

Town of Limon, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2015 and 2014

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**Haynie &
Company**

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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, 2015 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, 2015 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 14 to the financial statements, management has implemented GASB Statement No. 68, as amended by GASB Statement No. 71. As a result of this change in accounting principle, the net position as of December 31, 2014 has been restated. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 25, 2016, 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 25, 2016

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2015

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 decreased by \$238,638 or 1.5% during the year. The governmental net position decreased by \$414,795 or 5.3%, and the business-type net position increased by \$176,157, or 2.1%.
- The governmental activities revenue changed from \$3,325,935 in 2014 to \$3,501,679 in 2015 for an increase of \$535,414 or 16.1%. This increase is due primarily to increases in grants and tax income.
- The governmental activities expenditures changed from \$3,287,105 in 2014 to \$3,916,474 in 2015, an increase of \$629,369 or 19.1%. The increase is due primarily to an increase in general and public safety expenditures.
- The business-type activities revenue changed from \$1,999,079 in 2014 to \$1,904,652 in 2015, a decrease of \$94,427 or 4.7%. This decrease is due primarily to decreased transfers.
- The business-type activities expenditures changed from \$1,778,154 in 2014 to \$1,728,495 in 2015, a decrease of \$49,659 or 2.8%. This increase is due primarily to increased water and ambulance expenditures.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease of \$12,780 or 1.3% in fund balance. This decrease is due primarily to capital outlays and operating transfers.

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 Recreation Area, 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:

ASSETS	Governmental Activities		Business-Type Activities		Total	Total
	2015	2014 (restated)	2015	2014	2015	2014 (restated)
Current assets	\$ 1,242,670	\$ 1,046,416	\$ 1,258,586	\$ 1,211,062	\$ 2,501,256	\$ 2,257,478
Restricted assets	464,093	433,773	986,815	886,813	1,450,908	1,320,586
Other non-current assets	184,406	198,279	302,193	338,560	486,599	536,839
Capital assets, net	7,106,384	7,480,055	9,549,079	9,722,499	16,655,463	17,202,554
Total assets	8,997,553	9,158,523	12,096,673	12,158,934	21,094,226	21,217,457
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows - pension	157,770	-	-	-	157,770	-
Total deferred outflow of resources	157,770	-	-	-	157,770	-
LIABILITIES						
Current liabilities	395,729	167,889	409,534	398,012	805,263	565,901
Non-current liabilities	988,982	806,986	3,084,492	3,334,432	4,073,474	4,141,418
Total liabilities	1,384,711	974,875	3,494,026	3,732,444	4,878,737	4,707,319
DEFERRED INFLOW OF RESOURCES						
Deferred property taxes	322,666	320,907	-	-	322,666	320,907
Total deferred inflow of resources	322,666	320,907	-	-	322,666	320,907
NET POSITION	\$ 7,447,946	\$ 7,862,741	\$ 8,602,647	\$ 8,426,490	\$ 16,050,593	\$ 16,289,231
Net Position consist of:						
Invested in capital assets	\$ 6,510,067	\$ 6,842,799	\$ 6,546,885	\$ 6,469,848	\$ 13,056,952	\$ 13,312,647
Restricted net position	464,093	433,773	376,734	376,427	840,827	810,200
Unrestricted net position	473,786	586,169	1,679,028	1,580,215	2,152,814	2,166,384
Total net position	\$ 7,447,946	\$ 7,862,741	\$ 8,602,647	\$ 8,426,490	\$ 16,050,593	\$ 16,289,231

The net position of the Town's governmental activities as of December 31, 2015 were \$7,447,946 of which \$473,786 was unrestricted and is available for spending at the government's discretion. The remainder is net investment in capital assets of \$6,510,067, reserved for Emergency Reserve of \$78,978 and Capital Replacement Reserve of \$385,115.

