

Town of Limon, Colorado

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

December 31, 2013 and 2012

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**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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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, 2013 and the related notes to the financial statements, which collectively comprise the Town of Limon, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the Town implemented Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2013. The Town's beginning net position has been restated to reflect expensing of all debt issuance costs that had been previously capitalized. Our opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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.

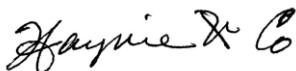
Other Information

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules, special reports, and the schedule of expenditures of federal awards, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, special reports, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Audit Standards*, we have also issued our report dated July 17, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Limon, Colorado's internal control over financial reporting and compliance.



Littleton, Colorado

July 17, 2014, except for Note 14, as to which the date is November 4, 2014

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2013

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 Position, 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 position increased by \$33,253 or 0.2% during the year. The governmental net position decreased by \$166,682 or 2.0%, and the business-type net position increased by \$199,935, or 2.5%.
- The governmental activities revenue changed from \$3,213,989 in 2012 to \$3,050,079 in 2013 for a decrease of \$163,910 or 5.1%. This decrease is due primarily to decreases in grants.
- The governmental activities expenditures changed from \$3,127,627 in 2012 to \$3,216,761 in 2013, an increase of \$89,134 or 2.8%. The increase is due primarily to an increase in capital expenditures.
- The business-type activities revenue changed from \$1,790,012 in 2012 to \$1,765,323 in 2013, a decrease of \$24,689 or 1.4%.
- The business-type activities expenditures changed from \$1,656,258 in 2012 to \$1,640,675 in 2013, an decrease of \$15,583 or 0.1%.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$419,864 or 51.6% in fund balance. This increase is due primarily to loan funds received during the year.

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 position, 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 Position, Statement of Revenues, expenses, and changes in Net Position, 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 Position and Change in Fiduciary Net Position. 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 position 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 position and how they have changed. Net position-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 position 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 position for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current assets	\$ 1,073,870	\$ 1,198,700	\$ 1,566,274	\$ 1,087,622	\$ 2,640,144	\$ 2,286,322
Restricted assets	749,132	327,835	1,105,920	1,286,514	1,855,052	1,614,349
Other non-current assets	207,726	259,368	373,988	408,523	581,714	667,891
Capital assets, net	7,227,293	7,364,025	9,540,462	9,135,464	16,767,755	16,499,489
Total assets	9,258,021	9,149,928	12,586,644	11,918,123	21,844,665	21,068,051
LIABILITIES						
Current liabilities	243,983	392,999	770,124	387,873	1,014,107	780,872
Non-current liabilities	657,256	236,000	3,611,766	3,525,431	4,269,022	3,761,431
Total liabilities	901,239	628,999	4,381,890	3,913,304	5,283,129	4,542,303
DEFERRED INFLOW OF RESOURCES						
Deferred property taxes	324,200	321,665	-	-	324,200	321,665
Total deferred inflow of resources	324,200	321,665	-	-	324,200	321,665
NET POSITION	\$ 8,032,582	\$ 8,199,264	\$ 8,204,754	\$ 8,004,819	\$ 16,237,336	\$ 16,204,083
Net Position consist of:						
Invested in capital assets	\$ 6,526,079	\$ 7,111,025	\$ 6,031,219	\$ 5,703,833	\$ 12,557,298	\$ 12,814,858
Restricted net position	749,132	327,835	286,499	285,164	1,035,631	612,999
Unrestricted net position	757,371	760,404	1,887,036	2,015,822	2,644,407	2,776,226
Total net position	\$ 8,032,582	\$ 8,199,264	\$ 8,204,754	\$ 8,004,819	\$ 16,237,336	\$ 16,204,083

The net position of the Town’s governmental funds as of December 31, 2013 were \$8,032,582 of which \$757,371 was unrestricted and is available for spending at the government’s discretion. The remainder is net investment in capital assets of \$6,526,079, reserved for Emergency Reserve of \$148,182, bond reserves of \$216,499 and Capital Replacement Reserve of \$670,950.

The General Fund is the main operating fund of the Town. As of December 31, 2013, the General Fund balance was \$1,234,098, of which \$203,343 was unassigned. Unassigned fund balance represents 9.3% of 2013 General Fund expenditures.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Operating grants and contributions	\$ 867,893	\$ 887,494	\$ 284,823	\$ 192,685	\$ 1,152,716	\$ 1,080,179
Capital grants and contributions	171,693	326,699	4,304	26,688	175,997	353,387
Charges for services	<u>553,769</u>	<u>527,865</u>	<u>1,458,391</u>	<u>1,546,515</u>	<u>2,012,160</u>	<u>2,074,380</u>
Total program revenue	<u>1,593,355</u>	<u>1,742,058</u>	<u>1,747,518</u>	<u>1,765,888</u>	<u>3,340,873</u>	<u>3,507,946</u>
General revenues:						
Taxes	1,426,833	1,432,089	-	-	1,426,833	1,432,089
Investment earnings	13,122	11,277	15,763	18,950	28,885	30,227
Insurance proceeds	-	1,673	2,042	5,174	2,042	6,847
Other	<u>16,769</u>	<u>26,892</u>	<u>-</u>	<u>-</u>	<u>16,769</u>	<u>26,892</u>
Total general revenue	<u>1,456,724</u>	<u>1,471,931</u>	<u>17,805</u>	<u>24,124</u>	<u>1,474,529</u>	<u>1,496,055</u>
Total Revenue	<u>\$ 3,050,079</u>	<u>\$ 3,213,989</u>	<u>\$ 1,765,323</u>	<u>\$ 1,790,012</u>	<u>\$ 4,815,402</u>	<u>\$ 5,004,001</u>
Expenses						
General government	\$ 746,314	\$ 784,547	\$ -	\$ -	\$ 746,314	\$ 784,547
Airport	30,529	8,187	-	-	30,529	8,187
Public safety	415,445	396,922	-	-	415,445	396,922
Highways and streets	508,823	566,620	-	-	508,823	566,620
Public works - sanitation	212,114	187,551	-	-	212,114	187,551
Public health - cemetery	65,898	63,627	-	-	65,898	63,627
Culture and recreation	539,347	310,507	-	-	539,347	310,507
Head Start Program	607,537	640,764	-	-	607,537	640,764
Water	-	-	453,912	474,773	453,912	462,926
Water treatment plant	-	-	230,022	227,667	230,022	227,667
Sewer	-	-	312,005	301,690	312,005	308,266
Municipal recreation area	-	-	222,515	227,653	222,515	227,653
Airport fuel fund	-	-	37,289	36,117	37,289	36,117
Ambulance service fund	-	-	384,932	388,358	384,932	388,358
Interest and fiscal charges	<u>15,467</u>	<u>17,808</u>	<u>-</u>	<u>-</u>	<u>15,467</u>	<u>17,808</u>
Total expenses	<u>\$ 3,141,474</u>	<u>\$ 2,989,501</u>	<u>\$ 1,640,675</u>	<u>\$ 1,656,258</u>	<u>\$ 4,782,149</u>	<u>\$ 4,645,759</u>
Changes in net position before transfers and special items	(91,395)	224,488	124,648	133,754	33,253	358,242
Transfers	<u>(75,287)</u>	<u>(82,372)</u>	<u>75,287</u>	<u>82,372</u>	<u>-</u>	<u>-</u>
Change in net position	(166,682)	86,362	199,935	216,126	33,253	302,488
Beginning net position (restated)	<u>8,199,264</u>	<u>8,131,852</u>	<u>8,004,819</u>	<u>7,788,693</u>	<u>16,204,083</u>	<u>15,920,545</u>
Ending net position	<u>\$ 8,032,582</u>	<u>\$ 8,199,264</u>	<u>\$ 8,204,754</u>	<u>\$ 8,004,819</u>	<u>\$ 16,237,336</u>	<u>\$ 16,204,083</u>

Governmental Activities revenues in the amount of \$3,050,079 were less than expenses and transfers of \$3,216,761 by \$166,682. Business-type activities revenues and transfers in the amount of \$1,840,610 were more than expenses of \$1,640,675 by \$199,935.

BUDGETARY HIGHLIGHTS

The budget was amended on December 30, 2013 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 3, 2012. 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	\$2,399,299	\$2,430,299	\$ 31,000
Recreation Area Fund	211,002	217,002	6,000
Ambulance Fund	385,322	407,322	22,000
Airport Fuel Fund	41,748	43,048	<u>1,300</u>
			<u>\$ 60,300</u>

- Changes in the General Fund Budget are attributable to capital outlays. This increase in expenditure was offset by proceeds from lease-purchase debt.
- Changes in the Recreation Area Fund Budget included capital expenditures. This increase was funded through proceeds from lease-purchase debt.
- Changes in the Ambulance Fund Budget included increases in capital expenditures. This increase was funded by State grants.
- Changes in the Airport Fuel Fund were due to increased repairs. The increases were offset by transfers from the General Fund and prior year fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2013, Limon's investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$16,767,755. This included infrastructure assets acquired since January 1, 2004. Capital assets including land, buildings, streets, utility systems and equipment are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and water and sewer systems	3,137,255	3,089,340	12,590,998	12,178,690	15,728,253	15,268,030
Equipment	2,071,003	1,983,037	1,592,582	1,469,146	3,663,585	3,452,183
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	-	-	279,799	-	279,799	-
Infrastructure	<u>4,824,704</u>	<u>4,763,537</u>	<u>-</u>	<u>-</u>	<u>4,824,704</u>	<u>4,763,537</u>
Total	\$ 11,311,951	\$ 11,114,903	\$ 15,755,850	\$ 14,940,307	\$ 27,067,801	\$ 26,055,210
Accumulated depreciation	<u>(4,084,658)</u>	<u>(3,750,878)</u>	<u>(6,215,388)</u>	<u>(5,804,843)</u>	<u>(10,300,046)</u>	<u>(9,555,721)</u>
Capital assets, net	<u>\$ 7,227,293</u>	<u>\$ 7,364,025</u>	<u>\$ 9,540,462</u>	<u>\$ 9,135,464</u>	<u>\$ 16,767,755</u>	<u>\$ 16,499,489</u>

This year's major capital asset additions include:

- Water line replacement/improvements - \$276,842
- Well drilling and improvements - \$249,504
- Sewer line replacement/repair - \$123,181
- Street repairs - \$45,867.

Long-term Debt

As of December 31, 2013 the Town had \$4,494,528 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessment bonds	224,000	253,000	-	-	224,000	253,000
Capital leases	-	-	-	-	-	-
Bonds payable:						
2000 Water Revenue	-	-	612,073	687,905	612,073	687,905
2012 Water Revenue	-	-	2,790,000	2,935,000	2,790,000	2,935,000
Loans payable:						
Lease-Purchase	477,214	-	352,162	-	829,376	-
Capital lease	-	-	7,229	46,229	7,229	46,229
Colorado maintenance fee	-	-	31,850	42,564	31,850	42,564
Total	<u>\$ 701,214</u>	<u>\$ 281,000</u>	<u>\$ 3,793,314</u>	<u>\$ 3,711,698</u>	<u>\$ 4,494,528</u>	<u>\$ 3,964,698</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2014 is \$905,251, which is \$38,159 less than 2013 actual.
- The property tax revenue budgeted for 2014 is \$324,200, which is \$1,908 less than 2013 actual.
- Governmental funds revenues were budgeted at \$3,034,212 in 2014, which is a decrease of 0.5% from the 2013 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2014 budgeted direct pass-through amounts are \$607,537, which is the same as the 2013 actual amount. The 2014 budgeted expenditures for governmental activities are projected to be \$3,245,359, which is a 0.9% increase from the 2013 actual.
- Proprietary funds revenues were budgeted at \$1,739,540 for 2014, which is a decrease of 5.5% from the 2013 actual revenues. 2014 budgeted expenditures of \$1,773,050 represent an increase from 2013 actual expenditures of 8.1%.

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 Position
December 31, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 342,363	\$ 1,049,885	\$ 1,392,248
Current Portion Note Receivable	-	16,380	16,380
Accounts Receivable	240,499	624,747	865,246
Allowance for Doubtful Accounts	(6,086)	(193,541)	(199,627)
Intergovernmental Receivable	76,819	-	76,819
Accrued Interest Receivable	-	1,375	1,375
Special Assessment Receivable, Current Portion	18,237	-	18,237
Property Taxes Receivable	324,200	-	324,200
Inventory and Supplies	33,364	67,428	100,792
Prepaid Expenses	44,474	-	44,474
Total Current Assets	<u>1,073,870</u>	<u>1,566,274</u>	<u>2,640,144</u>
Restricted Assets:			
Emergency Reserve	78,182	-	78,182
Debt Reserves	-	127,705	127,705
Water Plant Reserve	-	216,499	216,499
Water Revenue Bonds	-	306,121	306,121
Sewer Line Maint. Reserve	-	40,891	40,891
Equipment Reserve	670,950	414,704	1,085,654
Total Restricted Assets	<u>749,132</u>	<u>1,105,920</u>	<u>1,855,052</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	207,726	-	207,726
Notes Receivable, Net of Current Portion	-	193,939	193,939
Loss on Bond Refunding	-	204,257	204,257
Accumulated Amortization	-	(24,208)	(24,208)
Capital Assets			
Land	1,278,989	243,476	1,522,465
Buildings and Water and Sewer Systems	3,137,255	12,590,998	15,728,253
Equipment	2,071,003	1,592,582	3,663,585
Infrastructure	4,824,704	-	4,824,704
Other Capital Assets	-	1,048,995	1,048,995
Construction in Progress	-	279,799	279,799
Accumulation Depreciation	(4,084,658)	(6,215,388)	(10,300,046)
Total Non-Current Assets	<u>7,435,019</u>	<u>9,914,450</u>	<u>17,349,469</u>
TOTAL ASSETS	<u>9,258,021</u>	<u>12,586,644</u>	<u>21,844,665</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	95,724	7,381	103,105
Current Portion of Long Term Debt	43,958	244,541	288,499
Accounts Payable	90,037	406,640	496,677
Accrued Interest Payable	-	26,427	26,427
Compensated Absences	10,582	5,694	16,276
Construction Retainage Payable	3,682	22,223	25,905
Contingent Construction	-	57,218	57,218
Total Current Liabilities	<u>243,983</u>	<u>770,124</u>	<u>1,014,107</u>
Non-Current Liabilities:			
Long Term Debt	657,256	3,611,766	4,269,022
Total Non-Current Liabilities	<u>657,256</u>	<u>3,611,766</u>	<u>4,269,022</u>
TOTAL LIABILITIES	<u>901,239</u>	<u>4,381,890</u>	<u>5,283,129</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue - Property Taxes	324,200	-	324,200
TOTAL DEFERRED INFLOW OF RESOURCES	<u>324,200</u>	<u>-</u>	<u>324,200</u>
NET POSITION			
Net Investment in Capital Assets	6,526,079	6,031,219	12,557,298
Restricted for:			
Emergency Reserve	78,182	70,000	148,182
Bond Reserve	-	216,499	216,499
Capital Replacement	670,950	-	670,950
Unrestricted:	<u>757,371</u>	<u>1,887,036</u>	<u>2,644,407</u>
TOTAL NET POSITION	<u>\$ 8,032,582</u>	<u>\$ 8,204,754</u>	<u>\$ 16,237,336</u>

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

Town of Limon, Colorado
Statement of Activities
For the Year Ended December 31, 2013

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>	
			<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General Government	\$ 746,314	\$ 194,140	\$ 20,660	\$ 2,500
Airport	30,529	6,149	-	169,193
Public Works -Streets	508,823	32,380	217,258	-
Public Works - Sanitation	212,114	243,916	-	-
Public Safety - Police	415,445	20,122	2,171	-
Public Health - Cemetery	65,898	3,425	-	-
Recreation	539,347	53,637	20,267	-
Head Start Program	607,537	-	607,537	-
Interest and Related Costs	15,467	-	-	-
Total Governmental Activities	<u>3,141,474</u>	<u>553,769</u>	<u>867,893</u>	<u>171,693</u>
Business-Type Activities:				
Water	453,912	561,419	200,275	4,304
Water Treatment Plant	230,022	216,261	11,306	-
Sewer	312,005	185,547	-	-
Ambulance Service Fund	382,809	321,885	63,916	-
Recreation and Airport Fuel Funds	259,804	171,156	9,326	-
Total Business-Type Activities	<u>1,638,552</u>	<u>1,456,268</u>	<u>284,823</u>	<u>4,304</u>
Total Primary Government	<u>\$ 4,780,026</u>	<u>\$ 2,010,037</u>	<u>\$ 1,152,716</u>	<u>\$ 175,997</u>

Property Taxes
Franchise Taxes
Sales Taxes
Motor Vehicle
Severance Tax
Cigarette Tax
Use Tax
Interest Income
Insurance Proceeds
Transfers
Other
Total General Revenues
Change in Net Position
Net Position Beginning (as restated)
Net Position Ending

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (529,014)	\$ -	\$ (529,014)
144,813	-	144,813
(259,185)	-	(259,185)
31,802	-	31,802
(393,152)	-	(393,152)
(62,473)	-	(62,473)
(465,443)	-	(465,443)
-	-	-
<u>(15,467)</u>	<u>-</u>	<u>(15,467)</u>
<u>(1,548,119)</u>	<u>-</u>	<u>(1,548,119)</u>
-	312,086	312,086
-	(2,455)	(2,455)
-	(126,458)	(126,458)
-	2,992	2,992
-	<u>(79,322)</u>	<u>(79,322)</u>
-	<u>106,843</u>	<u>106,843</u>
<u>\$ (1,548,119)</u>	<u>\$ 106,843</u>	<u>\$ (1,441,276)</u>
\$ 326,108	\$ -	\$ 326,108
89,685	-	89,685
943,410	-	943,410
45,052	-	45,052
8,436	-	8,436
7,609	-	7,609
6,533	-	6,533
13,122	15,763	28,885
-	2,042	2,042
(75,287)	75,287	-
<u>16,769</u>	<u>-</u>	<u>16,769</u>
<u>1,381,437</u>	<u>93,092</u>	<u>1,474,529</u>
<u>(166,682)</u>	<u>199,935</u>	<u>33,253</u>
<u>8,199,264</u>	<u>8,004,819</u>	<u>16,204,083</u>
<u>\$ 8,032,582</u>	<u>\$ 8,204,754</u>	<u>\$ 16,237,336</u>

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

Town of Limon, Colorado

Balance Sheet

Governmental Funds

December 31, 2013

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 311,876	\$ -	\$ 30,487	\$ 342,363
Accounts Receivable	76,961		163,538	240,499
Allowance for Doubtful Accounts	(6,086)	-	-	(6,086)
Intergovernmental Receivable	76,819	-	-	76,819
Special Assessment Receivable	225,963	-	-	225,963
Property Tax Receivable	324,200	-	-	324,200
Inventories	33,364	-	-	33,364
Prepaid Expenses	44,474	-	-	44,474
Restricted Cash				
Capital Replacement Reserve	670,950	-	-	670,950
Emergency Reserve	78,182	-	-	78,182
Total Assets	\$ 1,836,703	\$ -	\$ 194,025	\$ 2,030,728
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	\$ -	\$ -	\$ 95,724	\$ 95,724
Accounts Payable	53,794	-	36,243	90,037
Retainage payable	3,682	-	-	3,682
Total Liabilities	57,476	-	131,967	189,443
DEFERRED INFLOW OF RESOURCES				
Deferred Revenues Special Assessment	220,929	-	-	220,929
Deferred Revenues Taxes	324,200	-	-	324,200
Total Deferred Inflow of Resources	545,129	-	-	545,129
FUND BALANCES				
Nonspendable:				
Inventories	\$ 33,364	\$ -	\$ -	\$ 33,364
Prepaid Expenses	44,474	-	-	44,474
Restricted:				
Emergency Reserve	78,182	-	-	78,182
Conservation Trust Funds	-	-	21,549	21,549
Committed:				
Equipment Replacement	670,950	-	-	670,950
Assigned-Designated for Subsequent Year:				
General Fund	203,785	-	-	203,785
Capital Projects Fund	-	-	-	-
Special Revenue Funds	-	-	40,509	40,509
Unassigned:				
General Fund	203,343	-	-	203,343
Total Fund Balances	1,234,098	-	62,058	1,296,156
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,836,703	\$ -	\$ 194,025	\$ 2,030,728

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, 2013

Total Fund Balances - Total Governmental Funds	\$ 1,296,156
<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	11,311,951
Accumulated Depreciation	(4,084,658)
<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	(224,000)
Sale-Leaseback Payable	(477,214)
Compensated Absences	(10,582)
<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	225,963
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>
Net Position of Governmental Activities	<u>\$ 8,032,582</u>

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, 2013

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES:				
Taxes	\$ 1,426,833	\$ -	\$ -	\$ 1,426,833
Fines, Licenses and Permits	65,871	-	-	65,871
Intergovernmental:				
Local	215,376	-	189,460	404,836
Federal	4,528	607,537	-	612,065
Charges for Services	536,090	-	400	536,490
Interest	13,096	-	26	13,122
Donations and Grants	20,185	-	-	20,185
Miscellaneous	16,769	-	-	16,769
TOTAL REVENUES	<u>2,298,748</u>	<u>607,537</u>	<u>189,886</u>	<u>3,096,171</u>
EXPENDITURES:				
Current:				
Administration	540,944	-	-	540,944
Airport	12,020	-	-	12,020
Public Works - Streets	468,995	-	-	468,995
Public Works - Sanitation	203,853	-	-	203,853
Public Safety - Police	390,572	-	-	390,572
Public Health - Cemetery	61,129	-	2,602	63,731
Recreation	267,072	-	-	267,072
Head Start Program	-	607,537	-	607,537
Capital Outlay	207,703	-	225,491	433,194
Debt Service:				
Principal - Bonded Debt	29,000	-	-	29,000
Interest	15,467	-	-	15,467
TOTAL EXPENDITURES	<u>2,196,755</u>	<u>607,537</u>	<u>228,093</u>	<u>3,032,385</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	101,993	-	(38,207)	63,786
OTHER FINANCING SOURCES (USES)				
Loan Funds Received	477,215	-	-	477,215
Operating Transfer In (Out)	(159,344)	-	84,057	(75,287)
NET CHANGE IN FUND BALANCE	419,864	-	45,850	465,714
FUND BALANCES, BEGINNING	<u>814,234</u>	<u>-</u>	<u>16,208</u>	<u>830,442</u>
FUND BALANCES, ENDING	<u>\$ 1,234,098</u>	<u>\$ -</u>	<u>\$ 62,058</u>	<u>\$ 1,296,156</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, 2013

Net change in fund balances - total governmental funds	\$ 465,714
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 \$207,703 were less than depreciation of \$344,435 in the current year.	(136,732)
Bond proceeds are a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net assets.	(477,215)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	29,000
This is the current-period decrease in the liability for compensated absences	1,143
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(48,592)
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	(10,655)
Accumulated depreciation of assets disposed	10,655
Net loss on disposal of assets	-
Change in net position of governmental activities	<u>\$ (166,682)</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Net Position December 31, 2013

ASSETS	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
Current Assets:				
Cash	\$ 969,322	\$ 80,563	\$ -	\$ 1,049,885
Current Portion of Note Receivable	16,380	-	-	16,380
Accounts Receivable	267,722	351,348	5,677	624,747
Allowances For Doubtful Accounts	(3,383)	(190,158)	-	(193,541)
Accrued Interest Receivable	1,375	-	-	1,375
Inventories	43,308	-	24,120	67,428
Total Current Assets	<u>1,294,724</u>	<u>241,753</u>	<u>29,797</u>	<u>1,566,274</u>
Restricted Assets:				
Water Plant Reserve	216,499	-	-	216,499
Water Revenue Bonds	306,121	-	-	306,121
Sewer Line Maint. Reserve	40,891	-	-	40,891
Bond & Emergency Reserve Funds	127,705	-	-	127,705
Equipment Reserve	352,543	49,503	12,658	414,704
Total Restricted Assets	<u>1,043,759</u>	<u>49,503</u>	<u>12,658</u>	<u>1,105,920</u>
Non-Current Assets:				
Notes Receivable, Net of Current Portion	193,939	-	-	193,939
Loss on Bond Refunding	204,257	-	-	204,257
Accumulated Amortization	(24,208)	-	-	(24,208)
Capital Assets:				
Water System	8,300,655	-	-	8,300,655
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	-	215,749	-	215,749
Recreation Area Facilities	-	-	382,265	382,265
Equipment	649,494	796,416	146,672	1,592,582
Construction in Progress	277,694	1,225	880	279,799
Accumulated Depreciation	(5,350,064)	(553,848)	(311,476)	(6,215,388)
Total Non-Current Assets	<u>9,180,535</u>	<u>504,574</u>	<u>229,341</u>	<u>9,914,450</u>
TOTAL ASSETS	<u>11,519,018</u>	<u>795,830</u>	<u>271,796</u>	<u>12,586,644</u>
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	243,405	659	477	244,541
Accounts Payable	387,433	14,136	5,071	406,640
Overdrafted Cash Balances	-	-	7,381	7,381
Accrued Interest Payable	26,308	119	-	26,427
Compensated Absences	3,089	588	2,017	5,694
Construction Retainage Payable	22,118	61	44	22,223
Contingent Construction	57,218	-	-	57,218
Total Current Liabilities	<u>739,571</u>	<u>15,563</u>	<u>14,990</u>	<u>770,124</u>
Non-Current Liabilities:				
Deposit - State of Colo. For Sewer Line Maintenance	31,850	-	-	31,850
Long-Term Debt - Net of Current Portion	3,552,076	19,224	8,616	3,579,916
Total Non-Current Liabilities	<u>3,583,926</u>	<u>19,224</u>	<u>8,616</u>	<u>3,611,766</u>
TOTAL LIABILITIES	<u>4,323,497</u>	<u>34,787</u>	<u>23,606</u>	<u>4,381,890</u>
NET POSITION				
Net investment in capital assets	5,317,187	484,691	229,341	6,031,219
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	216,499	-	-	216,499
Unrestricted	1,591,835	276,352	18,849	1,887,036
TOTAL NET POSITION	<u>\$ 7,195,521</u>	<u>\$ 761,043</u>	<u>\$ 248,190</u>	<u>\$ 8,204,754</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 Position

For the Year Ended December 31, 2013

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
OPERATING REVENUES				
Sales	\$ 555,635	\$ 216,261	\$ 184,821	\$ 956,717
Less, Contractual Adjustments and Bad Debts	-	-	-	-
Net Sales	555,635	216,261	184,821	956,717
Other User Charges	5,784	-	726	6,510
Miscellaneous	-	-	-	-
Total Operating Revenues	561,419	216,261	185,547	963,227
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	21,533	1,520	26,145	49,198
Insurance	5,308	7,962	5,972	19,242
Utilities	38,668	32,542	55,838	127,048
Testing	316	-	7,225	7,541
Salaries and Benefits	117,339	39,827	111,126	268,292
Other Expenses	20,550	13,492	7,974	42,016
Administration	7,466	2,000	2,831	12,297
Depreciation	144,205	85,202	92,326	321,733
Total Operating Expenses	355,385	182,545	309,437	847,367
Income (Loss) From Operations	206,034	33,716	(123,890)	115,860
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	12,558	3,018	-	15,576
Tap Fees	3,284	-	1,020	4,304
Donations	-	-	-	-
Intergovernmental - Local	200,275	-	-	200,275
Intergovernmental - Federal	-	11,306	-	11,306
Insurance Proceeds	-	-	-	-
Loan costs	(4,268)	(3,300)	(2,028)	(9,596)
Interest Expense	(94,259)	(44,177)	(540)	(138,976)
Total Non-Operating Revenues (Expenses)	117,590	(33,153)	(1,548)	82,889
Net Income Before Contributions and Transfers	323,624	563	(125,438)	198,749
Transfers In (Out)	-	-	-	-
CHANGE IN NET POSITION	\$ 323,624	\$ 563	\$ (125,438)	198,749
NET POSITION, BEGINNING OF YEAR				6,996,772
NET POSITION, END OF YEAR				\$ 7,195,521

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 690,614	\$ 161,165	\$ 1,808,496
<u>371,127</u>	<u>-</u>	<u>371,127</u>
319,487	161,165	1,437,369
-	8,700	15,210
<u>2,398</u>	<u>1,291</u>	<u>3,689</u>
<u>321,885</u>	<u>171,156</u>	<u>1,456,268</u>
-	46,912	46,912
20,040	6,740	75,978
5,972	5,225	30,439
9,054	20,952	157,054
-	355	7,896
185,676	123,376	577,344
93,324	32,605	167,945
-	-	12,297
<u>66,767</u>	<u>23,374</u>	<u>411,874</u>
<u>380,833</u>	<u>259,539</u>	<u>1,487,739</u>
<u>(58,948)</u>	<u>(88,383)</u>	<u>(31,471)</u>
85	102	15,763
-	-	4,304
2,548	9,326	11,874
61,368	-	261,643
-	-	11,306
2,042	-	2,042
(366)	(265)	(10,227)
<u>(1,610)</u>	<u>-</u>	<u>(140,586)</u>
<u>64,067</u>	<u>9,163</u>	<u>156,119</u>
5,119	(79,220)	124,648
<u>20,100</u>	<u>55,187</u>	<u>75,287</u>
<u>25,219</u>	<u>(24,033)</u>	<u>199,935</u>
<u>735,824</u>	<u>272,223</u>	<u>8,004,819</u>
<u>\$ 761,043</u>	<u>\$ 248,190</u>	<u>\$ 8,204,754</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, 2013

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 755,326	\$ 381,139	\$ 165,531	\$ 1,301,996
Payments to Suppliers for Goods and Services	(148,059)	(124,196)	(115,899)	(388,154)
Payments to Employees	<u>(267,515)</u>	<u>(185,676)</u>	<u>(122,289)</u>	<u>(575,480)</u>
Net Cash Provided (Used) By Operating Activities	<u>339,752</u>	<u>71,267</u>	<u>(72,657)</u>	<u>338,362</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	2,548	9,326	11,874
Intergovernmental Grants	211,581	61,368	-	272,949
Insurance Proceeds	-	2,042	-	2,042
Transfer From Other Fund	<u>-</u>	<u>20,100</u>	<u>55,187</u>	<u>75,287</u>
Net Cash Provided By Non-Capital Financing Activities	<u>211,581</u>	<u>86,058</u>	<u>64,513</u>	<u>362,152</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	(10,714)	-	-	(10,714)
Tap Fees	4,304	-	-	4,304
Transfer To Restricted Assets	216,990	(41,403)	5,007	180,594
Sale of Capital Assets	-	-	-	-
Purchase of Capital Assets	(492,914)	(38,744)	(7,415)	(539,073)
Interest Paid	(138,135)	(2,254)	-	(140,389)
Debt Proceeds	330,415	19,883	9,093	359,391
Debt Principal Payments	(220,832)	(46,229)	-	(267,061)
Loan Costs	(9,596)	(366)	(265)	(10,227)
Note - Frazier Farms	<u>15,534</u>	<u>-</u>	<u>-</u>	<u>15,534</u>
Net Cash (Used) By Capital and Financing Activities	<u>(304,948)</u>	<u>(109,113)</u>	<u>6,420</u>	<u>(407,641)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	<u>15,949</u>	<u>85</u>	<u>102</u>	<u>16,136</u>
Net Cash Provided By Investing Activities	<u>15,949</u>	<u>85</u>	<u>102</u>	<u>16,136</u>
Net Increase (Decrease) in Cash and Cash Equivalents	262,334	48,297	(1,622)	309,009
CASH AND CASH EQUIVALENTS				
Beginning of Year	<u>706,988</u>	<u>32,266</u>	<u>1,622</u>	<u>740,876</u>
End of Year	<u>\$ 969,322</u>	<u>\$ 80,563</u>	<u>\$ -</u>	<u>\$ 1,049,885</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities				
Net Operating Income (Loss)	\$ 115,860	\$ (58,948)	\$ (88,383)	\$ (31,471)
Depreciation	321,733	66,767	23,374	411,874
Amortization	12,868	-	-	12,868
(Increase) Decrease in Accounts Receivable, Net	(207,901)	57,134	(5,626)	(156,393)
(Increase) Decrease in Inventory	(7,179)	-	(5,597)	(12,776)
Increase (Decrease) in Accounts Payable	81,476	6,314	1,836	89,626
Increase (Decrease) in Other Accrued Liabilities	22,118	-	652	22,770
Increase (Decrease) in Compensated Absences	<u>777</u>	<u>-</u>	<u>1,087</u>	<u>1,864</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 339,752</u>	<u>\$ 71,267</u>	<u>\$ (72,657)</u>	<u>\$ 338,362</u>
Noncash Capital Financing Activities:				
Interest subsidy	\$ 11,306			\$ 11,306

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

Town of Limon, Colorado
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2013

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 80,737
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	953,733
International Stocks	38,415
Mutual Funds	449,497
Money Markets and Other	<u>54,278</u>
 TOTAL ASSETS	 <u><u>1,576,660</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES:	
	<u>-</u>
 TOTAL LIABILITIES	 <u>-</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,576,660</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, 2013

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 53,739
Employer Contribution	50,000
Interest Income	268
Investment Income, Net of Expenses	175,305
Total Additions	279,312
DEDUCTIONS:	
Benefit Payments	1,665
Administrative Expenses	2,699
Total Deductions	4,364
CHANGE IN PLAN NET POSITION	274,948
PLAN NET POSITION, BEGINNING OF YEAR	1,301,712
PLAN NET POSITION, END OF YEAR	\$ 1,576,660

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2013

1. Summary of Significant Accounting Policies

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. 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:

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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 position 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, 2013

1. Summary of Significant Accounting Policies (continued)

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 30 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, 2013

1. Summary of Significant Accounting Policies (continued)

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, 2013

1. Summary of Significant Accounting Policies (continued)

- *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 Town'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, 2013

1. Summary of Significant Accounting Policies (continued)

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 position.

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 30, 2013, the Board approved a resolution appropriating additional sums of money for the year 2013. 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 2013 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, 2013

1. Summary of Significant Accounting Policies (continued)

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 2013 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	\$ 33,364
Utility - Treatment supplies, meters and parts	43,308
Municipal Recreation Area - Merchandise & Concessions	5,624
Airport Fuel Fund - Airplane fuel	<u>18,496</u>
Total Inventories	<u>\$ 100,792</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, 2013.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

Compliance with Colorado Contraband Forfeiture Act

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

Bond Discounts and Issuance Costs

Bond discounts and premiums are being amortized over the term of the bonds on the straight-line method. Bond issuance and loan acquisition costs are expensed as incurred.

New Accounting Pronouncements

Effective January 1, 2013, the Town implemented the provisions of GASB No. 65, *"Items Previously Reported as Assets and Liabilities"* (GASB No. 65).

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. Some assets previously reported as assets are now reported as an outflow of resources/expenses. One of these assets is debt issuance costs. The Town's beginning net position has been restated to reflect expensing all debt issuance costs that had been previously capitalized. The effect of this treatment is as follows:

Net position – December 31, 2012, as originally stated	\$16,370,372
Restatement related to debt issuance costs	<u>(133,036)</u>
Net position – December 31, 2012, as restated	\$16,237,336

Additionally, the Town's receivable related to property taxes to be collected in 2014 is treated as deferred inflow of resources.

2. Cash and Investments

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

2. Cash and Investments (continued)

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, 2013, none of the Town's deposits are deemed to be exposed to custodial credit risk.

The Town's deposits as of December 31, 2013 are shown below.

The Town's cash deposits at December 31, 2013 was \$3,328,037 which include cash, investments, and restricted assets in the primary government Statement of Net Position and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Position. Cash on hand was \$523 and the remaining \$3,327,514 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 981,171	\$ 981,171
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	2,147,965	2,346,343
Total cash and certificates of deposit	\$ 3,129,136	\$ 3,327,514

The difference between the bank balance and carrying balance is \$198,378, which were outstanding items that had not cleared the banks as of December 31, 2013.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

2. Cash and Investments (continued)

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" and "CSAFE".

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:

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

2. Cash and Investments (continued)

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, 2013 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	\$ 953,733	n/a	Not Rated	n/a
International Stocks	38,415	n/a	Not Rated	n/a
Mutual Funds	449,497	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>54,278</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,495,923</u>			

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	\$ 1,392,248
Pooled Cash Overdraft	(103,105)
Restricted Cash	1,855,052
Fiduciary Funds – Cash	80,737
Fiduciary Funds – Investments	<u>1,495,923</u>
Total	<u>\$ 4,720,855</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

3. Restricted Assets

Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2013 of \$78,182 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, 2013 is \$670,950. 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, 2013 is \$216,499. Reserve is held in a bank savings account.

Utility Fund – funds held as required reserve for 2012 water revenue bonds. Amount held in a bank savings account totals \$306,121 at December 31, 2013.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$127,705, as of December 31, 2013 are held in a bank savings account and certificates of deposit.

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 \$40,891, as of December 31, 2013, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2013 is \$352,543. Reserve is held in a bank savings account.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2013 is \$49,503. 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 \$12,658, as of December 31, 2013, is in a bank savings account and certificate of deposit.

4. Note Receivable and Special Assessment Receivable

The note receivable from Frasier 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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

4. Note Receivable and Special Assessment Receivable (continued)

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.

5. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2012	Additions	Conveyances or Retirements	Balance December 31, 2013
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	3,089,340	47,915	-	3,137,255
Equipment	1,983,037	98,621	(10,655)	2,071,003
Infrastructure	<u>4,763,537</u>	<u>61,167</u>	<u>-</u>	<u>4,824,704</u>
Total depreciable assets	<u>9,835,914</u>	<u>207,703</u>	<u>(10,655)</u>	<u>10,032,962</u>
Total capital assets	<u>11,114,903</u>	<u>207,703</u>	<u>(10,655)</u>	<u>11,311,951</u>
Less accumulated depreciation for:				
Buildings	(1,494,252)	(85,601)	-	(1,579,853)
Equipment	(1,332,900)	(84,832)	10,655	(1,407,068)
Infrastructure	<u>(923,726)</u>	<u>(174,011)</u>	<u>-</u>	<u>(1,097,737)</u>
Total accumulated depreciation	<u>(3,750,878)</u>	<u>(344,435)</u>	<u>10,655</u>	<u>(4,084,658)</u>
Depreciable assets, net	<u>6,085,036</u>	<u>(136,732)</u>	<u>-</u>	<u>5,948,304</u>
Governmental activities assets, net	<u>\$ 7,364,025</u>	<u>\$ (136,732)</u>	<u>\$ -</u>	<u>\$ 7,227,293</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

5. Capital Assets

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

General government	\$ 30,002
Airport	18,509
Public safety - police	24,873
Highways and streets	39,828
Public works - sanitation	8,261
Public health - cemetery	2,167
Culture and recreation	46,784
Infrastructure	<u>174,011</u>
Total governmental activities depreciation expense	<u>\$ 344,435</u>

	Balance December 31, 2012	Additions	Conveyances or Retirements	Balance December 31, 2013
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	243,476	-	-	243,476
Construction in progress	<u>-</u>	<u>279,799</u>	<u>-</u>	<u>279,799</u>
Total non-depreciable assets	<u>1,292,471</u>	<u>279,799</u>	<u>-</u>	<u>1,572,270</u>
Depreciable assets:				
Water system, plant & equipment	8,387,764	492,915	-	8,880,681
Sewer system, plant & equipment	3,761,797	-	-	3,761,797
Rec area facilities & equipment	522,361	6,579	-	528,938
Ambulance building & equipment	<u>975,914</u>	<u>37,580</u>	<u>(1,329)</u>	<u>1,012,165</u>
	<u>13,647,836</u>	<u>537,074</u>	<u>(1,329)</u>	<u>14,183,581</u>
Total capital assets	<u>14,940,307</u>	<u>816,873</u>	<u>(1,329)</u>	<u>15,755,851</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(3,390,622)	(229,406)	-	(3,620,028)
Sewer system, plant & equipment	(1,637,709)	(92,327)	-	(1,730,036)
Rec area facilities & equipment	(288,102)	(23,374)	-	(311,476)
Ambulance building & equipment	<u>(488,410)</u>	<u>(66,768)</u>	<u>1,329</u>	<u>(553,848)</u>
Total accumulated depreciation	<u>(5,804,843)</u>	<u>(411,875)</u>	<u>1,329</u>	<u>(6,215,388)</u>
Depreciable assets, net	<u>7,842,993</u>	<u>125,199</u>	<u>-</u>	<u>7,968,192</u>
Business-type activities assets, net	<u>\$ 9,135,464</u>	<u>\$ 404,998</u>	<u>\$ -</u>	<u>\$ 9,540,462</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

5. Capital Assets (continued)

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

Water	\$ 144,204
Water treatment	85,202
Sewer	92,327
Municipal recreation	23,374
Ambulance	<u>66,768</u>
Total business-type activities depreciation expense	<u>\$ 411,875</u>

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, 2013, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	2
Active Plan Members	<u>25</u>
Total	27

Funding Policy. Plan members are required to contribute 4% of compensation not exceeding \$550 per month and 6% of compensation in excess of \$550. The Town is required to contribute at an actuarially determined rate.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

6. Retirement Plan (continued)

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	\$ 94,516
Contributions made	\$(103,739)
Net pension obligation beginning of year	<u>\$ -0-</u>
Net pension obligation end of year	<u><u>\$ -0-</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2012 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>
1/1/2009	\$ 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%
1/1/2012	\$ 1,139,882	\$ 1,235,023	\$ 95,141	92%
1/1/2013	\$ 1,280,140	\$ 1,374,656	\$ 94,516	93%

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

6. Retirement Plan (continued)

Five-year Trend information:

For Each Year Ended	Employer Annual Required Contribution and Pension Cost	Employer Contribution	Percentage Contributed	Net Pension Obligation
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%	\$ -
12/31/2012	\$ 95,141	\$ 95,450	100.0%	\$ -
12/31/2013	\$ 94,516	\$ 103,739	109.8%	\$ -

7. Contingency—Constitutional Amendment

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 \$78,182 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.

8. Long-Term Debt

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, 2013 are as follows:

2012 Water Revenue Refunding and Improvement Bonds – These bonds are payable from Utility Fund Water revenues, together with interest from 2% to 3%.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

8. Long-Term Debt (continued)

During 2013 a principal payment of \$145,000 was made. Additionally, interest payments totaling \$80,500 were made, which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 150,000	\$ 77,600	\$ 227,600
2015	150,000	74,600	224,600
2016	150,000	71,600	221,600
2017	160,000	68,600	228,600
2018	155,000	65,400	220,400
2019-2023	1,120,000	246,150	1,366,150
2024-2025	<u>905,000</u>	<u>45,450</u>	<u>950,450</u>
	<u>\$ 2,790,000</u>	<u>\$ 649,400</u>	<u>\$ 3,439,500</u>

2000 Water Revenue Bonds – These bonds were 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 2013 principal payments of \$75,832 and interest payments of \$33,239 were made in addition to the federal subsidy interest amount of \$11,526 for a total of \$44,765 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>Net After Federal Subsidy</u>
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	86,665	29,970	116,634	6,142	110,492
2018	92,082	25,570	117,652	4,718	112,934
2019-2020	<u>193,261</u>	<u>28,721</u>	<u>196,133</u>	<u>4,897</u>	<u>191,236</u>
	<u>\$ 610,284</u>	<u>\$ 225,855</u>	<u>\$ 836,139</u>	<u>\$ 42,109</u>	<u>\$ 794,030</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

8. Long-Term Debt (continued)

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 2013 no principal payments were made. An interest payment of \$4,307 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:

	Principal	Interest	Total
2014	\$ 5,000	\$ 4,189	\$ 9,189
2015	5,000	3,894	8,894
2016	5,000	3,599	8,599
2017	6,000	3,304	9,304
2018	6,000	2,950	8,950
2019-2023	36,000	9,027	45,027
2024	10,000	472	10,472
	\$ 73,000	\$ 27,435	\$ 100,435

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 2013, a principal payment of \$29,000 was made. Additionally, interest payments of \$11,160 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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2013

8. Long-Term Debt (continued)

	Principal	Interest	Total
2014	\$ 14,000	\$ 11,718	\$ 25,718
2015	15,000	13,640	28,640
2016	15,000	12,710	27,710
2017	16,000	11,780	27,780
2018	17,000	10,788	27,788
2019-2023	74,000	36,518	110,518
	\$ 151,000	\$ 97,154	\$ 277,154

Lease-Purchase Loan – During 2013 the Town entered into a lease with option to purchase agreement, in order to fund various energy conservation improvements. Payments, including interest at 2.9%, are due in semi-annual installments.

During 2013, no principal or interest payments were made.

Scheduled annual debt service requirements to maturity are as follows.

	Principal	Interest	Total
2014	\$ 43,375	\$ 23,644	\$ 67,019
2015	32,915	22,557	55,472
2016	35,687	21,583	57,270
2017	38,632	20,526	59,158
2018	41,756	19,384	61,140
2019-2023	262,702	76,354	339,056
2024-2028	374,309	31,359	405,668
	\$ 829,376	\$ 215,407	\$ 1,044,783

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, 2013

8. Long-Term Debt (continued)

Total changes in Long-Term Liabilities during 2013 are as follows:

	Balance December 31, 2012	Additions	Payments	Balance December 31, 2013	Due Within One Year
Governmental activities:					
Special assessment bonds	253,000	-	(29,000)	224,000	19,000
	<u>253,000</u>	<u>-</u>	<u>(29,000)</u>	<u>224,000</u>	<u>19,000</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	\$ 2,935,000	\$ -	\$ (145,000)	\$ 2,790,000	\$ 150,000
2012 Bond Premium	68,279	-	(5,286)	62,993	5,286
2000 Water Revenue	687,905	-	(77,621)	610,284	75,832
Loans payable:					
Lease-Purchase	-	829,376	-	829,376	43,375
Capital lease	46,229	-	(39,000)	7,229	7,229
Colorado Maintenance Fee	42,564	-	(10,714)	31,850	-
	<u>3,779,977</u>	<u>829,376</u>	<u>(277,621)</u>	<u>4,331,732</u>	<u>281,722</u>
Total long-term liabilities	<u>\$ 4,032,977</u>	<u>\$ 829,376</u>	<u>\$ (306,621)</u>	<u>\$ 4,555,732</u>	<u>\$ 300,722</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, 2013:

Actual Property Value (taxable)	\$ 110,928,540
	x 3%
	<u>3,327,856</u>
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,327,856</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, 2013

9. Risk Management

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.

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 2013 the Town paid \$66,353 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 2013 the Town renewed its membership in the Colorado Intergovernmental Risk Sharing Agency, Workers Compensation Pool (CIRSA).

During 2013 the Town paid \$45,990 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, 2013

10. Interfund Transactions

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 2013:

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 48,987
Transfer from General Fund to Airport Fuel Fund for general operations.	3,700
Transfer from General Fund to Ambulance Fund for general operations	20,100
Transfer from General Fund to Capital Construction Fund for general purposes.	<u>86,558</u>
Total General Fund transfers	<u>\$ 159,345</u>
Transfer from Conservation Trust Fund to Municipal Recreation Area Fund for improvements.	<u>\$ 2,500</u>

11. Contingent Construction Payable

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 2013.

12. Employment Agreements

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, 2013, 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, 2013

13. Water Rights Lease

On June 2, 2004, the Town purchased land, improvements, and water rights for \$689,454. The Town resold the real property to Frasier Farms. As a condition of the sale, the Town entered into a lease agreement to lease the water rights to Frasier 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 Frasier Farms for any crop losses.

14. Financial Statements Reissuance

The Town reissued its financial statements in order to include a federal award in the Schedule of Expenditures of Federal Awards that was not included in the originally issued financial statements. The program was determined to be a non-major program, and therefore, did not affect the Single Audit testing or opinions.

Additionally, certain balances were reclassified in the reissued financial statements for improved consistency with prior year reporting. These changes did not affect net position, changes in net position, fund balances, or changes in fund balances.

Town of Limon, Colorado

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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,359,956	\$ 1,359,956	\$ 1,426,833	\$ 66,877
Fines, Licenses and Permits	74,100	74,100	65,871	(8,229)
Intergovernmental - Local	182,342	182,342	215,376	33,034
Intergovernmental - Federal	55,557	55,557	4,528	(51,029)
Charges for Services	461,497	461,497	536,090	74,593
Interest	10,310	10,310	13,096	2,786
Donations and Grants	7,505	7,505	20,185	12,680
Miscellaneous	<u>32,000</u>	<u>32,000</u>	<u>16,769</u>	<u>(15,231)</u>
TOTAL REVENUES	<u>2,183,267</u>	<u>2,183,267</u>	<u>2,298,748</u>	<u>115,481</u>
EXPENDITURES				
Current:				
General Government	534,151	534,151	540,942	(6,791)
Airport	12,014	12,014	12,020	(6)
Public Works - Streets	537,804	537,804	468,995	68,809
Public Works - Sanitation	191,471	191,471	203,853	(12,382)
Public Safety	416,087	416,087	390,572	25,515
Public Health - Cemetery	71,567	71,567	61,129	10,438
Recreation	286,744	286,744	267,072	19,672
Capital Outlay	174,285	174,285	207,703	(33,418)
Debt Service:				
Principal - Bonded Debt	17,000	17,000	29,000	(12,000)
Interest	19,739	19,739	15,467	4,272
Supplemental Appropriation	<u>-</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
TOTAL EXPENDITURES	<u>2,260,862</u>	<u>2,291,862</u>	<u>2,196,753</u>	<u>95,109</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,595)	(108,595)	101,995	210,590
OTHER FINANCIAL SOURCES (USES)				
Loan Funds Received	-	477,214	477,214	-
Operating Transfers (Out)	<u>(138,438)</u>	<u>(138,438)</u>	<u>(159,345)</u>	<u>(20,907)</u>
NET CHANGE IN FUND BALANCE	(216,033)	230,181	419,864	189,683
FUND BALANCES, BEGINNING OF YEAR	<u>821,449</u>	<u>821,449</u>	<u>814,234</u>	<u>(7,215)</u>
FUND BALANCES, END OF YEAR	<u>\$ 605,416</u>	<u>\$ 1,051,630</u>	<u>\$ 1,234,098</u>	<u>\$ 182,468</u>

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

Town of Limon, Colorado

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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental - Federal	\$ 640,764	\$ 640,764	\$ 607,537	\$ (33,227)
Total Revenues	<u>640,764</u>	<u>640,764</u>	<u>607,537</u>	<u>(33,227)</u>
EXPENDITURES:				
Head Start Program	<u>640,764</u>	<u>640,764</u>	<u>607,537</u>	<u>33,227</u>
Total Expenditures	<u>640,764</u>	<u>640,764</u>	<u>607,537</u>	<u>33,227</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2013

	<u>CAPITAL CONSTRUCTION FUND</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>TOTALS</u>
ASSETS:				
Cash	\$ -	\$ 21,549	\$ 8,938	\$ 30,487
Accounts Receivable	<u>163,538</u>	<u>-</u>	<u>-</u>	<u>163,538</u>
TOTAL ASSETS	<u><u>\$ 163,538</u></u>	<u><u>\$ 21,549</u></u>	<u><u>\$ 8,938</u></u>	<u><u>\$ 194,025</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Pooled Cash Overdraft	\$ 95,724	\$ -	\$ -	\$ 95,724
Accounts Payable	<u>36,243</u>	<u>-</u>	<u>-</u>	<u>36,243</u>
TOTAL LIABILITIES	<u>131,967</u>	<u>-</u>	<u>-</u>	<u>131,967</u>
 FUND BALANCES				
Restricted	-	21,549	-	21,549
Assigned-Designated for Subsequent Year	<u>31,571</u>	<u>-</u>	<u>8,938</u>	<u>40,509</u>
TOTAL FUND BALANCES	<u>31,571</u>	<u>21,549</u>	<u>8,938</u>	<u>62,058</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 163,538</u></u>	 <u><u>\$ 21,549</u></u>	 <u><u>\$ 8,938</u></u>	 <u><u>\$ 194,025</u></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, 2013

	CAPITAL CONSTRUCTION FUND	CONSER- VATION TRUST FUND	CEMETERY PERPET- UAL CARE	TOTALS
REVENUES:				
Interest	\$ -	\$ 26	\$ -	\$ 26
Intergovernmental - Local	169,193	20,267	-	189,460
Perpetual Care	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
TOTAL REVENUES	<u>169,193</u>	<u>20,293</u>	<u>400</u>	<u>189,886</u>
EXPENDITURES:				
Current:				
Public Health - Cemetery	-	-	2,602	2,602
Recreation	-	-	-	-
Capital Outlay	<u>224,186</u>	<u>1,305</u>	<u>-</u>	<u>225,491</u>
TOTAL EXPENDITURES	<u>224,186</u>	<u>1,305</u>	<u>2,602</u>	<u>228,093</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(54,993)	18,988	(2,202)	(38,207)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>86,557</u>	<u>(2,500)</u>	<u>-</u>	<u>84,057</u>
NET CHANGE IN FUND BALANCE	31,564	16,488	(2,202)	45,850
FUND BALANCE, BEGINNING OF YEAR	<u>7</u>	<u>5,061</u>	<u>11,140</u>	<u>16,208</u>
FUND BALANCE, END OF YEAR	<u>\$ 31,571</u>	<u>\$ 21,549</u>	<u>\$ 8,938</u>	<u>\$ 62,058</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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental - State	\$ 17,000	\$ 17,000	\$ 20,267	\$ 3,267
Interest	<u>62</u>	<u>62</u>	<u>26</u>	<u>(36)</u>
Total Revenues	<u>17,062</u>	<u>17,062</u>	<u>20,293</u>	<u>3,231</u>
EXPENDITURES:				
Operating				
Recreation	13,700	13,700	-	13,700
Capital Outlay	<u>1,400</u>	<u>1,400</u>	<u>1,305</u>	<u>95</u>
Total Expenditures	<u>15,100</u>	<u>15,100</u>	<u>1,305</u>	<u>13,795</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,962	1,962	18,988	17,026
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>
NET CHANGE IN FUND BALANCE	1,962	1,962	16,488	14,526
FUND BALANCE, BEGINNING OF YEAR	<u>3,411</u>	<u>3,411</u>	<u>7,118</u>	<u>3,707</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,373</u>	<u>\$ 5,373</u>	<u>\$ 23,606</u>	<u>\$ 18,233</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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Perpetual Care	\$ 800	\$ 800	\$ 400	\$ (400)
Interest	<u>53</u>	<u>53</u>	<u>-</u>	<u>(53)</u>
Total Revenues	<u>853</u>	<u>853</u>	<u>400</u>	<u>(453)</u>
EXPENDITURES:				
Public Health - Cemetery	<u>4,590</u>	<u>4,590</u>	<u>2,602</u>	<u>1,988</u>
Total Expenditures	<u>4,590</u>	<u>4,590</u>	<u>2,602</u>	<u>1,988</u>
NET CHANGE IN FUND BALANCE	(3,737)	(3,737)	(2,202)	1,535
FUND BALANCE, BEGINNING OF YEAR	<u>10,540</u>	<u>10,540</u>	<u>10,289</u>	<u>(251)</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,803</u>	<u>\$ 6,803</u>	<u>\$ 8,087</u>	<u>\$ 1,284</u>

The accompanying accountant's notes are an integral part 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, 2013

	<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>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 169,193	\$ 169,193
Donations and Grants	<u>271,258</u>	<u>271,258</u>	<u>-</u>	<u>(271,258)</u>
TOTAL REVENUES	<u>271,258</u>	<u>271,258</u>	<u>169,193</u>	<u>(102,065)</u>
EXPENDITURES				
Capital Outlay	<u>339,073</u>	<u>339,073</u>	<u>224,186</u>	<u>114,887</u>
TOTAL EXPENDITURES	<u>339,073</u>	<u>339,073</u>	<u>224,186</u>	<u>114,887</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,815)	(67,815)	(54,993)	12,822
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>67,815</u>	<u>67,815</u>	<u>86,557</u>	<u>18,742</u>
NET CHANGE IN FUND BALANCE	-	-	31,564	31,564
FUND BALANCE, BEGINNING OF YEAR	<u>11</u>	<u>11</u>	<u>7</u>	<u>(4)</u>
FUND BALANCE, END OF YEAR	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 31,571</u>	<u>\$ 31,560</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 Position—Budget and Actual
For the Year Ended December 31, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales, Net Contractual Adjustments and Bad Debts	\$ 993,548	\$ 993,548	\$ 956,717	\$ (36,831)
Other User Charges	7,650	7,650	6,510	(1,140)
Interest	18,620	18,620	15,576	(3,044)
Bond Funds	-	330,415	330,415	-
Note Principal - Frasier	15,535	15,535	15,534	(1)
DOC Maintenance	2,556	2,556	2,553	(3)
DOC Maintenance Expenses from Restricted Account	3,000	3,000	13,494	10,494
Tap Fees	3,460	3,460	4,304	844
Intergovernmental-Federal	11,306	11,306	11,306	-
Intergovernmental-Local	174,206	174,206	200,275	26,069
Grants	153,049	153,049	-	(153,049)
Total Revenues	<u>1,382,930</u>	<u>1,713,345</u>	<u>1,556,684</u>	<u>(156,661)</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	575,198	575,198	525,634	49,564
Loan Costs	-	-	9,596	(9,596)
Interest Expense	113,739	113,739	120,820	(7,081)
Debt Principal	220,832	220,832	220,832	-
Capital Expenditures	766,854	766,854	770,608	(3,754)
DOC Maintenance Revenue to Restricted Account	2,556	2,556	2,553	3
System Maintenance Paid from Colorado Reserve Account	3,000	3,000	13,494	(10,494)
Total Expenditures	<u>1,682,179</u>	<u>1,682,179</u>	<u>1,663,537</u>	<u>18,642</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (299,249)</u>	<u>\$ 31,166</u>	(106,853)	<u>\$ (138,019)</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			220,832	
Capital Expenditures			770,608	
Less Budgetary Items Shown as Revenue:				
Bond Funds Received			(330,415)	
Principal Portion of Note Receivable			(15,534)	
Less: Depreciation and Amortization			<u>(339,889)</u>	
Change in Net Position GAAP			<u>\$ 198,749</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 Position—Budget and Actual
For the Year Ended December 31, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Sales, Net Contractual Adjustments and Bad Debts	\$ 344,659	\$ 344,659	\$ 319,487	\$ (25,172)
Interest	390	390	85	(305)
Donations and Grants	2,250	2,250	2,548	298
Intergovernmental - Local	27,057	61,711	61,368	(343)
Insurance Proceeds	-	-	2,042	2,042
Miscellaneous	2,189	2,189	2,398	209
Lease-Purchase Proceeds	-	-	12,654	12,654
Transfer From Other Funds	<u>21,494</u>	<u>21,494</u>	<u>20,100</u>	<u>(1,394)</u>
Total Revenues	<u>398,039</u>	<u>432,693</u>	<u>420,682</u>	<u>(12,011)</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	203,897	203,897	185,676	18,221
Maintenance	20,300	20,300	20,040	260
Insurance	12,715	12,715	5,972	6,743
Utilities	8,563	8,563	9,054	(491)
Other Expenses	95,969	95,969	93,324	2,645
Principal Payment	39,000	39,000	39,000	-
Loan Costs	-	-	366	(366)
Interest Expense	2,600	2,600	1,610	990
Capital Outlay	9,000	9,000	38,805	(29,805)
Supplemental Appropriation	<u>-</u>	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Total Expenditures	<u>392,044</u>	<u>414,044</u>	<u>393,847</u>	<u>20,197</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 5,995</u>	<u>\$ 18,649</u>	26,835	<u>\$ 8,186</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			39,000	
Add: Capital Outlay			38,805	
Less: Debt Proceeds			(12,654)	
Less: Depreciation			<u>(66,767)</u>	
Change In Net Position GAAP			<u>\$ 25,219</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2013

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
ASSETS			
Current assets:			
Cash	\$ -	\$ -	\$ -
Inventories	5,624	18,496	24,120
Accounts Receivable	5,340	337	5,677
Total Current Assets	<u>10,964</u>	<u>18,833</u>	<u>29,797</u>
Restricted Assets:			
Equipment Reserve	12,658	-	12,658
Total Restricted Assets	<u>12,658</u>	<u>-</u>	<u>12,658</u>
Non-Current Assets:			
Capital Assets:			
Land	11,000	-	11,000
Recreation Area Facilities	382,265	-	382,265
Equipment	146,672	-	146,672
Construction in Progress	880	-	880
Accumulated Depreciation	(311,476)	-	(311,476)
Total Non-Current Assets	<u>229,341</u>	<u>-</u>	<u>229,341</u>
TOTAL ASSETS	<u>252,963</u>	<u>18,833</u>	<u>271,796</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	477	-	477
Accounts Payable	2,694	2,377	5,071
Overdrafted Cash Balances	2,360	5,021	7,381
Construction Retainage Payable	44	-	44
Compensated Absences	2,017	-	2,017
Total Current Liabilities	<u>7,592</u>	<u>7,398</u>	<u>14,990</u>
Non-Current Liabilities:			
Long-Term Debt - Net of Current Portion	8,616	-	8,616
Total Non-Current Liabilities	<u>8,616</u>	<u>-</u>	<u>8,616</u>
TOTAL LIABILITIES	<u>16,208</u>	<u>7,398</u>	<u>23,606</u>
NET POSITION			
Net Investment in Capital Assets	229,341	-	229,341
Unrestricted	7,414	11,435	18,849
TOTAL NET POSITION	<u>236,755</u>	<u>11,435</u>	<u>248,190</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 252,963</u>	<u>\$ 18,833</u>	<u>\$ 271,796</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, 2013

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
OPERATING REVENUES			
Sales	\$ 123,422	\$ 37,743	\$ 161,165
Other User Charges	8,700	-	8,700
Miscellaneous	<u>1,291</u>	<u>-</u>	<u>1,291</u>
Total Operating Revenues	<u>133,413</u>	<u>37,743</u>	<u>171,156</u>
OPERATING EXPENSES			
Cost of Resale Items	14,263	32,649	46,912
Maintenance	5,023	1,717	6,740
Insurance	3,981	1,244	5,225
Utilities	20,952	-	20,952
Testing	-	355	355
Salaries and Benefits	123,376	-	123,376
Other Expenses	31,281	1,324	32,605
Depreciation	<u>23,374</u>	<u>-</u>	<u>23,374</u>
Total Operating Expenses	<u>222,250</u>	<u>37,289</u>	<u>259,539</u>
Income (Loss) From Operations	<u>(88,837)</u>	<u>454</u>	<u>(88,383)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	102	-	102
Donations	9,326	-	9,326
Insurance Proceeds	-	-	-
Loan Costs	(265)	-	(265)
Interest Expense	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>9,163</u>	<u>-</u>	<u>9,163</u>
Net Income Before Contributions and Transfers	(79,674)	454	(79,220)
Transfers In (Out)	<u>51,487</u>	<u>3,700</u>	<u>55,187</u>
CHANGE IN NET POSITION	<u>(28,187)</u>	<u>4,154</u>	<u>(24,033)</u>
NET POSITION, BEGINNING OF YEAR	<u>264,944</u>	<u>7,281</u>	<u>272,225</u>
NET POSITION, END OF YEAR	<u>\$ 236,757</u>	<u>\$ 11,435</u>	<u>\$ 248,192</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 Position—Budget and Actual
For the Year Ended December 31, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales	\$ 46,500	\$ 46,500	\$ 37,743	\$ (8,757)
Transfer From Other Funds	-	-	3,700	3,700
Subsequent Appropriations	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>(1,300)</u>
Total Revenues	<u>46,500</u>	<u>47,800</u>	<u>41,443</u>	<u>(6,357)</u>
EXPENDITURES:				
Operating Expenses	41,748	41,748	37,289	4,459
Subsequent Appropriations	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Total Expenditures	<u>41,748</u>	<u>43,048</u>	<u>37,289</u>	<u>5,759</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 4,752</u>	<u>\$ 4,752</u>	<u>\$ 4,154</u>	<u>\$ (598)</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 Position—Budget and Actual
For the Year Ended December 31, 2013

	<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>
REVENUES:				
Sales	\$ 141,642	\$ 141,642	\$ 123,422	\$ (18,220)
Other User Charges	8,050	8,050	8,700	650
Interest	135	135	102	(33)
Donations	9,358	9,358	9,326	(32)
Insurance Proceeds	-	-	-	-
Miscellaneous	7,193	7,193	1,291	(5,902)
Lease-Purchase Proceeds	-	-	9,093	9,093
Transfers from Other Funds	<u>49,129</u>	<u>49,129</u>	<u>51,487</u>	<u>2,358</u>
Total Revenues	<u>215,507</u>	<u>215,507</u>	<u>203,421</u>	<u>(12,086)</u>
EXPENDITURES:				
Salaries and Benefits	121,476	121,476	123,376	(1,900)
Cost of Resale Items	17,000	17,000	14,263	2,737
Maintenance	7,850	7,850	5,023	2,827
Insurance	3,330	3,330	3,981	(651)
Utilities	26,597	26,597	20,952	5,645
Other Expenses	28,849	28,849	31,281	(2,432)
Loan Costs	-	-	265	(265)
Capital Expenditures	5,900	5,900	7,459	(1,559)
Supplemental Appropriation	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total Expenditures	<u>211,002</u>	<u>217,002</u>	<u>206,600</u>	<u>10,402</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 4,505</u>	<u>\$ (1,495)</u>	(3,179)	<u>\$ (1,684)</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Capital Expenditures			7,459	
Less: Debt Proceeds			(9,093)	
Less: Depreciation and Amortization			<u>(23,374)</u>	
Change In Net Position GAAP			<u>\$ (28,187)</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 Position—Budget and Actual
For the Year Ended December 31, 2013

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Employee Contribution	\$ 54,085	\$ 54,085	\$ 53,739	\$ (346)
Employer Contribution	46,868	46,868	50,000	3,132
Interest Income	300	300	268	(32)
Investment Income				
Net of Expenses	<u>30,000</u>	<u>105,000</u>	<u>175,305</u>	<u>70,305</u>
Total Revenues	<u>131,253</u>	<u>206,253</u>	<u>279,312</u>	<u>73,059</u>
EXPENDITURES:				
Benefit Payments	10,000	85,000	1,665	83,335
Administrative Expenses	<u>5,000</u>	<u>5,000</u>	<u>2,699</u>	<u>2,301</u>
Total Expenditures	<u>15,000</u>	<u>90,000</u>	<u>4,364</u>	<u>85,636</u>
CHANGE IN NET POSITION	116,253	116,253	274,948	158,695
NET POSITION, BEGINNING OF YEAR	<u>1,189,404</u>	<u>1,189,404</u>	<u>1,301,712</u>	<u>112,308</u>
NET POSITION, END OF YEAR	<u>\$ 1,305,657</u>	<u>\$ 1,305,657</u>	<u>\$ 1,576,660</u>	<u>\$ 271,003</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.

LOCAL HIGHWAY FINANCE REPORT	City or County: LIMON
YEAR ENDING : December 2013	
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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	285,353
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	379,442
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	23,594
2. General fund appropriations	169,135	b. Snow and ice removal	16,789
3. Other local imposts (from page 2)	414,053	c. Other	54,809
4. Miscellaneous local receipts (from page 2)	138,208	d. Total (a. through c.)	95,192
5. Transfers from toll facilities		4. General administration & miscellaneous	24,889
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	209,218
a. Bonds - Original Issues		6. Total (1 through 5)	994,094
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	15,467
7. Total (1 through 6)	721,396	b. Redemption	29,000
B. Private Contributions	67,621	c. Total (a. + b.)	44,467
C. Receipts from State government (from page 2)	80,351	2. Notes:	
D. Receipts from Federal Government (from page 2)	169,193	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,038,561	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	44,467
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,038,561

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	253,000		29,000	224,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,038,561	1,038,561	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 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	93,423	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	40,083
1. Sales Taxes	153,213	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	167,417	g. Other Misc Gravel Sales	8,440
6. Total (1. through 5.)	320,630	h. Other Franchise fees	89,685
c. Total (a. + b.)	414,053	i. Total (a. through h.)	138,208
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	71,923	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	8,428	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	169,193
f. Total (a. through e.)	8,428	g. Total (a. through f.)	169,193
4. Total (1. + 2. + 3.f)	80,351	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	58,074		58,074
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	166,112	61,167	227,279
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	166,112	61,167	227,279
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	224,186	61,167	285,353
			(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, 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, the financial statements of Town of Limon, Colorado (the "Town"), which comprise the statement of financial position as of December 31, 2013, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report July 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control 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 is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the Town's internal control described in the accompanying schedule of findings and questioned costs as 2013-01 to be a material weakness in internal control over financial reporting.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the Town's 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 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 or other matters that are required to be reported under Government Auditing Standards.

Other Matters

Subsequent to the issuance of the Town's 2013 financial statements and our report dated July 17, 2014, we became aware that a non-major federal award (CFDA 20.205) was improperly excluded from the Schedule of Expenditures of Federal Awards. As a result, we determined that finding 2013-01 should be included within this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Littleton, Colorado

July 17, 2014, except for *Other Matters* which is dated November 4, 2014



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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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:

Report on Compliance for Each Major Program

We have audited Town of Limon, Colorado's (the "Town") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement, that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Town's major federal programs based on our audit of the types of compliance requirements referred to above.

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 A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Town'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 on compliance with each major program. However, our audit does not provide a legal determination of Town's compliance.

Opinion on Each Major Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended December 31, 2013.

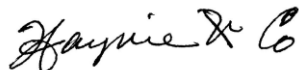
Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado

July 17, 2014

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

<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		\$ <u>607,537</u>
Total Department of Health and Human Services			<u>607,537</u>
Department of Transportation			
Pass-through program from:			
State of Colorado			
Highway Planning and Construction	20.205		169,193
Pass-through program from:			
East Central Council of Local Governments			
Formula Grant for Other Than Urbanized Areas	20.509		<u>4,528</u>
Total Department of Transportation			<u>173,721</u>
Department of Commerce			
Direct program:			
ARRA - Broadband Technology Opportunities Program	11.557		<u>2,500</u>
Total Department of Transportation			<u>2,500</u>
Total Expenditures of Federal Awards			\$ <u>783,758</u>

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

Town of Limon, Colorado

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2013

1. Summary of Auditor's Results

Type of report issued on the financial statements:	Unmodified
Material weaknesses in financial reporting internal control noted:	See Section 2
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	None
Material noncompliance noted:	None
<i>Federal Awards:</i>	
Material weaknesses in internal control over major programs:	None
<i>Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:</i>	None
<i>Type of report issued on compliance for major programs:</i>	Unmodified
Audit findings required to be reported in accordance with Circular A-133, Section .510(a):	None

The following programs are considered to be major:

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

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

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

Material Weakness

2013-01 Preparation and review of Schedule of Expenditures of Federal Awards

Condition: The Town incurred expenditures in 2013 for highway construction and repair in the amount of \$169,193. These funds were identified as federal award expenditures but were not reflected in the Schedule of Expenditures of Federal Awards in 2013.

Criteria: A good system of internal control over financial reporting includes a detailed review of the Schedule of Expenditures of Federal Awards.

Context: This finding impacts the Town's ability to properly report federal expenditures.

Effect: The Schedule of Expenditures of Federal Awards may be incomplete or misstated.

Cause: The Town does not have an internal control procedure in place to perform a detailed secondary review of the Schedule of Expenditures of Federal Awards.

Recommendation: It is recommended that a procedure be implemented for a secondary review of the Schedule of Expenditures of Federal Awards be performed, in order to detect errors in reporting.

Response: The Town will assign another individual with knowledge of federal award activities, other than the preparer, to perform a detailed review of the Schedule of Expenditures of Federal Awards.

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None