fees		2,000	4,000	2,000	1,500
Interest income		60	391	331	103
Federal grant				-	
Miscellaneous		100	1,575	1,475	3,127
County grant				-	33,333
Water lease		3,112	2,740	(372)	2,740
TOTAL REVEUNES	$	277,272	300,075	22,803	316,606
EXPENDITURES					
Operations and maintenance:					
Salaries	$	50,000	48,223	1,777	36,057
Payroll taxes		4,500	3,483	1,017	2,847
Employee benefits		9,507	7,804	1,703	5,143
Treated water		174,000	174,000	-	156,000
Repairs and maintenance		35,000	13,359	21,641	9,669
Supplies		15,000	2,648	12,352	5,255
Postage		3,000	2,138	862	1,334
Utilities		3,000	2,323	677	1,071
Water testing		2,500	2,241	259	1,137
Water assessments		5,500	4,134	1,366	4,134
Training		2,500		2,500	75
Publishing		500	345	155	345
Line locates		250	93	157	116
Fuel		5,000	1,302	3,698	1,219
Insurance		2,600	2,679	(79)	2,570
Professional fees		10,000	258	9,742	
Rental equipment		500	61	439	193
Dues and subscriptions		3,500	315	3,185	1,705
Miscellaneous expense		5,595	2,753	2,842	
Total operations and maintenance		332,452	268,159	64,293	228,870
Capital outlay:					
Montrose County project				-	33,216
Meter replacement project				-	20,017
Total capital outlay		-	-	-	53,233
Debt service:					
Principal		7,859	7,859	-	7,094
Interest		4,333	4,201	132	6,546
Total debt service		12,192	12,060	132	13,640
Transfers to other funds		35,121	35,121		7,185
TOTAL EXPENDITURES	$	379,765	315,340	64,425	302,928

TOWN OF NUCLA, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS - ACTUAL AND BUDGET
SEWER FUND - BUDGET BASIS OF ACCOUNTING
For the year ended December 31, 2016 with comparative actual amounts
for the year ended December 31, 2015

		2016			2015
		Original & Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
REVENUES					
Charges for services	$	120,000	126,331	6,331	121,996
Tap fees				-	
Interest income		60	709	649	67
Federal grant		2,049,726			
Miscellaneous		205	1,214	1,009	254
TOTAL REVEUNES	$	2,169,991	128,254	7,989	122,317
EXPENDITURES					
Operations and maintenance:					
Salaries	$	50,000	38,770	11,230	26,458
Payroll taxes		8,115	2,886	5,229	1,658
Employee benefits		15,000	8,980	6,020	6,533
Line locates		500	50		59
Repairs and maintenance		28,000	20,418	7,582	16,475
Supplies		15,000	2,305	12,695	1,668
Dues & subscriptions		300		300	895
Postage		2,000	1,097	903	1,269
Utilities		35,000	18,333	16,667	15,073
Sewer testing		15,000	3,088	11,912	2,984
Fuel		5,000	867	4,133	983
Publishing		3,000	52	2,948	
Insurance		2,600	2,686	(86)	2,570
Professional fees		60,000	31,805	28,195	8,496
Rental equipment		10,000	125	9,875	193
Permits & licenses		10,000	430	9,570	5,150
Training		5,921	494	5,427	708
Miscellaneous expense		1,856	391	1,465	569
Total operations and maintenance		267,292	132,777	134,065	91,741
Capital improvements		2,049,726		2,049,726	
TOTAL EXPENDITURES	$	2,317,018	132,777	2,183,791	91,741

SUPPLEMENTARY INFORMATION

Local Highway Finance Report

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Nucla, Colorado YEAR ENDING : December 2016
This Information From The Records Of: Town of Nucla, Colorado	Prepared By: Phone:	Tod DeZeeuw, CPA 970-249-1091

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	45,406
3. Other local imposts (from page 2)	6,480
4. Miscellaneous local receipts (from page 2)	2,049
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	53,935
B. Private Contributions	
C. Receipts from State government (from page 2)	30,237
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	84,172

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	2,289
2. Maintenance:	22,922
3. Road and street services:	
a. Traffic control operations	7,053
b. Snow and ice removal	5,290
c. Other	
d. Total (a. through c.)	12,343
4. General administration & miscellaneous	2,764
5. Highway law enforcement and safety	43,854
6. Total (1 through 5)	84,172
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	84,172

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
	84,172	84,172		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): December 2016

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 & Penalities	2,049
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	6,480	g. Other Misc. Receipts	
6. Total (1. through 5.)	6,480	h. Other	
c. Total (a. + b.)	6,480	i. Total (a. through h.)	2,049
	(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	27,269	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	2,968	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,968	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	30,237	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		2,289	2,289
(5). Total Construction (1) + (2) + (3) + (4)	0	2,289	2,289
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,289	2,289
			(Carry forward to page 1)

Notes and Comments: