

# **Town of Limon, Colorado**

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**Financial Statements and Report  
of  
Independent Certified Public Accountants**

**December 31, 2011 and 2010**

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## **Independent Auditor's Report**

Honorable Mayor and the Board of Trustees  
Town of Limon, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2011, which collectively comprise the Town of Limon, Colorado's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Limon, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Limon, Colorado, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued a report dated July 23, 2012, on our consideration of the Town of Limon, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Limon, Colorado's basic financial statements. The other supplementary information consist of the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the combining and individual nonmajor fund financial statements; budget-to-actual schedules; debt service requirements and the Local Highway Finance Report, 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 of the Town of Limon, Colorado. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Haynie & Co.*

Littleton, Colorado  
July 23, 2012

**Town of Limon, Colorado**  
**Management's Discussion and Analysis**  
**December 31, 2011**

In compliance with this reporting requirement, we present this report titled Management's Discussion and Analysis, or MD&A. Please read the MD&A in conjunction with the financial statements and notes to the financial statements, which begin on page 14. The GASB 34 statements are listed and described below with additional information in the accompanying text:

- Statements of Net Assets, the balance sheet that combines all funds on a Town-wide basis.
- Statement of Activities, the income statement that combines all funds on a Town-wide basis.
- Statements for Governmental funds, which combines Governmental funds such as the General, Conservation Trust, Cemetery Perpetual Care, Head Start and other funds.
- Statements for Business-type funds, the label for the Town's Proprietary funds such as Utility, Recreation Area, Ambulance and Airport Fuel.

As stated above, the purpose of the MD&A is to provide an explanation of the effect on the Town's financial position of factors such as local economic and business factors, and to explain the reasons for changes in the financial position of the Town. It will closely resemble the MD&A produced for decades by private industry and publicly traded companies. This discussion starts with a summary of the economic factors affecting the Town during this past year, and then moves on to a more detailed discussion of fund statements and funds.

**FINANCIAL HIGHLIGHTS**

- The Town's total net assets decreased by \$67,090 or 0.4% during the year. The governmental net assets decreased by \$151,854 or 1.8%, and the business-type net assets increased by \$84,764, or 1.1%.
- The governmental activities revenue changed from \$3,784,423 in 2010 to \$2,672,793 in 2011 for a decrease of \$1,111,630 or 29.4%. This decrease is due primarily to large decreases in insurance proceeds and gravel sales.
- The governmental activities expenditures changed from \$3,276,460 in 2010 to \$3,011,707 in 2011, a decrease of \$264,753 or 8.1%. The decrease is due primarily to an decrease in Head Start program expenditures in 2011.
- The business-type activities revenue changed from \$1,649,302 in 2010 to \$1,668,724 in 2011, an increase of \$19,422 or 1.2%.
- The business-type activities expenditures changed from \$1,529,379 in 2010 to \$1,583,960 in 2011, an increase of \$54,581 or 3.6%
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease of \$124,291 or 12.9% in fund balance. This decrease is due primarily to large decreases in insurance proceeds, federal grants and gravel sales.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management’s discussion and analysis, the basic financial statements, required supplementary information, and a section that presents combining statements for nonmajor governmental funds.

**Basic financial statements** - include two kinds of statements that present different views of the Town.

- **Government-wide financial statements** provide both long-term and short-term information about the Town’s overall financial status. The required financial statements include statement of net assets, and statement of activities. The measurement focus is on economic resources and accrual accounting is used. Assets and liabilities include both financial and capital and are reported as short and long term. Revenues and expenses are included regardless of when cash is received or paid.
- **Fund Financial Statements** focus on the individual parts of the Town reporting in more detail the Town’s operations.
  1. **Governmental Funds** show how general government services like public safety, public works, recreation, and general government administration were financed in the short term and what remains for future spending. The required financial statements are a balance sheet and statement of revenues, expenditures and changes in fund balance. Only assets expected to be used and liabilities that come due during the year or soon thereafter are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses that are received during the year or soon thereafter.
  2. **Proprietary Funds** include activities, such as the water, water treatment and sewer systems, the Municipal Recreation, Airport Fuel, and Ambulance Service, are operated similar to private business with an economic resource focus and accrual accounting. The required financial statements include Statement of Net Assets, Statement of Revenues, expenses, and changes in Net Assets, and Statement of cash flows. All assets and liabilities, both financial and capital, long and short-term are provided and all revenues and expenses are included regardless of when cash is received or paid.
  3. **Fiduciary Funds** include the Employee’s Pension Fund. The Town is responsible for the assets in this fund and for reporting. The above fund is reported in separate statements of Fiduciary Net Assets and Change in Fiduciary Net Assets. It has been excluded from the Town’s government-wide financial statements because the Town cannot use this fund to service its operations.

**Notes to the basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** includes budgetary comparison schedules for the General Fund and major special revenue funds.

**Other Supplementary Information** includes combining statements for nonmajor governmental funds and budget comparison schedules for all nonmajor special revenue funds, capital project funds, and proprietary funds.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets-the difference between the Town's assets and liabilities- is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional non-financial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

**Governmental Activities** – Most of the Town's basic services are included here, such as police, streets, parks and recreation departments, and general administration. Sales taxes, property taxes, franchise taxes, and charges for services finance most of these activities.

**Business-type Activities** – The Town charges fees to customers to recover most of the costs of certain activities. The Town's water system is included here.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting devices that a Town uses to account for specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants, such as the Conservation Trust Fund.

The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town's basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the change in financial resources that can be spent in the near future to finance the Town's programs. Because this information does not



encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.

- Proprietary Funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town’s Utility, Recreation Area, Airport Fuel, and Ambulance Service Funds are proprietary funds, accounting for its water distribution and sewage collection, golfing, airplane fuel sales, and ambulance service activities, respectively.

## FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

The Town uses fund accounting to comply 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. This information is useful in assessing the Town’s financing requirements. For example, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

A summary of the Town’s net assets for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>ASSETS</b>						
Current assets	\$ 1,104,698	\$ 1,032,184	\$ 837,228	\$ 814,256	\$ 1,941,926	\$ 1,846,440
Restricted assets	256,823	539,804	937,074	897,128	1,229,897	1,436,932
Other non-current assets	308,531	338,363	282,977	305,032	591,508	643,395
Capital assets, net	<u>7,248,866</u>	<u>7,405,499</u>	<u>9,277,770</u>	<u>9,491,807</u>	<u>16,526,636</u>	<u>16,897,306</u>
Total assets	<u>8,918,918</u>	<u>9,315,850</u>	<u>11,371,049</u>	<u>11,508,223</u>	<u>20,289,967</u>	<u>20,824,073</u>
<b>LIABILITIES</b>						
Current liabilities	522,065	649,373	397,681	379,575	919,746	1,028,948
Non-current liabilities	<u>265,000</u>	<u>382,770</u>	<u>3,037,337</u>	<u>3,277,383</u>	<u>3,302,337</u>	<u>3,660,153</u>
Total liabilities	<u>787,065</u>	<u>1,032,143</u>	<u>3,435,018</u>	<u>3,656,958</u>	<u>4,222,083</u>	<u>4,689,101</u>
<b>NET ASSETS</b>	<u>\$ 8,131,853</u>	<u>\$ 8,283,707</u>	<u>\$ 7,936,031</u>	<u>\$ 7,851,265</u>	<u>\$ 16,067,884</u>	<u>\$ 16,134,972</u>
Net assets consist of:						
Invested in capital assets	\$ 6,967,866	\$ 6,942,444	\$ 6,211,325	\$ 6,204,585	\$ 13,179,191	\$ 13,147,029
Restricted net assets	256,823	109,269	283,152	279,129	539,975	388,398
Unrestricted net assets	<u>907,164</u>	<u>1,231,994</u>	<u>1,441,554</u>	<u>1,367,551</u>	<u>2,348,718</u>	<u>2,599,545</u>
Total net assets	<u>\$ 8,131,853</u>	<u>\$ 8,283,707</u>	<u>\$ 7,936,031</u>	<u>\$ 7,851,265</u>	<u>\$ 16,067,884</u>	<u>\$ 16,134,972</u>

The net assets of the Town’s governmental funds as of December 31, 2011 were \$8,131,853 of which \$907,164 was unrestricted and is available for spending at the government’s discretion. The remainder is invested in capital assets, net of related debt of \$6,967,866, reserved for Emergency Reserve of \$105,726 and Capital Replacement Reserve of \$151,097.

The General Fund is the main operating fund of the Town. As of December 31, 2011, the General Fund balance was \$839,505, of which \$316,938 was unassigned. Unassigned fund balance represents 13.8% of 2011 General Fund expenditures.

A summary of the Town's change in net assets for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Program revenues:</b>						
Operating grants and contributions	\$ 849,374	\$ 1,012,371	\$ 148,134	\$ 42,030	\$ 997,508	\$ 1,054,401
Capital grants and contributions	52,678	290,665	-	-	52,678	290,665
Charges for services	<u>509,898</u>	<u>852,419</u>	<u>1,411,482</u>	<u>1,372,713</u>	<u>1,921,380</u>	<u>2,225,132</u>
Total program revenue	<u>1,411,950</u>	<u>2,155,455</u>	<u>1,559,616</u>	<u>1,414,743</u>	<u>2,826,693</u>	<u>3,570,198</u>
<b>General revenues:</b>						
Taxes	1,396,549	1,359,174	-	-	1,396,549	1,359,174
Investment earnings	12,377	13,533	20,903	22,158	33,280	35,691
Insurance proceeds	4,954	194,869	5,167	104,050	10,121	298,919
Other	<u>34,023</u>	<u>61,392</u>	<u>-</u>	<u>4,304</u>	<u>34,023</u>	<u>65,696</u>
Total general revenue	<u>1,447,903</u>	<u>1,628,968</u>	<u>26,070</u>	<u>130,512</u>	<u>1,473,973</u>	<u>1,759,480</u>
<b>Total Revenue</b>	<u>\$ 2,859,853</u>	<u>\$ 3,784,423</u>	<u>\$ 1,585,686</u>	<u>\$ 1,545,255</u>	<u>\$ 4,300,666</u>	<u>\$ 5,329,678</u>
<b>Expenses</b>						
General government	\$ 775,732	\$ 818,861	\$ -	\$ -	\$ 775,732	\$ 818,861
Airport	8,187	12,892	-	-	8,187	12,892
Public safety	369,949	374,261	-	-	369,949	374,261
Highways and streets	537,216	530,201	-	-	537,216	530,201
Public works - sanitation	204,551	198,079	-	-	204,551	198,079
Public health - cemetery	63,517	66,897	-	-	63,517	66,897
Culture and recreation	291,307	282,082	-	-	291,307	282,082
Head Start Program	636,257	781,158	-	-	636,257	781,158
Water	-	-	462,926	492,259	462,926	492,259
Water treatment plant	-	-	232,567	232,558	232,567	232,558
Sewer	-	-	308,266	305,097	308,266	305,097
Municipal recreation area	-	-	213,034	200,346	213,034	200,346
Airport fuel fund	-	-	40,729	29,936	40,729	29,936
Ambulance service fund	-	-	326,438	269,183	326,438	269,183
Interest and fiscal charges	<u>31,461</u>	<u>35,413</u>	<u>-</u>	<u>-</u>	<u>31,461</u>	<u>35,413</u>
Total expenses	<u>\$ 2,918,177</u>	<u>\$ 3,099,844</u>	<u>\$ 1,583,960</u>	<u>\$ 1,529,379</u>	<u>\$ 4,502,137</u>	<u>\$ 4,629,223</u>
Changes in net assets before transfers and special items	(58,324)	684,579	1,726	15,876	(56,598)	700,455
Transfers	(83,038)	(78,857)	83,038	78,857	-	-
Gain (loss) on sale of assets	<u>(10,492)</u>	<u>(97,759)</u>	<u>-</u>	<u>25,190</u>	<u>(10,492)</u>	<u>(72,569)</u>
Change in net assets	(151,854)	507,963	84,764	119,923	(67,090)	627,886
Beginning net assets	<u>8,283,707</u>	<u>7,775,744</u>	<u>7,851,265</u>	<u>7,731,342</u>	<u>16,134,972</u>	<u>15,507,086</u>
Ending net assets	<u>\$ 8,131,853</u>	<u>\$ 8,283,707</u>	<u>\$ 7,936,029</u>	<u>\$ 7,851,265</u>	<u>\$16,067,882</u>	<u>\$16,134,972</u>

Governmental Activities revenues in the amount of \$2,859,853 were less than expenses and transfers of \$2,824,647 by \$151,854. Business-type activities revenues and transfers in the amount of \$1,668,724 were more than expenses of \$1,583,960 by \$84,764.

## BUDGETARY HIGHLIGHTS

The budget was amended on December 29, 2011 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 9, 2010. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	<u>Original Budget</u>	<u>New Budget</u>	<u>Increase</u>
General Fund	\$2,322,819	\$2,397,819	\$ 75,000
Recreation Area Fund	176,839	256,839	80,000
Ambulance Fund	293,308	443,308	150,000
Conservation Trust Fund	37,400	42,400	5,000
Airport Fuel Fund	34,300	42,600	8,300
			<u>\$ 318,300</u>

- Changes in the General Fund Budget are attributable to capital outlays. This increase in expenditure was offset by increased taxes collected.
- Changes in the Recreation Area Fund Budget included capital expenditures and maintenance. This increase was funded through increases in donations and interfund transfers.
- Changes in the Ambulance Fund Budget included increases in capital expenditures and salaries. This increase was funded through increases in intergovernmental grants.
- Changes in the Conservation Trust Fund Budget were due to increased operating transfers, which were funded by increased grant funds and prior year fund balance.
- Changes in the Airport Fuel Fund were due to increased operating expenses. The increases were offset by increased sales and prior year fund balance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2011, Limon investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$16,526,636. This included infrastructure assets acquired since January 1, 2004. Capital assets including land, buildings, streets, utility systems and equipment are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and water and sewer systems	2,653,875	2,631,607	12,046,080	11,976,881	14,699,955	14,608,488
Equipment	2,415,478	2,323,615	1,420,471	1,304,340	3,835,949	3,627,955
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Infrastructure	<u>4,716,370</u>	<u>4,675,571</u>	<u>-</u>	<u>-</u>	<u>4,716,370</u>	<u>4,675,571</u>
Total	\$ 11,064,712	\$ 10,909,782	\$ 14,759,022	\$ 14,573,692	\$ 25,823,734	\$ 25,483,474
Accumulated depreciation	<u>(3,815,846)</u>	<u>(3,504,283)</u>	<u>(5,481,252)</u>	<u>(5,081,885)</u>	<u>(9,297,098)</u>	<u>(8,586,168)</u>
Capital assets, net	<u>\$ 7,248,866</u>	<u>\$ 7,405,499</u>	<u>\$ 9,277,770</u>	<u>\$ 9,491,807</u>	<u>\$ 16,526,636</u>	<u>\$ 16,897,306</u>

This year's major capital asset additions include:

- Airport fuel system - \$29,242.
- C Avenue construction - \$40,799.
- Truck - \$28,470.
- Ambulance lifepacks - \$54,896

### Long-term Debt

As of December 31, 2011 the Town had \$3,561,181 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ 110,000
Special assessment bonds	281,000	309,000	-	-	281,000	309,000
Capital leases	-	44,055	-	-	-	44,055
Bonds payable:						
2004 Water Revenue	-	-	1,865,000	1,920,000	1,865,000	1,920,000
2001 Water G.O.	-	-	270,000	315,000	270,000	315,000
2000 Water Revenue	-	-	763,737	834,153	763,737	834,153
Loans payable:						
Colorado Water Conservation Board	-	-	252,565	276,710	252,565	276,710
Capital lease	-	-	84,229	109,944	84,229	109,944
Colorado maintenance fee	-	-	44,650	41,853	44,650	41,853
Total	<u>\$ 281,000</u>	<u>\$ 463,055</u>	<u>\$ 3,280,181</u>	<u>\$ 3,497,660</u>	<u>\$ 3,561,181</u>	<u>\$ 3,960,715</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2012 is \$830,318, which is \$63,781 less than 2011 actual.
- The property tax revenue budgeted for 2012 is \$316,087, which is \$25,882 less than 2011 actual.
- Governmental funds revenues were budgeted at \$3,426,613 in 2012, which is an increase of 18.9% from the 2011 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2012 budgeted direct pass-through amounts are \$636,257, which is the same as the 2011 actual amount. The 2012 budgeted expenditures for governmental activities are projected to be \$3,645,555, which is a 20.4% increase from the 2011 actual.
- Proprietary funds revenues were budgeted at \$2,102,454, which is an increase of 9.1% from the 2011 actual revenues. Budgeted expenditures of \$2,363,464 represent an increase from 2011 actual expenditures of 49.2%.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Limon, Colorado a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town of Limon, Town Clerk, P.O. Box 9, Limon, Colorado 80828.

## **Basic Financial Statements**

# Town of Limon, Colorado

## Statement of Net Assets

December 31, 2011

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 470,419	\$ 598,171	\$ 1,068,590
Current Portion Note Receivable	-	14,733	14,733
Accounts Receivable	87,314	384,726	472,040
Allowance for Doubtful Accounts	(6,320)	(214,883)	(221,203)
Intergovernmental Receivable	170,586	-	170,586
Accrued Interest Receivable	-	2,153	2,153
Special Assessment Receivable, Current Portion	15,965	-	15,965
Property Taxes Receivable	316,087	-	316,087
Inventory and Supplies	38,329	48,973	87,302
Prepaid Expenses	12,318	3,355	15,673
<b>Total Current Assets</b>	<b>1,104,698</b>	<b>837,228</b>	<b>1,941,926</b>
<b>Restricted Assets:</b>			
Emergency Reserve	105,726	-	105,726
Debt Reserves	-	123,244	123,244
Water Plant Reserve	-	213,152	213,152
Water Revenue Bonds	-	169,086	169,086
Sewer Line Maint. Reserve	-	44,659	44,659
Equipment Reserve	151,097	422,933	574,030
<b>Total Restricted Assets</b>	<b>256,823</b>	<b>973,074</b>	<b>1,229,897</b>
<b>Non-Current Assets:</b>			
Special Assessment Receivable, Net of Current Portion	285,581	-	285,581
Notes Receivable, Net of Current Portion	-	225,854	225,854
Bond Issue Costs	61,299	119,199	180,498
Accumulated Amortization	(38,349)	(62,076)	(100,425)
Capital Assets			
Land	1,278,989	243,476	1,522,465
Buildings and Water and Sewer Systems	2,653,875	12,046,080	14,699,955
Equipment	2,415,478	1,420,471	3,835,949
Infrastructure	4,716,370	-	4,716,370
Other Capital Assets	-	1,048,995	1,048,995
Accumulation Depreciation	(3,815,846)	(5,481,252)	(9,297,098)
<b>Total Non-Current Assets</b>	<b>7,557,397</b>	<b>9,560,747</b>	<b>17,118,144</b>
<b>TOTAL ASSETS</b>	<b>8,918,918</b>	<b>11,371,049</b>	<b>20,289,967</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Pooled Cash Overdraft	114,899	4,640	119,539
Current Portion of Long Term Debt	16,000	210,701	226,701
Accounts Payable	62,913	48,005	110,918
Accrued Interest Payable	-	42,250	42,250
Compensated Absences	12,166	2,724	14,890
Contingent Construction	-	57,218	57,218
Deferred Revenue - Property Taxes	316,087	-	316,087
<b>Total Current Liabilities</b>	<b>522,065</b>	<b>365,538</b>	<b>887,603</b>
<b>Non-Current Liabilities:</b>			
Long Term Debt	265,000	3,069,480	3,334,480
<b>Total Non-Current Liabilities</b>	<b>265,000</b>	<b>3,069,480</b>	<b>3,334,480</b>
<b>TOTAL LIABILITIES</b>	<b>787,065</b>	<b>3,435,018</b>	<b>4,222,083</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,967,866	6,211,325	13,179,191
Restricted for:			
Emergency Reserve	105,726	70,000	175,726
Bond Reserve	-	213,152	213,152
Capital Replacement	151,097	-	151,097
Unrestricted:	907,164	1,441,554	2,348,718
<b>TOTAL NET ASSETS</b>	<b>\$ 8,131,853</b>	<b>\$ 7,936,031</b>	<b>\$ 16,067,884</b>

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

**Town of Limon, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental activities:</b>				
General government	\$ 775,732	\$ 193,376	\$ 2,500	\$ 18,307
Airport	8,187	4,960	-	34,371
Public Works -Streets	537,216	38,451	194,083	-
Public Works - Sanitation	204,551	225,199	-	-
Public Safety - Police	369,949	60	-	-
Public Health - Cemetery	63,517	9,175	-	-
Recreation	291,307	38,677	16,534	-
Head Start Program	636,257	-	636,257	-
Interest and related costs	31,461	-	-	-
<b>Total Governmental Activities</b>	<u>2,918,177</u>	<u>509,898</u>	<u>849,374</u>	<u>52,678</u>
<b>Business-Type Activities:</b>				
Water	462,925	577,695	-	-
Water Treatment Plant	232,567	203,555	13,710	-
Sewer	308,266	180,936	-	-
Ambulance Service Fund	326,436	275,675	112,907	-
Recreation and Airport Fuel Funds	253,764	173,621	21,517	-
<b>Total Business-Type Activities</b>	<u>1,583,958</u>	<u>1,411,482</u>	<u>148,134</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 4,502,135</u>	<u>\$ 1,921,380</u>	<u>\$ 997,508</u>	<u>\$ 52,678</u>

Property Taxes  
Franchise Taxes  
Sales Taxes  
Motor Vehicle  
Severance Tax  
Cigarette Tax  
Use Tax  
Interest Income  
Insurance Proceeds  
Gain (Loss) on Sale of Assets  
Transfers  
Other

Total General Revenues

Change in Net Assets

**Net Assets Beginning**

**Net Assets Ending**



**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

**PRIMARY GOVERNMENT**

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (561,549)	\$ -	\$ (561,549)
31,144	-	31,144
(304,682)	-	(304,682)
20,648	-	20,648
(369,889)	-	(369,889)
(54,342)	-	(54,342)
(236,096)	-	(236,096)
-	-	-
<u>(31,461)</u>	<u>-</u>	<u>(31,461)</u>
<u>(1,506,227)</u>	<u>-</u>	<u>(1,506,227)</u>
-	114,770	114,770
-	(15,302)	(15,302)
-	(127,330)	(127,330)
-	62,146	62,146
-	(58,626)	(58,626)
-	(24,342)	(24,342)
<u>\$ (1,506,227)</u>	<u>\$ (24,342)</u>	<u>\$ (1,530,569)</u>
\$ 341,969	\$ -	\$ 341,969
91,242	-	91,242
894,099	-	894,099
46,405	-	46,405
3,814	-	3,814
8,036	-	8,036
10,984	-	10,984
12,377	20,903	33,280
4,954	5,167	10,121
(10,492)	-	(10,492)
(83,038)	83,038	-
<u>34,023</u>	<u>-</u>	<u>34,023</u>
<u>1,354,373</u>	<u>109,108</u>	<u>1,463,481</u>
<u>(151,854)</u>	<u>84,766</u>	<u>(67,088)</u>
<u>8,283,707</u>	<u>7,851,265</u>	<u>16,134,972</u>
<u>\$ 8,131,853</u>	<u>\$ 7,936,031</u>	<u>\$ 16,067,884</u>

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

**Town of Limon, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

<b>ASSETS</b>	<b>GENERAL</b>	<b>HEAD START FUND</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTALS</b>
Cash	\$ 453,000	\$ -	\$ 17,419	\$ 470,419
Accounts Receivable	56,427	21,802	9,085	87,314
Allowance for Doubtful Accounts	(6,320)	-	-	(6,320)
Intergovernmental Receivable	86,574	84,012	-	170,586
Special Assessment Receivable	301,546	-	-	301,546
Property Tax Receivable	316,087	-	-	316,087
Inventories	38,329	-	-	38,329
Prepaid Expenses	12,318	-	-	12,318
Restricted Cash				
Capital Replacement Reserve	151,097	-	-	151,097
Debt Reserves	-	-	-	-
Emergency Reserve	105,726	-	-	105,726
<b>Total Assets</b>	<b><u>\$ 1,514,784</u></b>	<b><u>\$ 105,814</u></b>	<b><u>\$ 26,504</u></b>	<b><u>\$ 1,647,102</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Pooled Cash Overdraft	\$ -	\$ 105,814	\$ 9,085	\$ 114,899
Accounts Payable	62,913	-	-	62,913
Deferred Revenue Special Assessment	296,279	-	-	296,279
Deferred Revenues Taxes	316,087	-	-	316,087
<b>Total Liabilities</b>	<b><u>675,279</u></b>	<b><u>105,814</u></b>	<b><u>9,085</u></b>	<b><u>790,178</u></b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	\$ 38,329	\$ -	\$ -	\$ 38,329
Prepaid Expenses	12,318	-	-	12,318
Restricted:				
Emergency Reserve	105,726	-	-	105,726
Conservation Trust Funds	-	-	7,118	7,118
Committed:				
Equipment Replacement	151,097	-	-	151,097
Assigned-Designated for Subsequent Year:				
General Fund	215,097	-	-	215,097
Capital Projects Fund	-	-	12	12
Special Revenue Funds	-	-	10,289	10,289
Unassigned:				
General Fund	316,938	-	-	316,938
<b>Total Fund Balances</b>	<b><u>839,505</u></b>	<b><u>-</u></b>	<b><u>17,419</u></b>	<b><u>856,924</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,514,784</u></b>	<b><u>\$ 105,814</u></b>	<b><u>\$ 26,504</u></b>	<b><u>\$ 1,647,102</u></b>

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

**Town of Limon, Colorado**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**December 31, 2011**

Total Fund Balances - Total Governmental Funds	\$ 856,924
<p>The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.</p>	
Governmental Capital assets	11,064,712
Accumulated Depreciation	(3,815,846)
<p>Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. Long term debt was adjusted as follows:</p>	
Special Assessment Bonds	(281,000)
Compensated Absences	(12,166)
<p>Other long-term assets not available to pay for current period expenditures and therefore are deferred in the governmental funds.</p>	
Special Assessment Receivable	301,546
Special Assessment - Allowance for Doubtful Accounts	(5,267)
Bond issue costs to be amortized over the life of the debt.	61,299
Accumulated amortization on bond issue costs.	<u>(38,349)</u>
 <b>Net Assets of Governmental Activities</b>	 <b><u>\$ 8,131,853</u></b>

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

**Town of Limon, Colorado**  
**Governmental Funds**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2011**

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Taxes	\$ 1,396,549	\$ -	\$ -	\$ 1,396,549
Fines, Licenses and Permits	81,798	-	-	81,798
Intergovernmental:				
Local	172,277	-	16,534	188,811
Federal	4,120	636,257	-	640,377
Charges for Services	473,290	-	2,600	475,890
Interest	12,181	-	196	12,377
Donations and Grants	38,493	-	8,053	46,546
Insurance Proceeds	4,954	-	-	4,954
Miscellaneous	34,023	-	-	34,023
	<u>2,217,685</u>	<u>636,257</u>	<u>27,383</u>	<u>2,881,325</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administration	497,134	-	-	497,134
Airport	2,223	-	-	2,223
Public Works - Streets	494,485	-	-	494,485
Public Works - Sanitation	196,290	-	-	196,290
Public Safety - Police	343,161	-	-	343,161
Public Health - Cemetery	62,094	-	-	62,094
Recreation	240,729	-	6,985	247,714
Head Start Program	-	636,257	-	636,257
Capital Outlay	246,428	-	10,585	257,013
Debt Service:				
Principal - Lease Purchase	44,055	-	-	44,055
Principal - Bonded Debt	140,000	-	-	140,000
Interest	24,142	-	-	24,142
	<u>2,290,741</u>	<u>636,257</u>	<u>17,570</u>	<u>2,944,568</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(73,056)	-	9,813	(63,243)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfer In (Out)	(51,235)	-	(31,803)	(83,038)
<b>NET CHANGE IN FUND BALANCE</b>				
	(124,291)	-	(21,990)	(146,281)
<b>FUND BALANCES, BEGINNING</b>				
	963,796	-	39,409	1,003,205
<b>FUND BALANCES, ENDING</b>				
	<u>\$ 839,505</u>	<u>\$ -</u>	<u>\$ 17,419</u>	<u>\$ 856,924</u>

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

**Town of Limon, 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, 2011**

Net change in fund balances - total governmental funds	\$ (146,281)
Amounts reported for governmental activities in the statement 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 and reported as depreciation expense. This is the amount by which capitalized outlays of \$246,428 were less than depreciation of \$392,569 in the current year.	(146,141)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	44,055
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	140,000
This is the current-period increase in the liability for compensated absences	(4,204)
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(21,472)
Bond issuance costs are reported on the statement of net assets as a deferred charge and amortized over the life of the debt. Current period amortization as reported on the statement of net activities.	(7,319)
The statement of activities reports a gain or loss on the sale of assets based on the proceeds received and the net book value of the assets at the time of sale. The loss on disposal is calculated as follows:	
Cost of assets disposed	(73,577)
Accumulated depreciation of assets disposed	<u>63,085</u>
Net loss on disposal of assets	(10,492)
<b>Change in net assets of governmental activities</b>	<b><u>\$ (151,854)</u></b>

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

# Town of Limon, Colorado

## Proprietary Funds Statement of Net Assets December 31, 2011

ASSETS	UTILITY	AMBULANCE	NON-MAJOR	TOTALS
Current Assets:	FUND	SERVICE	FUNDS	TOTALS
Cash	\$ 574,023	\$ 12,157	\$ 11,991	\$ 598,171
Current Portion of Note Receivable	14,733	-	-	14,733
Accounts Receivable	57,684	326,900	142	384,726
Allowances For Doubtful Accounts	(3,383)	(211,500)	-	(214,883)
Prepaid Expenses	2,085	637	633	3,355
Accrued Interest Receivable	2,153	-	-	2,153
Inventories	36,420	-	12,553	48,973
<b>Total Current Assets</b>	<u>683,715</u>	<u>128,194</u>	<u>25,319</u>	<u>837,228</u>
<b>Restricted Assets:</b>				
Water Plant Reserve	213,152	-	-	213,152
Water Revenue Bonds	169,086	-	-	169,086
Sewer Line Maint. Reserve	44,659	-	-	44,659
Bond & Emergency Reserve Funds	123,244	-	-	123,244
Equipment Reserve	212,541	169,070	41,322	422,933
<b>Total Restricted Assets</b>	<u>762,682</u>	<u>169,070</u>	<u>41,322</u>	<u>973,074</u>
<b>Non-Current Assets:</b>				
Notes Receivable, Net of Current Portion	225,854	-	-	225,854
Bond Issue Costs	103,699	15,500	-	119,199
Accumulated Amortization	(50,709)	(11,367)	-	(62,076)
<b>Capital Assets:</b>				
Water System	7,839,883	-	-	7,839,883
Sewer System and Plant	3,692,329	-	-	3,692,329
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	11,000	243,476
Buildings	-	209,470	-	209,470
Recreation Area Facilities	-	-	304,398	304,398
Equipment	577,362	716,176	126,933	1,420,471
Accumulated Depreciation	(4,750,332)	(464,985)	(265,935)	(5,481,252)
<b>Total Non-Current Assets</b>	<u>8,874,525</u>	<u>509,826</u>	<u>176,396</u>	<u>9,560,747</u>
<b>TOTAL ASSETS</b>	<u>10,320,922</u>	<u>807,090</u>	<u>243,037</u>	<u>11,371,049</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Current Portion of Long-Term Debt	185,832	24,869	-	210,701
Accounts Payable	23,757	14,239	10,009	48,005
Overdrafted Cash Balances	-	-	4,640	4,640
Accrued Interest Payable	40,858	1,392	-	42,250
Compensated Absences	2,361	-	363	2,724
Contingent Construction	57,218	-	-	57,218
<b>Total Current Liabilities</b>	<u>310,026</u>	<u>40,500</u>	<u>15,012</u>	<u>365,538</u>
<b>Non-Current Liabilities:</b>				
Deposit - State of Colo. For Sewer Line Maintenance	44,650	-	-	44,650
Long-Term Debt - Net of Current Portion	2,965,470	59,360	-	3,024,830
<b>Total Non-Current Liabilities</b>	<u>3,010,120</u>	<u>59,360</u>	<u>-</u>	<u>3,069,480</u>
<b>TOTAL LIABILITIES</b>	<u>3,320,146</u>	<u>99,860</u>	<u>15,012</u>	<u>3,435,018</u>
<b>NET ASSETS</b>				
Investment in Fixed Assets, Net of Related Debt	5,613,465	421,464	176,396	6,211,325
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	213,152	-	-	213,152
Unrestricted	1,104,159	285,766	51,629	1,441,554
<b>TOTAL NET ASSETS</b>	<u>\$ 7,000,776</u>	<u>\$ 707,230</u>	<u>\$ 228,025</u>	<u>\$ 7,936,031</u>

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

# Town of Limon, Colorado

## Proprietary Funds

### Statement of Revenues, Expenditures and Changes in Fund Net Assets

For the Year Ended December 31, 2011

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
<b>OPERATING REVENUES</b>				
Sales	\$ 571,225	\$ 203,555	\$ 180,101	\$ 954,881
Less, Contractual Adjustments and Bad Debts	-	-	-	-
Net Sales	<u>571,225</u>	<u>203,555</u>	<u>180,101</u>	<u>954,881</u>
Other User Charges	5,919	-	835	6,754
Miscellaneous	<u>551</u>	<u>-</u>	<u>-</u>	<u>551</u>
<b>Total Operating Revenues</b>	<u>577,695</u>	<u>203,555</u>	<u>180,936</u>	<u>962,186</u>
<b>OPERATING EXPENSES</b>				
Cost of Resale Items	-	-	-	-
Maintenance	25,602	2,310	29,331	57,243
Insurance	1,628	6,512	4,884	13,024
Utilities	36,200	32,206	52,911	121,317
Testing	490	-	3,076	3,566
Salaries and Benefits	95,315	44,358	105,976	245,649
Other Expenses	17,395	11,768	8,106	37,269
Administration	5,751	2,000	6,092	13,843
Amortization	5,572	-	-	5,572
Depreciation	<u>149,600</u>	<u>84,115</u>	<u>97,890</u>	<u>331,605</u>
<b>Total Operating Expenses</b>	<u>337,553</u>	<u>183,269</u>	<u>308,266</u>	<u>829,088</u>
<b>Income (Loss) From Operations</b>	<u>240,142</u>	<u>20,286</u>	<u>(127,330)</u>	<u>133,098</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	14,849	4,411	-	19,260
Donations	-	-	-	-
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	13,710	-	13,710
Insurance Proceeds	-	-	2,730	2,730
Interest Expense	<u>(125,372)</u>	<u>(49,298)</u>	<u>-</u>	<u>(174,670)</u>
Total Non-Operating Revenues (Expenses)	<u>(110,523)</u>	<u>(31,177)</u>	<u>2,730</u>	<u>(138,970)</u>
<b>Net Income Before Contributions and Transfers</b>	129,619	(10,891)	(124,600)	(5,872)
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 129,619</u>	<u>\$ (10,891)</u>	<u>\$ (124,600)</u>	<u>(5,872)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>				<u>7,006,648</u>
<b>NET ASSETS, END OF YEAR</b>				<u>\$ 7,000,776</u>

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 613,107	\$ 163,764	\$ 1,731,752
<u>341,334</u>	<u>-</u>	<u>341,334</u>
271,773	163,764	1,390,418
-	7,356	14,110
<u>3,902</u>	<u>2,501</u>	<u>6,954</u>
<u>275,675</u>	<u>173,621</u>	<u>1,411,482</u>
-	51,943	51,943
13,549	17,321	88,113
4,931	4,241	22,196
7,365	20,771	149,453
-	335	3,901
157,874	111,561	515,084
87,228	27,184	151,681
-	-	13,843
1,550	-	7,122
<u>48,974</u>	<u>20,408</u>	<u>400,987</u>
<u>321,471</u>	<u>253,764</u>	<u>1,404,323</u>
<u>(45,796)</u>	<u>(80,143)</u>	<u>7,159</u>
1,131	512	20,903
1,900	21,517	23,417
111,007	-	111,007
-	-	13,710
1,245	1,192	5,167
<u>(4,965)</u>	<u>-</u>	<u>(179,635)</u>
<u>110,318</u>	<u>23,221</u>	<u>(5,431)</u>
64,522	(56,922)	1,728
<u>16,340</u>	<u>66,698</u>	<u>83,038</u>
<u>80,862</u>	<u>9,776</u>	<u>84,766</u>
<u>626,368</u>	<u>218,249</u>	<u>7,851,265</u>
<u>\$ 707,230</u>	<u>\$ 228,025</u>	<u>\$ 7,936,031</u>

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



# Town of Limon, Colorado

## Proprietary Funds Statement of Cash Flows

For the Year Ended December 31, 2011

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts From Customers	\$ 961,730	\$ 272,833	\$ 173,826	\$ 1,408,389
Payments to Suppliers for Goods and Services	(251,828)	(118,865)	(119,090)	(489,783)
Payments to Employees	(245,827)	(158,438)	(111,809)	(516,074)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>464,075</b>	<b>(4,470)</b>	<b>(57,073)</b>	<b>402,532</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Donations	-	1,900	21,516	23,416
Intergovernmental Grants	13,711	111,009	-	124,720
Insurance Proceeds	2,730	1,245	1,192	5,167
Transfer From Other Fund	-	16,340	66,698	83,038
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<b>16,441</b>	<b>130,494</b>	<b>89,406</b>	<b>236,341</b>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</b>				
State of Colorado - Sewer Line Maintenance	2,797	-	-	2,797
Tap Fees	-	-	-	-
Transfer To Restricted Assets	(3,910)	(90,824)	18,788	(75,946)
Sale of Capital Assets	-	-	-	-
Purchase of Capital Assets	(28,656)	(106,869)	(51,425)	(186,950)
Interest Paid	(177,414)	(5,390)	-	(182,804)
Debt Principal Payments	(194,560)	(25,715)	-	(220,275)
Note - Frazier Farms	13,973	-	-	13,973
<b>Net Cash (Used) By Capital and Financing Activities</b>	<b>(387,770)</b>	<b>(228,798)</b>	<b>(32,637)</b>	<b>(649,205)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Revenue	20,830	1,131	512	22,473
<b>Net Cash Provided By Investing Activities</b>	<b>20,830</b>	<b>1,131</b>	<b>512</b>	<b>22,473</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>113,576</b>	<b>(101,643)</b>	<b>208</b>	<b>12,141</b>
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Beginning of Year</b>	<b>460,447</b>	<b>113,800</b>	<b>11,783</b>	<b>586,030</b>
<b>End of Year</b>	<b>\$ 574,023</b>	<b>\$ 12,157</b>	<b>\$ 11,991</b>	<b>\$ 598,171</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities</b>				
Net Operating Income (Loss)	\$ 133,098	\$ (45,796)	\$ (80,143)	\$ 7,159
Depreciation	331,605	48,974	20,408	400,987
Amortization	5,572	1,550	-	7,122
(Increase) Decrease in Accounts Receivable, Net	(456)	(2,842)	205	(3,093)
(Increase) Decrease in Inventory	1,222	-	(6,215)	(4,993)
(Increase) Decrease in Prepaid Expense	(2,085)	(637)	(633)	(3,355)
Increase (Decrease) in Accounts Payable	(4,702)	(5,153)	4,912	(4,943)
Increase (Decrease) in Overdraft Cash Balances	-	-	4,640	4,640
Increase (Decrease) in Compensated Absences	(179)	(566)	(247)	(992)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 464,075</b>	<b>\$ (4,470)</b>	<b>\$ (57,073)</b>	<b>\$ 402,532</b>
<b>Noncash capital financing activities:</b>				
Interest subsidy	\$ 13,710			\$ 13,710

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

**Town of Limon, Colorado**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

	<b>EMPLOYEES' PENSION TRUST</b>
<b>ASSETS:</b>	
Cash	\$ 35,743
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	674,306
International Stocks	27,645
Mutual Funds	382,941
Money Markets and Other	<u>38,677</u>
 <b>TOTAL ASSETS</b>	 <u><u>1,159,312</u></u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES:</b>	 <u>-</u>
 <b>TOTAL LIABILITIES</b>	 <u>-</u>
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	 <u><u>\$ 1,159,312</u></u>

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

**Town of Limon, Colorado**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2011**

	<b>EMPLOYEES' PENSION PLAN</b>
<b>ADDITIONS:</b>	
Employee Contribution	\$ 50,582
Employer Contribution	25,241
Interest Income	370
Investment Income, Net of Expenses	(46,752)
Total Additions	29,441
<b>DEDUCTIONS:</b>	
Administrative Expenses	2,970
Total Deductions	2,970
<b>CHANGE IN PLAN NET ASSETS</b>	26,471
<b>PLAN NET ASSETS, BEGINNING OF YEAR</b>	1,132,841
<b>PLAN NET ASSETS, END OF YEAR</b>	\$ 1,159,312

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

# Town of Limon, Colorado

## Notes to Financial Statements

### December 31, 2011

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#### **1. Summary of Significant Accounting Policies**

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The Town of Limon operates under a council-mayor form of government and maintains accounting policies to conform to generally accepted accounting principles as applicable to governments. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies.

##### **Reporting Entity**

The Town has no component units using the criteria as set forth in generally accepted accounting principles. The determination to include separate governmental entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement 14. GASB Statement 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either A) the primary government must be able to impose its will, or B) the primary government may potentially benefit financially or be financially responsible for the component unit.

##### **Related Organizations**

The Town's Board of Trustees is responsible for appointing the members of the board of the Limon Housing Authority, but the Town's financial responsibility for this organization does not extend beyond making the appointments. Therefore, it is not included in these financial statements.

The financial statements of the Authority may be obtained from: Director, Limon Housing Authority, 1880 Circle Lane, Limon, CO 80828.

##### **Fund Accounting**

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town reports the following major governmental funds:

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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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.

Head Start Fund – This fund accounts for a Federal Head Start grant, which is passed through to the local child-care center.

Proprietary Funds – Proprietary 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 the costs (including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges. Proprietary funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town of Limon operates the Water and Sewer Utilities, the Municipal Recreation Area Fund (primarily golfing activities), the Airport Fuel Fund (for the sale of fuel to airplane operators) and the Ambulance Service Fund on this basis.

Fiduciary Fund – Employees’ Pension Plan, as more fully described in Note 6.

**Government-wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be recognizable when received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales tax collected and held by vendors at year end on behalf of the Town is also recognized as revenue if collected within 60 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

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 ongoing operations. The principal operating revenues of the Proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue 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 Equity**

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance 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 Board of Trustees. The constraint may be removed or changed only through formal action of the Board of Trustees.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
  
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

As a Phase 3 government, as defined in GASB 34, the Town has elected to not report major general infrastructure retroactively; therefore, the government-wide financial statements do not reflect infrastructure assets completed prior to January 1, 2004.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, plants, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

Streets, sidewalk, curb, & gutter	25 to 30 years
Buildings and Improvements	20 to 40 years
Water and Sewer Systems	50 years
Water and Sewer Plants	20 to 50 years
Recreation Area Improvements	20 to 25 years
Equipment	5 to 15 years
Water Wells	20 years



**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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**Long-term Obligations**

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 government activities, business-type activities, or proprietary fund type statement of net assets.

**Budget and Budgetary Accounting**

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

On or prior to October 15, the Town Manager submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to January 1, the budget is legally enacted through the passage of an ordinance. Amendments can be made until year end. On December 29, 2011, the Board approved a resolution appropriating additional sums of money for the year 2011. The original and amended appropriation amounts are presented in the budgetary data in the financial statements.

Budgets for governmental and pension funds are adopted on a basis consistent with generally accepted accounting principles. Budgets for the Proprietary funds are adopted to fulfill statutory requirements and are prepared on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, loans and reimbursements received, note receivable principal, capital expenditures and bond principal payments, but does not provide for depreciation and amortization. For 2011 the Board of Trustees budgeted all funds and appropriated spending limits by fund. Therefore, the comparisons of actual and budget amounts relating to legal requirements shown in the financial statements is based on “total expenditures” plus “operating transfers to other funds” in the various fund types. All appropriations lapse at year end.

**Encumbrances**

The Town does not employ the method of encumbrance accounting that reserves specific appropriations for purchase orders and other commitments. Encumbrances outstanding at year end, when material, are reported as a reservation of fund balance since they do not constitute expenditures or liabilities.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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**Cash and Investments**

Cash includes interest-bearing demand deposits (checking and money-market accounts), as well as short-term investments with a maturity date within three months of the date acquired.

Investments are stated at cost, except for marketable debt and equity security investments of the pension trust, which are valued at market. State statutes authorize the allowable type of investments, which are detailed in Note 2.

**Property Taxes**

Annual property taxes are levied and assessed on January 1 and are certified to the County by December 15 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the Town.

The Town recognizes a receivable for property tax levies upon certification by the County Treasurer. A deferred revenue liability is recorded in the same amount since the taxes are not available at year end to fund expenditures of the current year. They are recognized as revenue when collected in the following year.

Property taxes are computed using mills, where one mill is equal to \$1 on \$1,000 of assessed value. The mill levy for 2011 was 17.686.

**Inventory and Supplies**

Inventories of items in the following funds were valued at cost:

General Fund - Dumpsters and polycarts held for resale and street supplies	\$ 38,329
Utility - Treatment supplies, meters and parts	36,420
Municipal Recreation Area - Merchandise & Concessions	1,927
Airport Fuel Fund - Airplane fuel	<u>10,626</u>
Total Inventories	<u>\$ 87,302</u>

**Compensated Absences**

By ordinance, the Town's policy regarding vacation time is to not let it accumulate beyond one year, although some exceptions are made upon approval of management. Any unused vacation time is paid upon termination. Also by ordinance, any employee accumulating sick leave beyond 60 days shall continue to accrue sick leave at the rate of one-half day per month and shall have the additional leave added to vacation leave for the following year. The liability for vacation pay included in these financial statements includes such sick leave accrued to December 31, 2011.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

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**Compliance with Colorado Contraband Forfeiture Act**

Contraband funds collected and related disbursements are included in the financial statements.

**Bond Discounts and Issuance Costs**

Utility Fund bond discount and issuance costs of \$103,699 for the 2000 to 2004 issues are being amortized over the term of the bonds (15 to 20 years) on the straight-line method. Ambulance Fund loan costs of \$15,500 are being amortized over the 10 year term of the loan on the straight-line method. Costs of Proprietary Funds' issues prior to 1989 were either expensed or added to the cost of the related assets. Bond issue and loan costs of \$61,299 on debt not related to Proprietary Funds are being amortized over their term (10 to 20 years) on the straight-line method in the government-wide financial statements, but expensed currently in the governmental funds financial statements.

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**2. Cash and Investments**

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For the purpose of the statement of cash flows, the Town considers all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Cash Deposits – 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 specified 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. 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 has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2011, none of the Town's deposits are deemed to be exposed to custodial credit risk.

The Town's deposits as of December 31, 2011 are shown below.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**2. Cash and Investments (continued)**

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The Town's cash deposits at December 31, 2011 was \$2,214,691 which include cash, investments, and restricted assets in the primary government Statement of Net Assets and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Assets. Cash on hand was \$26 and the remaining \$2,214,665 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 669,086	\$ 669,086
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	1,587,613	1,545,579
Total cash and certificates of deposit	\$ 2,256,699	\$ 2,214,665

The difference between the bank balance and carrying balance is \$42,034, which were outstanding items that had not cleared the banks as of December 31, 2011.

Investments - Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, US territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market funds, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with other certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust", "Jefftrust" and "CSAFE".

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**2. Cash and Investments (continued)**

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Other than in the Employees' Pension Plan the Town's only investments are in bank savings, money market accounts and certificates of deposit, which are included in cash and cash equivalents.

Colorado statutes also specify in which instruments a municipal retirement board may participate in the following types of retirement plans:

1. A plan administered by a qualified insurance company;
2. Establish a trust with a bank or trust company;
3. Belong to Colorado's Public Employees Retirement Association (PERA);
4. Invest in the same manner as PERA is authorized. It is authorized to make a broad range of investments, with these limitations on common or preferred stock:
  1. The aggregate amount of moneys invested in corporate stocks or corporate bonds, notes, or debentures which are convertible into corporate stock or in investment trust shares shall not exceed 65% of the then book value of the fund.
  2. No investment of the fund in common or preferred stock, or both, of any single corporation shall be of an amount which exceeds 5% of the then book value of the fund, nor shall the fund acquire more than 12% of the outstanding stock or bonds of any single corporation.

The Employees' Pension Plan investments at December 31, 2011 are reported at fair market value. The Employees' Pension Plan investments are shown below:

	Fair Market Value	Maturity	Credit Rating	Rating Agency
Stocks, bonds and mutual funds:				
Domestic Stocks	\$ 674,306	n/a	Not Rated	n/a
International Stocks	27,645	n/a	Not Rated	n/a
Mutual Funds	382,941	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>38,677</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,123,569</u>			

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**2. Cash and Investments (continued)**

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Interest Rate Risk – The Town and the Employees’ Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates.

Credit Risk – The Town does not have a formal investment policy that would further limit its investment choices beyond those listed above which are approved by Colorado Statutes.

A reconciliation of the Town’s deposits and investments to the financial statements is as follows:

Cash and Cash Equivalents	\$ 1,068,590
Pooled Cash Overdraft	(119,539)
Restricted Cash	1,229,897
Fiduciary Funds – Cash	35,743
Fiduciary Funds – Investments	<u>1,123,569</u>
Total	<u>\$ 3,338,260</u>

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**3. Restricted Assets**

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Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2011 of \$105,726 is 3% of the Town’s annual expenditures in the governmental fund types. Reserve is held in bank certificates of deposit.

General Fund – equipment replacement reserves. Accumulation at December 31, 2011 is \$151,097. Reserves are held in bank savings accounts and certificates of deposit.

Utility Fund – reserve for operations and maintenance of the water treatment plant. Total required accumulation at December 31, 2011 is \$213,152. Reserve is held in a bank savings account.

Utility Fund – funds held for future water projects construction from proceeds of 2004 water bond. Amount held in a bank savings account totals \$169,086 at December 31, 2011.

Utility Fund – reserve for Emergency Reserve and repayment of 2000 and 2004 revenue bonds. There is no required accumulation for the 2000 bond reserve. The required accumulation for the 2004 bond reserve is the amount of the subsequent year’s debt service obligation at a minimum. Reserves in the amount of \$123,244, as of December 31, 2011 are held in a bank savings account and certificates of deposit.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**3. Restricted Assets (continued)**

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Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$44,659, as of December 31, 2011, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2011 is \$212,541. Reserve is held in a bank savings account.

Municipal Recreation Area Fund – accumulation of special green fees, which is spent on golf course improvements and equipment. The amount accumulated of \$41,322, as of December 31, 2011, is in a bank savings account and certificate of deposit.

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**4. Note Receivable and Special Assessment Receivable**

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The note receivable from Frazier Farms resulted from the sale of the Dickens ranch land in 2004, with the Town retaining the water rights. Payments including principal and interest, at a rate of 5.369%, are due each year in the amount of \$27,455, until the year 2023.

The special assessment receivable resulted from 2004 and 2005 street and sidewalk improvements. Payments on the 2004 assessment including principal and interest, at a rate of 6.65% are due from affected residents from 2009 to 2024 in the amount of \$9,078 each year. Residents are permitted to pay their accounts in full at any time, which would also decrease total future annual payment requirements.

Payments on the 2005 assessment including principal and interest, at a rate of 7% are due from 2009 to 2025 in the amount of \$27,319 each year. Residents are permitted to pay their accounts in full any time, which would also decrease total future annual payment requirements.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**5. Capital Assets**

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Capital asset activity for the year was as follows:

	Balance December 31, 2010	Additions	Conveyances or Retirements	Balance December 31, 2011
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	2,631,607	22,268	-	2,653,875
Equipment	2,323,615	165,440	(73,577)	2,415,478
Infrastructure	4,675,571	40,799	-	4,716,370
Total depreciable assets	<u>9,630,793</u>	<u>228,507</u>	<u>(73,577)</u>	<u>9,785,723</u>
Total capital assets	<u>10,909,782</u>	<u>228,507</u>	<u>(73,577)</u>	<u>11,064,712</u>
Less accumulated depreciation for:				
Buildings	(1,349,973)	(70,522)	-	(1,420,495)
Equipment	(1,572,811)	(133,645)	63,085	(1,643,371)
Infrastructure	(581,499)	(170,481)	-	(751,980)
Total accumulated depreciation	<u>(3,504,283)</u>	<u>(374,648)</u>	<u>63,085</u>	<u>(3,815,846)</u>
Depreciable assets, net	<u>6,126,510</u>	<u>(146,141)</u>	<u>(10,492)</u>	<u>5,969,877</u>
Governmental activities assets, net	<u>\$ 7,405,499</u>	<u>\$ (146,141)</u>	<u>\$ (10,492)</u>	<u>\$ 7,248,866</u>

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

General government	\$ 30,704
Airport	5,964
Public safety - police	26,788
Highways and streets	195,291
Public works - sanitation	8,261
Public health - cemetery	1,423
Culture and recreation	43,593
Rural health	<u>62,624</u>
Total governmental activities depreciation expense	<u>\$ 374,648</u>



**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

**5. Capital Assets (continued)**

	Balance December 31, 2010	Additions	Conveyances or Retirements	Balance December 31, 2011
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	<u>243,476</u>	<u>-</u>	<u>-</u>	<u>243,476</u>
Total non-depreciable assets	<u>1,292,471</u>	<u>-</u>	<u>-</u>	<u>1,292,471</u>
Depreciable assets:				
Water system, plant & equipment	8,293,758	28,656	-	8,322,414
Sewer system, plant & equipment	3,787,158	-	-	3,787,158
Rec area facilities & equipment	381,527	51,426	(1,620)	431,333
Ambulance building & equipment	<u>818,778</u>	<u>106,868</u>	<u>-</u>	<u>925,646</u>
	<u>13,281,221</u>	<u>186,950</u>	<u>(1,620)</u>	<u>13,466,551</u>
Total capital assets	<u>14,573,692</u>	<u>186,950</u>	<u>(1,620)</u>	<u>14,759,022</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(2,949,341)	(233,715)	-	(3,183,056)
Sewer system, plant & equipment	(1,469,384)	(97,890)	-	(1,567,274)
Rec area facilities & equipment	(247,147)	(20,408)	1,620	(265,935)
Ambulance building & equipment	<u>(416,013)</u>	<u>(48,974)</u>	<u>-</u>	<u>(464,987)</u>
Total accumulated depreciation	<u>(5,081,885)</u>	<u>(400,987)</u>	<u>1,620</u>	<u>(5,481,252)</u>
Depreciable assets, net	<u>8,199,336</u>	<u>(214,037)</u>	<u>-</u>	<u>7,985,299</u>
Business-type activities assets, net	<u>\$ 9,491,807</u>	<u>\$ (214,037)</u>	<u>\$ -</u>	<u>\$ 9,277,770</u>

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

Water	\$ 149,600
Water treatment	84,115
Sewer	97,890
Municipal recreation	20,408
Ambulance	<u>48,974</u>
Total business-type activities depreciation expense	<u>\$ 400,987</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

**6. Retirement Plan**

The Town maintains a single-employer defined benefit pension plan which covers all eligible Town employees, including police officers.

Employees' Pension Plan:

Plan Description. The Town of Limon Employees' Pension Plan is a single-employer defined benefit pension plan administered by the Town of Limon. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Town Board of Trustees has the authority to establish and amend benefit provisions. The Plan does not issue a publicly available financial report.

There is no provision for cost-of-living increases after benefits begin.

The plan covers full-time and special part-time Town employees.

Membership in the Plan consisted of the following at January 1, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	0
Terminated plan members entitled to, but not yet receiving benefits	1
Active Plan Members	<u>25</u>
Total	26

Funding Policy. Plan members are required to contribute 4% of compensation up to \$550 per month and 6% of compensation in excess of \$550. The Town is required to contribute at an actuarially determined rate.

Direct administrative fees are paid from plan income. Indirect expenses (portions of Town administrative salaries) are not allocated to the Plan.

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Plan for the current year were as follows:

Annual required contribution	\$ 25,241
Contributions made	\$ (25,241)
Net pension obligation beginning of year	<u>\$ -0-</u>
Net pension obligation end of year	<u><u>\$ -0-</u></u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

**6. Retirement Plan (continued)**

The annual required contribution for the current year was determined as part of the January 1, 2011 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 2.0% per year. Both (a) and (b) included an inflation component of 2.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value method.

Schedule of Funding Progress (Based on Entry Age Normal Method).

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Liability or (Funding Excess) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>
1/1/2007	\$ 1,073,261	\$ 1,108,776	\$ 35,515	97%
1/1/2008	\$ 1,117,242	\$ 1,128,134	\$ 10,892	99%
1/1/2009	\$ 733,590	\$ 1,072,120	\$ 338,530	68%
1/1/2010	\$ 939,547	\$ 1,171,182	\$ 231,635	80%
1/1/2011	\$ 1,113,019	\$ 1,326,529	\$ 213,510	84%

Five-year Trend information:

<u>For Each Year Ended</u>	<u>Employer Annual Required Contribution and Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/2007	\$ 6,095	\$ 6,095	100.0%	\$ -
12/31/2008	\$ 5,668	\$ 5,668	100.0%	\$ -
12/31/2009	\$ 40,337	\$ 40,337	100.0%	\$ -
12/31/2010	\$ 32,000	\$ 32,000	100.0%	\$ -
12/31/2011	\$ 25,241	\$ 25,241	100.0%	\$ -

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**7. Contingency—Constitutional Amendment**

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In November 1992, the Colorado voters passed a constitutional amendment (Tabor Amendment) to the State Constitution (Article X, Section 20) which requires voter approval for any increases in mill levies, revenue limits, spending limits and creation of multi-year debt. In addition, the amendment requires that a reserve be established for emergencies of 3% in 1995 and thereafter.

The Town has reserved \$105,726 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the Tabor amendment.

On April 7, 1998, the voters of the Town approved a referendum allowing the Town to collect, retain and expend the full proceeds of the Town's sales and property tax, state grants, fees and other revenues received from December 31, 1997 and thereafter.

The Town believes that it is in compliance with the provisions of the Tabor amendment. However, many provisions of the Tabor Amendment are complex and subject to further interpretation and will require judicial interpretation.

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**8. Long-Term Debt**

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**General Obligation Bonds** – The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, as well as to refund prior issues. General obligation bonds have been issued for proprietary activities only. They are direct obligations and pledge the full faith and credit of the Town and are ultimately secured by general ad valorem taxes.

The Town has one general obligation bond issue outstanding at December 31, 2011, with interest from 4.8% to 5.6%, which is expected to be paid from Utility Fund Water revenues.

During 2011 a principal payment of \$45,000 was made. Additionally, interest payments of \$16,900 were made, which are included as a direct expense under Water in the Statement of Activities.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**8. Long-Term Debt (continued)**

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Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2012	\$ 50,000	\$ 14,605	\$ 64,605
2013	50,000	12,005	62,005
2014	55,000	9,356	64,356
2015	55,000	6,385	61,385
2016	60,000	3,360	63,360
	\$ 270,000	\$ 45,711	\$ 315,711

**Revenue Bonds** – The Town issues bonds where the government pledges income derived from the acquired or constructed assets or from a specific revenue source to pay debt service. Revenue bonds at December 31, 2011 are as follows:

The Revenue Bonds are payable from Governmental Activities revenue together with interest of 5.625%. During 2011 a principal payment of \$110,000 was made to pay off the remaining principal balance. Additionally, an interest payment of \$3,094 was made, which is included under governmental activities in the Statement of Activities.

**2004 Water Revenue Bonds** – These bonds are payable from Utility Fund Water revenues, together with interest from 5.30% to 5.50%.

During 2011 a principal payment of \$55,000 was made. Additionally, interest payments of \$101,875 were made, which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2012	\$ 60,000	\$ 99,483	\$ 159,483
2013	65,000	96,783	161,783
2014	65,000	93,760	158,760
2015	70,000	90,640	160,640
2016	75,000	87,175	162,175
2017-2021	780,000	347,338	1,127,338
2022-2023	750,000	68,475	818,475
	\$ 1,865,000	\$ 883,654	\$ 2,748,654

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**8. Long-Term Debt (continued)**

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**2000 Water Revenue Bonds** – These bonds are payable from Utility Fund Water revenues, together with interest from 5.83% to 8.91%. This bond has a federal interest subsidy, which is shown as a revenue item in the financial statements. After the subsidy, the interest rate on the bonds is from 4.19% to 7.26%.

During 2011 principal payments of \$70,415 and interest payments of \$38,813 were made in addition to the federal subsidy interest amount of \$13,710 for a total of \$52,523 which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest Before Federal Subsidy</u>	<u>Total</u>	<u>Federal Interest Subsidy</u>	<u>Total After Federal Subsidy</u>
2012	\$ 75,832	\$ 47,835	\$ 123,667	\$ 12,552	\$ 111,115
2013	75,832	44,765	120,597	11,306	109,291
2014	75,832	41,240	117,072	10,060	107,012
2015	81,249	37,710	118,959	8,814	110,145
2016	81,249	33,923	115,172	7,478	107,694
2017-2020	<u>373,743</u>	<u>60,245</u>	<u>433,988</u>	<u>15,757</u>	<u>418,231</u>
	<u>\$ 763,737</u>	<u>\$ 265,718</u>	<u>\$ 1,029,455</u>	<u>\$ 65,967</u>	<u>\$ 963,488</u>

**Colorado Water Conservation Board Note** – The Town received a loan from the State of Colorado for improvements to the water utility system, which is expected to be paid from Utility Fund Water revenues together with interest at 3.0%.

During 2011 a principal payment of \$24,145 was made. Additionally, an interest payment of \$8,300 was made, which is included as a direct expense under Water in the Statement of Activities.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**8. Long-Term Debt (continued)**

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Annual debt service requirements to maturity are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 24,869	\$ 7,576	\$ 32,445
2013	25,615	6,830	32,445
2014	26,383	6,062	32,445
2015	27,175	5,270	32,445
2016	27,990	4,455	32,445
2017-2020	120,533	9,169	129,702
	\$ 252,565	\$ 39,362	\$ 291,927

**Special Assessment Bond** – During 2004 the Town formed Special Assessment District Number 2004-1, in order to issue special assessment bonds for certain street and sidewalk improvements. Bonds are to be repaid from monies collected annually from levies against the affected property owners together with interest at 5.9%. Monies are collected and bonds paid from the General Fund.

During 2011 a principal payment of \$6,000 was made. Additionally, an interest payment of \$4,956 was made which is included under governmental activities in the Statement of Activities.

Scheduled annual debt service requirements to maturity are as follows. However, the actual principal payments will be higher if additional principal is collected from the property owners, which would also affect future principal and interest requirements.

Annual debt service requirements on the bonds are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 4,000	\$ 4,661	\$ 8,661
2013	4,000	4,425	8,425
2014	5,000	4,189	9,189
2015	5,000	3,894	8,894
2016	5,000	3,599	8,599
2017-2021	30,000	14,691	44,691
2022-2024	25,000	2,832	27,832
	\$ 78,000	\$ 38,291	\$ 116,291

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**8. Long-Term Debt (continued)**

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**Special Assessment Bond** – During 2005 the Town formed Special Assessment District Number 2005-2, in order to issue special assessment bonds for certain street and sidewalk improvements. Bonds are to be repaid from monies collected annually from levies against the affected property owners together with interest at 6.2%. Monies will be collected and bonds paid from the General Fund.

During 2011, a principal payment of \$24,000 was made. Additionally, interest payments of \$14,539 were made, which are included under governmental activities in the Statement of Activities.

Scheduled annual debt service requirements to maturity are as follows. However, the actual principal payments will be higher if additional principal is collected from the property owners, which would also affect future principal and interest requirements.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 12,000	\$ 13,268	\$ 25,268
2013	13,000	12,524	25,524
2014	14,000	11,718	25,718
2015	15,000	13,640	28,640
2016	15,000	12,710	27,710
2017-2021	86,000	53,630	139,630
2022-2024	48,000	10,788	58,788
	\$ 203,000	\$ 128,278	\$ 331,278

**Colorado Maintenance Fee** – This amount represents the accumulation of a monthly fee from the State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility and is payable from Utility Fund Restricted Cash. This fee will be discontinued as of 2031.



**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

**8. Long-Term Debt (continued)**

Total changes in Long-Term Liabilities during 2011 are as follows:

	Balance December 31, 2010	Additions	Payments	Balance December 31, 2011	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 110,000	\$ -	\$ (110,000)	\$ -	\$ -
Special assessment bonds	311,000	-	(30,000)	281,000	16,000
Capital lease	<u>44,055</u>	<u>-</u>	<u>(44,055)</u>	<u>-</u>	<u>-</u>
	<u>465,055</u>	<u>-</u>	<u>(184,055)</u>	<u>281,000</u>	<u>16,000</u>
Business-type activities:					
Bonds payable:					
2004 Water Revenue	\$ 1,920,000	\$ -	\$ (55,000)	\$ 1,865,000	\$ 60,000
2001 G.O.	315,000	-	(45,000)	270,000	50,000
2000 Water Revenue	834,152	-	(70,415)	763,737	75,832
Loans payable:					
Colorado Water					
Conservation Board	276,710	-	(24,145)	252,565	24,869
Capital lease	109,944	-	(25,715)	84,229	-
Colorado Maintenance Fee	<u>41,853</u>	<u>2,797</u>	<u>-</u>	<u>44,650</u>	<u>-</u>
	<u>3,497,659</u>	<u>2,797</u>	<u>(220,275)</u>	<u>3,280,181</u>	<u>210,701</u>
Total long-term liabilities	<u>\$ 3,962,714</u>	<u>\$ 2,797</u>	<u>\$ (404,330)</u>	<u>\$ 3,561,181</u>	<u>\$ 226,701</u>

Legal Debt Limit - The legal debt limit as defined by Colorado State Statutes, for General Obligation Bonds issued by the Town is as follows at December 31, 2011:

Actual Property Value (taxable)	\$109,355,179
	x 3%
	<u>3,280,655</u>
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,280,655</u>

The issues have certain early redemption provisions that could be utilized in future years at the option of the Board of Trustees.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**9. Risk Management**

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The Town is exposed to various risks of loss to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The Town carries commercial insurance for risks described below and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The pools have certain deductibles, which resulted in an out of pocket cost to the Town of \$414 in 2011.

**Property, Casualty, Errors and Omissions and Liability Insurance**

The Town is exposed to various risks of loss related to property, casualty, errors and omissions and liability losses. In 1986 due to the excessive cost of this insurance, the Town joined together with other cities and towns in the State of Colorado to form the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for members. The Town pays an annual contribution to CIRSA for its insurance coverage. The member agreement provides that the pool will be self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for member's claims in excess of a specified self insurance retention, which is determined each policy year.

During 2011 the Town paid \$59,594 for insurance coverage to the pool which is included in the operating expense of the general and enterprise funds.

**Workers' Compensation Insurance**

The Town is exposed to various risks of loss related to injuries of employees while on the job. In 2009 the Town discontinued its membership in the Colorado Intergovernmental Risk Sharing Agency, Workers Compensation Pool (CIRSA), and obtained coverage from a commercial insurance provider.

During 2011 the Town paid \$33,611 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**10. Interfund Transactions**

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Interfund receivable and payable are included within the balance sheet as they are current obligation and receivable of the appropriate fund. No eliminations have been made for interfund transactions in the fund financial statements.

The Town had the following interfund transactions during 2011:

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 34,045
Transfer from General Fund to Ambulance Service Fund for general purposes.	<u>16,340</u>
Total General Fund transfers	<u>\$ 50,385</u>
Transfer from Conservation Trust Fund to Municipal Recreation Area Fund for improvements.	<u>\$ 32,653</u>

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**11. Contingent Construction Payable**

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During the year 2000, the Town obtained two acres of land for a water treatment plant, in exchange for providing certain street, water and sewer improvements for seller's adjacent property. The agreed-upon value was \$114,000. The Town's obligation in this trade consists of two elements: (1) an obligation to complete certain improvements with an estimated cost of \$41,622, which were completed by the Town in 2001, and (2) a contingent liability to pay the seller's obligation of \$72,378 for improvements in the event the seller develops the adjacent land within 20 years. During 2006, the Town paid \$15,160 for those improvements resulting in a remaining contingent payable of \$57,218. There were no payments made under this agreement in 2011.

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**12. Employment Agreements**

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During 2003, the Town entered into employment agreements with four members of management. The agreements cover a variety of matters, including lump sum payment of three months' salary and three months' benefits, in the event the Board does not reappoint the employee after a regular municipal election, and he or she is willing and able to perform his or her duties. As of December 31, 2011, three of these individuals were employed, by appointment, by the Town. The fourth individual is now an at-will employee.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2011**

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**13. Water Rights Lease**

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On June 2, 2004, the Town purchased land, improvements, and water rights for \$689,454. The Town resold the real property to Frazier Farms. As a condition of the sale, the Town entered into a lease agreement to lease the water rights to Frazier Farms for 10 years at no charge. The lease contains a provision to temporarily terminate if the Town has an emergency shortage, then extend the lease to its original 10 year term and compensate Frazier Farms for any crop losses.

**Town of Limon, Colorado**

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**Required Supplementary Information**

**Town of Limon, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 1,310,175	\$ 1,310,175	\$ 1,396,549	\$ 86,374
Fines, Licenses and Permits	68,120	68,120	81,798	13,678
Intergovernmental - Local	174,240	174,240	172,277	(1,963)
Intergovernmental - Federal	2,800	2,800	4,120	1,320
Charges for Services	481,684	481,684	473,290	(8,394)
Interest	30,903	30,903	12,181	(18,722)
Donations and Grants	20,585	20,585	38,493	17,908
Insurance Claims	1,818	1,818	4,954	4,954
Miscellaneous	30,000	30,000	34,023	4,023
Supplemental Appropriation	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
<b>TOTAL REVENUES</b>	<u>2,120,325</u>	<u>2,193,507</u>	<u>2,217,685</u>	<u>24,178</u>
<b>EXPENDITURES</b>				
Current:				
General Government	557,229	557,229	497,134	60,095
Airport	11,271	11,271	2,223	9,048
Public Works - Streets	475,868	475,868	494,485	(18,617)
Public Works - Sanitation	178,510	178,510	196,290	(17,780)
Public Safety	377,144	377,144	343,161	33,983
Public Health - Cemetery	76,303	76,303	62,094	14,209
Recreation	254,508	254,508	240,729	13,779
Capital Outlay	134,446	134,446	246,428	(111,982)
Debt Service:				
Principal - Lease Purchases	44,055	44,055	44,055	-
Principal - Bonded Debt	125,000	125,000	140,000	(15,000)
Interest	23,202	23,202	24,142	(940)
Supplemental Appropriation	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
<b>TOTAL EXPENDITURES</b>	<u>2,257,536</u>	<u>2,332,536</u>	<u>2,290,741</u>	<u>41,795</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(137,211)	(139,029)	(73,056)	65,973
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Operating Transfers (Out)	<u>(65,283)</u>	<u>(65,283)</u>	<u>(51,235)</u>	<u>14,048</u>
<b>NET CHANGE IN FUND BALANCE</b>	(202,494)	(204,312)	(124,291)	80,021
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>845,873</u>	<u>845,873</u>	<u>963,796</u>	<u>117,923</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 643,379</u>	<u>\$ 641,561</u>	<u>\$ 839,505</u>	<u>\$ 197,944</u>

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

**Town of Limon, Colorado**

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**Other Supplementary Information**

**Town of Limon, Colorado**  
**Head Start Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Intergovernmental - Federal	\$ 636,257	\$ 636,257	\$ 636,257	\$ -
<b>Total Revenues</b>	<u>636,257</u>	<u>636,257</u>	<u>636,257</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Head Start Program	<u>636,257</u>	<u>664,986</u>	<u>636,257</u>	<u>28,729</u>
<b>Total Expenditures</b>	<u>636,257</u>	<u>664,986</u>	<u>636,257</u>	<u>28,729</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>(28,729)</u>	<u>-</u>	<u>28,729</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ (28,729)</u>	<u>\$ -</u>	<u>\$ 28,729</u>

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



# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2011

	<b>CAPITAL PROJECTS</b>	<b>CONSER- VATION TRUST FUND</b>	<b>CEMETERY PERPET- UAL CARE</b>	<b>RURAL HEALTH FUND</b>	<b>TOTALS</b>
<b>ASSETS:</b>					
Cash	\$ 12	\$ 7,118	\$ 10,289	\$ -	\$ 17,419
Accounts Receivable		-		9,085	9,085
Intergovernmental Receivable	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 12</u>	<u>\$ 7,118</u>	<u>\$ 10,289</u>	<u>\$ 9,085</u>	<u>\$ 26,504</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Pooled Cash Overdraft	\$ -	\$ -	\$ -	\$ 9,085	\$ 9,085
Accounts Payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,085</u>	<u>9,085</u>
 <b>FUND BALANCES</b>					
Restricted	-	7,118	-	-	7,118
Assigned-Designated for Subsequent Year	12	-	10,289	-	10,301
<b>TOTAL FUND BALANCES</b>	<u>12</u>	<u>7,118</u>	<u>10,289</u>	<u>-</u>	<u>17,419</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12</u>	<u>\$ 7,118</u>	<u>\$ 10,289</u>	<u>\$ 9,085</u>	<u>\$ 26,504</u>

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

**Town of Limon, Colorado**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2011**

	<u>CAPITAL PROJECTS</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>RURAL HEALTH FUND</u>	<u>TOTALS</u>
<b>REVENUES:</b>					
Interest	\$ -	\$ 196	\$ -	\$ -	\$ 196
Intergovernmental - Local		16,534	-	-	16,534
Perpetual Care	-	-	2,600	-	2,600
Donations and Grants	<u>8,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,053</u>
<b>TOTAL REVENUES</b>	<u>8,053</u>	<u>16,730</u>	<u>2,600</u>	<u>-</u>	<u>27,383</u>
<b>EXPENDITURES:</b>					
Current:					
Public Health - Cemetery	-	-	-	-	-
Recreation	-	6,985	-	-	6,985
Capital Outlay	<u>8,948</u>	<u>1,637</u>	<u>-</u>	<u>-</u>	<u>10,585</u>
<b>TOTAL EXPENDITURES</b>	<u>8,948</u>	<u>8,622</u>	<u>-</u>	<u>-</u>	<u>17,570</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(895)	8,108	2,600	-	9,813
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In (Out)	<u>850</u>	<u>(32,653)</u>	<u>-</u>	<u>-</u>	<u>(31,803)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(45)	(24,545)	2,600	-	(21,990)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>57</u>	<u>31,663</u>	<u>7,689</u>	<u>-</u>	<u>39,409</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 12</u></u>	<u><u>\$ 7,118</u></u>	<u><u>\$ 10,289</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,419</u></u>

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

**Town of Limon, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Intergovernmental - State	\$ 16,000	\$ 16,000	\$ 16,534	\$ 534
Interest	300	300	196	(104)
Supplemental Appropriation	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<b>Total Revenues</b>	<u>16,300</u>	<u>21,300</u>	<u>16,730</u>	<u>(4,570)</u>
<b>EXPENDITURES:</b>				
Operating				
Recreation	7,301	7,301	6,985	316
Capital Outlay	18,100	18,100	1,637	16,463
Supplemental Appropriation	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>Total Expenditures</b>	<u>25,401</u>	<u>30,401</u>	<u>8,622</u>	<u>21,779</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(9,101)	(9,101)	8,108	17,209
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers (Out)	<u>(12,000)</u>	<u>(12,000)</u>	<u>(32,653)</u>	<u>(20,653)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(21,101)	(21,101)	(24,545)	(3,444)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>35,215</u>	<u>35,215</u>	<u>31,663</u>	<u>(3,552)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 14,114</u>	<u>\$ 14,114</u>	<u>\$ 7,118</u>	<u>\$ (6,996)</u>

The accompanying notes are an integral parts of these financial statements.

**Town of Limon, Colorado**  
**Cemetery Perpetual Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES:</b>				
Perpetual Care	\$ 1,000	\$ 1,000	\$ 2,600	\$ 1,600
Interest	<u>5</u>	<u>5</u>	<u>-</u>	<u>(5)</u>
<b>Total Revenues</b>	<u>1,005</u>	<u>1,005</u>	<u>2,600</u>	<u>1,595</u>
<b>EXPENDITURES:</b>				
Public Health - Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,005	1,005	2,600	1,595
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>5,121</u>	<u>5,121</u>	<u>7,689</u>	<u>2,568</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 6,126</u>	<u>\$ 6,126</u>	<u>\$ 10,289</u>	<u>\$ 4,163</u>

The accompanying accountant's notes are an integral part of these financial statements.

**Town of Limon, Colorado**  
**Rural Health Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral parts of these financial statements.

**Town of Limon, Colorado**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2011**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ -	\$ (300,000)
Donations and Grants	<u>18,000</u>	<u>18,000</u>	<u>8,053</u>	<u>(9,947)</u>
<b>TOTAL REVENUES</b>	<u>318,000</u>	<u>318,000</u>	<u>8,053</u>	<u>(309,947)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>344,114</u>	<u>344,114</u>	<u>8,948</u>	<u>335,166</u>
<b>TOTAL EXPENDITURES</b>	<u>344,114</u>	<u>344,114</u>	<u>8,948</u>	<u>335,166</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(26,114)	(26,114)	(895)	25,219
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In (Out)	<u>26,114</u>	<u>26,114</u>	<u>850</u>	<u>(25,264)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(45)	(45)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>16,766</u>	<u>16,766</u>	<u>57</u>	<u>(16,709)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 16,766</u>	<u>\$ 16,766</u>	<u>\$ 12</u>	<u>\$ (16,754)</u>

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

**Town of Limon, Colorado**  
**Utility Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Sales, Net Contractual Adjustments and Bad debts	\$ 858,969	\$ 858,969	\$ 954,881	\$ 95,912
Other User Charges	6,400	6,400	6,754	354
Interest	23,482	23,482	19,260	(4,222)
Note Principal - Frasier	13,973	13,973	13,973	-
DOC Maintenance	3,267	3,267	2,797	(470)
DOC Maintenance Expenses from Restricted Account	5,400	5,400	-	(5,400)
Tap Fees	3,460	3,460	-	(3,460)
Intergovernmental-Federal	13,710	13,710	13,710	-
Insurance Proceeds	-	-	2,730	2,730
Grants	310,399	310,399	-	(310,399)
Miscellaneous	500	500	551	51
<b>Total Revenues</b>	<u>1,239,560</u>	<u>1,239,560</u>	<u>1,014,656</u>	<u>(224,904)</u>
<b>EXPENDITURES:</b>				
Operating Expenses (other than depreciation and amortization)	522,842	522,842	491,911	30,931
Interest Expense	166,592	166,592	174,670	(8,078)
Debt Principal	193,856	193,856	194,560	(704)
Capital Expenditures	648,877	648,877	28,656	620,221
DOC Maintenance Revenue to Restricted Account	3,267	3,267	2,797	470
System Maintenance Paid from Colorado Reserve Account	5,400	5,400	-	5,400
<b>Total Expenditures</b>	<u>1,540,834</u>	<u>1,540,834</u>	<u>892,594</u>	<u>648,240</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>\$ (301,274)</u>	<u>\$ (301,274)</u>	122,062	<u>\$ 423,336</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			194,560	
Capital Expenditures			28,656	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(13,973)	
Less: Depreciation and Amortization			<u>(337,177)</u>	
<b>Change in Net Assets GAAP</b>			<u>\$ (5,872)</u>	

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

**Town of Limon, Colorado**  
**Ambulance Service Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
<b>REVENUES:</b>				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
Sales, Net Contractual Adjustments and Bad Debts \$341,334	\$ 291,380	\$ 291,380	\$ 271,773	\$ (19,607)
Interest	390	390	1,131	741
Donations	2,250	2,250	1,900	(350)
Intergovernmental - Local	2,500	2,500	111,007	108,507
Insurance Proceeds	13,493	13,493	1,245	(12,248)
Miscellaneous	2,189	2,189	3,902	1,713
Transfer From Other Funds	-	-	16,340	16,340
Supplemental Appropriation	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
<b>Total Revenues</b>	<u>312,202</u>	<u>462,202</u>	<u>407,298</u>	<u>(54,904)</u>
<b>EXPENDITURES:</b>				
Operating				
Salaries and Benefits	149,410	149,410	157,874	(8,464)
Maintenance	17,300	17,300	13,549	3,751
Insurance	5,134	5,134	4,931	203
Utilities	7,785	7,785	7,365	420
Other Expenses	74,373	74,373	87,228	(12,855)
Principal Payment	25,715	25,715	25,715	-
Interest Expense	5,390	5,390	4,965	425
Capital Outlay	8,200	8,200	106,868	(98,668)
Supplemental Appropriation	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>Total Expenditures</b>	<u>293,307</u>	<u>443,307</u>	<u>408,495</u>	<u>34,812</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 18,895</u>	<u>\$ 18,895</u>	(1,197)	<u>\$ (20,092)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add: Principal Portion of Debt Service			25,715	
Add: Capital Outlay			106,868	
Less Amortization			(1,550)	
Less Depreciation			<u>(48,974)</u>	
Change In Net Assets GAAP			<u>\$ 80,862</u>	

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



# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2011

ASSETS	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>Current assets:</b>			
Cash	\$ 11,991	\$ -	\$ 11,991
Inventories	1,927	10,626	12,553
Prepaid Expenses	633		633
Accounts Receivable	<u>-</u>	<u>142</u>	<u>142</u>
<b>Total current assets</b>	<u>14,551</u>	<u>10,768</u>	<u>25,319</u>
<b>Restricted assets:</b>			
Equipment Reserve	<u>41,322</u>	<u>-</u>	<u>41,322</u>
<b>Total restricted assets</b>	<u>41,322</u>	<u>-</u>	<u>41,322</u>
<b>Non-Current Assets:</b>			
Capital Assets:			
Land	11,000	-	11,000
Recreation Area Facilities	304,398	-	304,398
Equipment	126,933	-	126,933
Accumulated Depreciation	<u>(265,935)</u>	<u>-</u>	<u>(265,935)</u>
<b>Total Non-Current Assets</b>	<u>176,396</u>	<u>-</u>	<u>176,396</u>
<b>TOTAL ASSETS</b>	<u>232,269</u>	<u>10,768</u>	<u>243,037</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts Payable	9,409	600	10,009
Overdrafted Cash Balances		4,640	4,640
Compensated Absences	<u>363</u>	<u>-</u>	<u>363</u>
<b>TOTAL LIABILITIES</b>	<u>9,772</u>	<u>5,240</u>	<u>15,012</u>
<b>NET ASSETS</b>			
Investment in Fixed Assets, Net of Related Debt	176,396	-	176,396
Unrestricted	<u>46,101</u>	<u>5,528</u>	<u>51,629</u>
<b>TOTAL NET ASSETS</b>	<u>222,497</u>	<u>5,528</u>	<u>228,025</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 232,269</u>	<u>\$ 10,768</u>	<u>\$ 243,037</u>

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

**Town of Limon, Colorado**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended December 31, 2011**

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>OPERATING REVENUES</b>			
Sales	\$ 124,977	\$ 38,787	\$ 163,764
Other User Charges	7,356	-	7,356
Miscellaneous	<u>2,501</u>	<u>-</u>	<u>2,501</u>
<b>Total Operating Revenues</b>	<u>134,834</u>	<u>38,787</u>	<u>173,621</u>
<b>OPERATING EXPENSES</b>			
Cost of Resale Items	18,223	33,720	51,943
Maintenance	14,338	2,983	17,321
Insurance	2,747	1,494	4,241
Utilities	20,771	-	20,771
Testing	-	335	335
Salaries and Benefits	111,561	-	111,561
Other Expenses	24,987	2,197	27,184
Depreciation	<u>20,408</u>	<u>-</u>	<u>20,408</u>
<b>Total Operating Expenses</b>	<u>213,035</u>	<u>40,729</u>	<u>253,764</u>
<b>Income (Loss) From Operations</b>	<u>(78,201)</u>	<u>(1,942)</u>	<u>(80,143)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Revenue	512	-	512
Donations	21,517	-	21,517
Insurance Proceeds	1,192	-	1,192
Interest Expense	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>23,221</u>	<u>-</u>	<u>23,221</u>
Net Income Before Contributions and Transfers	(54,980)	(1,942)	(56,922)
Transfers In (Out)	<u>66,698</u>	<u>-</u>	<u>66,698</u>
<b>CHANGE IN NET ASSETS</b>	<u>11,718</u>	<u>(1,942)</u>	<u>9,776</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>215,747</u>	<u>8,210</u>	<u>223,957</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 227,465</u>	<u>\$ 6,268</u>	<u>\$ 233,733</u>

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

**Town of Limon, Colorado**  
**Airport Fuel Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>POSITIVE (NEGATIVE)</b>
<b>REVENUES:</b>				
Sales	\$ 35,000	\$ 35,000	\$ 38,787	\$ 3,787
Subsequent Appropriations	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>(14,000)</u>
<b>Total Revenues</b>	<u>49,000</u>	<u>49,000</u>	<u>38,787</u>	<u>(10,213)</u>
<b>EXPENDITURES:</b>				
Operating Expenses	34,300	34,300	40,729	(6,429)
Subsequent Appropriations	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>14,000</u>
<b>Total Expenditures</b>	<u>48,300</u>	<u>48,300</u>	<u>40,729</u>	<u>7,571</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ (1,942)</u>	<u>\$ (2,642)</u>

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

**Town of Limon, Colorado**  
**Municipal Recreation Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Sales	\$ 116,574	\$ 116,574	\$ 124,977	\$ 8,403
Other User Charges	8,180	8,180	7,356	(824)
Interest	170	170	512	342
Donations	1,142	1,142	21,517	20,375
Insurance Proceeds	-	-	1,192	1,192
Miscellaneous	8,496	8,496	2,501	(5,995)
Transfers from Other Funds	27,676	27,676	66,698	39,022
Supplemental Appropriation	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
<b>Total Revenues</b>	<u>162,238</u>	<u>242,238</u>	<u>224,753</u>	<u>(17,485)</u>
<b>EXPENDITURES:</b>				
Salaries and Benefits	108,688	108,688	111,561	(2,873)
Cost of Resale Items	14,000	14,000	18,223	(4,223)
Maintenance	7,750	7,750	14,338	(6,588)
Insurance	2,714	2,714	2,747	(33)
Utilities	20,321	20,321	20,771	(450)
Other Expenses	19,366	19,366	24,987	(5,621)
Capital Expenditures	4,000	4,000	22,282	(18,282)
Supplemental Appropriation	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
<b>Total Expenditures</b>	<u>176,839</u>	<u>256,839</u>	<u>214,909</u>	<u>41,930</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	<u>\$ (14,601)</u>	<u>\$ (14,601)</u>	9,844	<u>\$ 24,445</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Capital Expenditures			22,282	
Less: Depreciation and Amortization			<u>(20,408)</u>	
<b>Change In Net Assets GAAP</b>			<u>\$ 11,718</u>	

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

**Town of Limon, Colorado**  
**Employees' Pension Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2011**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES:</b>				
Employee Contribution	\$ 43,235	\$ 43,235	\$ 50,582	\$ 7,347
Employer Contribution	24,000	24,000	25,241	1,241
Interest Income	150	150	370	220
Investment Income				
Net of Expenses	<u>19,999</u>	<u>19,999</u>	<u>(46,752)</u>	<u>(66,751)</u>
<b>Total Revenues</b>	<u>87,384</u>	<u>87,384</u>	<u>29,441</u>	<u>(57,943)</u>
<b>EXPENDITURES:</b>				
Benefit Payments	10,000	10,000	-	10,000
Administrative Expenses	<u>5,000</u>	<u>5,000</u>	<u>2,970</u>	<u>2,030</u>
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>2,970</u>	<u>12,030</u>
<b>CHANGE IN NET ASSETS</b>	72,384	72,384	26,471	(45,913)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>838,942</u>	<u>838,942</u>	<u>1,132,841</u>	<u>293,899</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 911,326</u>	<u>\$ 911,326</u>	<u>\$ 1,159,312</u>	<u>\$ 247,986</u>

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: LIMON
		YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of _): TOWN OF LIMON	Prepared By:	David Copsey, CPA For Town of Limon

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	40,799
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	430,737
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	20,784
2. General fund appropriations	139,880	b. Snow and ice removal	9,483
3. Other local imposts (from page 2)	396,958	c. Other	51,299
4. Miscellaneous local receipts (from page 2)	149,968	d. Total (a. through c.)	81,566
5. Transfers from toll facilities		4. General administration & miscellaneous	21,350
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	189,132
a. Bonds - Original Issues		6. Total (1 through 5)	763,584
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	19,495
7. Total (1 through 6)	686,806	b. Redemption	30,000
<b>B. Private Contributions</b>	43,779	c. Total (a. + b.)	49,495
<b>C. Receipts from State government</b> (from page 2)	83,522	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	1,553
<b>E. Total receipts (A.7 + B + C + D)</b>	814,107	b. Redemption	44,055
		c. Total (a. + b.)	45,608
		3. Total (1.c + 2.c)	95,103
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	858,687

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	311,000		30,000	281,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	44,055		44,055	0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	44,580	814,107	858,687	0	0

**Notes and Comments:**

Other Road and Street Services is Street Lighting (Other than for traffic light)

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2011

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	97,279	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	49,252
1. Sales Taxes	164,519	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	135,160	g. Other Misc Gravel Sales	9,474
6. Total (1. through 5.)	299,679	h. Other Franchise fees	91,242
c. Total (a. + b.)	396,958	i. Total (a. through h.)	149,968
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	75,002	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	8,520	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.)	8,520	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	83,522	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		40,799	40,799
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	40,799	40,799
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	40,799	40,799
			(Carry forward to page 1)

Notes and Comments:



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)  
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

**INDEPENDENT AUDITORS' REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and the Board of Trustees  
Town of Limon, Colorado:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Limon, Colorado's internal control over financial reporting as a basis for designing our auditing procedures for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, by the Town's internal control on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Limon, Colorado's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Town of Limon, Colorado in a separate letter dated July 23, 2012

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Haynie & Co.*

Littleton, Colorado

July 23, 2012



Certified Public Accountants (a professional corporation)  
1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

**INDEPENDENT AUDITORS' REPORT**  
**ON COMPLIANCE WITH REQUIREMENTS APPLICABLE**  
**TO EACH MAJOR PROGRAM AND ON**  
**INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH**  
**OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133**

Honorable Mayor and the Board of Trustees  
Town of Limon, Colorado:

**Compliance**

We have audited the compliance of the Town of Limon, Colorado with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. The Town of Limon, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Limon, Colorado's management. Our responsibility is to express an opinion on Town of Limon, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Limon, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Limon, Colorado's compliance with those requirements.

In our opinion, the Town of Limon, Colorado complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2011.

## **Internal Control Over Compliance**

Management of the Town of Limon, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Limon, Colorado's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Haynie & Co.*

Littleton, Colorado

July 23, 2012

**Town of Limon, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2011**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Health and Human Services: Direct program: Administration for Children and Families Head Start (provided to a sub-recipient)	93.600	N/A	\$ 636,257
Environmental Protection Agency Pass-through program from: Colorado Water Resources Authority: Capitalization Grant for Drinking Water State Revolving Fund Interest earnings subsidy	66.468		13,710
Department of Commerce National Telecommunications and Information Administration Broadband Technology Opportunities Program	11.557	N/A	18,358
Federal Transit Administration Section 5311 Subcontract	20.509	N/A	<u>4,120</u>
Total Expenditures of Federal Awards			<u>\$ 672,445</u>

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

# Town of Limon, Colorado

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## Schedule of Findings and Questioned Costs for the Year Ended December 31, 2011

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### 1. Summary of Auditor's Results

Type of report issued on the financial statements:	<b>Unqualified</b>
Material weaknesses in financial reporting internal control noted:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	<b>None</b>
Material noncompliance noted:	<b>None</b>
<b><i>Federal Awards:</i></b>	
Material weaknesses in internal control over major programs:	<b>None</b>
<i>Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:</i>	<b>None</b>
<i>Type of report issued on compliance for major programs:</i>	<b>Unqualified</b>
Audit findings required to be reported in accordance with Circular A-133, Section .510(a):	<b>None</b>

*The following programs are considered to be major:*

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
93.600	U.S. Department of Health and Human Services, Head Start

Dollar threshold used to distinguish Type A and Type B programs:	<b>\$300,000</b>
Risk type qualification:	<b>Low-risk</b>

### 2. Findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.

None

### 3. Findings and questioned costs for Federal Awards

None

### 4. Summary Schedule of Prior Audit Findings

None