The General Fund is the main operating fund of the Town. As of December 31, 2015, the General Fund balance was \$983,317, of which \$255,620 was unassigned. Unassigned fund balance represents 10.0% of 2015 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	Total
	2015	2014 (restated)	2015	2014	2015	2014 (restated)
Program revenues:						
Operating grants and contributions	\$ 905,784	\$ 954,010	\$ 200,997	\$ 161,430	\$ 1,106,781	\$ 1,115,440
Capital grants and contributions	321,518	107,720	11,292	17,000	332,810	124,720
Charges for services	<u>589,117</u>	<u>572,680</u>	<u>1,650,861</u>	<u>1,645,878</u>	<u>2,239,978</u>	<u>2,218,558</u>
Total program revenue	<u>1,816,419</u>	<u>1,634,410</u>	<u>1,863,150</u>	<u>1,824,308</u>	<u>3,679,569</u>	<u>3,458,718</u>
General revenues:						
Taxes	1,642,650	1,570,425	-	-	1,642,650	1,570,425
Investment earnings	5,271	4,942	12,165	12,988	17,436	17,930
Insurance proceeds	10,719	64,649	-	61,719	10,719	123,368
Other	<u>26,620</u>	<u>54,509</u>	<u>-</u>	<u>-</u>	<u>26,620</u>	<u>54,509</u>
Total general revenue	<u>1,685,260</u>	<u>1,691,525</u>	<u>12,165</u>	<u>74,707</u>	<u>1,697,425</u>	<u>1,766,232</u>
Total Revenue	<u>\$ 3,501,679</u>	<u>\$ 3,325,935</u>	<u>\$ 1,875,315</u>	<u>\$ 1,899,015</u>	<u>\$ 5,376,994</u>	<u>\$ 5,224,141</u>
Expenses						
General government	\$ 1,020,984	\$ 815,123	\$ -	\$ -	\$ 1,020,984	\$ 815,123
Airport	191,516	31,781	-	-	191,516	31,781
Public safety	686,254	420,110	-	-	686,254	420,110
Highways and streets	635,000	584,467	-	-	635,000	584,467
Public works - sanitation	221,140	231,244	-	-	221,140	231,244
Public health - cemetery	65,420	63,048	-	-	65,420	63,048
Culture and recreation	393,455	364,067	-	-	393,455	364,067
Head Start Program	648,961	648,961	-	-	648,961	648,961
Water	-	-	461,450	492,510	461,450	492,510
Water treatment plant	-	-	241,442	234,886	241,442	234,886
Sewer	-	-	338,458	332,296	338,458	332,296
Municipal recreation area	-	-	229,612	237,565	229,612	237,564
Airport fuel fund	-	-	35,748	36,518	35,748	36,518
Ambulance service fund	-	-	421,537	444,379	421,537	443,569
Interest and fiscal charges	<u>24,407</u>	<u>27,429</u>	<u>-</u>	<u>-</u>	<u>24,407</u>	<u>13,824</u>
Total expenses	<u>\$ 3,887,137</u>	<u>\$ 3,186,230</u>	<u>\$ 1,728,495</u>	<u>\$ 1,778,154</u>	<u>\$ 5,615,632</u>	<u>\$ 4,964,384</u>
Changes in net position before transfers and special items	(385,458)	139,705	146,820	120,861	(238,638)	260,566
Transfers	<u>(29,337)</u>	<u>(100,875)</u>	<u>29,337</u>	<u>100,875</u>	<u>-</u>	<u>-</u>
Change in net position	(414,795)	38,830	176,157	221,736	(238,638)	260,566
Beginning net position (restated)	<u>7,862,741</u>	<u>7,823,911</u>	<u>8,426,490</u>	<u>8,204,754</u>	<u>16,289,231</u>	<u>16,028,665</u>
Ending net position	<u>\$ 7,447,946</u>	<u>\$ 7,862,741</u>	<u>\$ 8,602,647</u>	<u>\$ 8,426,490</u>	<u>\$16,050,593</u>	<u>\$16,289,231</u>

Governmental Activities revenues in the amount of \$3,501,679 were less than expenses and transfers of \$3,916,474 by \$414,795. Business-type activities revenues and transfers in the amount of \$1,904,652 were more than expenses of \$1,728,495 by \$176,157.

BUDGETARY HIGHLIGHTS

The budget was amended on December 29, 2015 and March 3, 2016 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 4, 2014. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Increase</u>
General Fund	\$2,533,876	\$2,783,876	\$ 250,000
Recreation Area Fund	223,421	296,926	73,505
Employee Pension Fund	12,700	122,700	110,000
Ambulance Fund	382,606	442,606	<u>60,000</u>
			<u>\$ 493,505</u>

- Changes in the General Fund Budget are attributable to capital outlays and street expenditures. This increase in expenditure was offset by proceeds from taxes.
- Changes in the Recreation Area Fund Budget included capital expenditures and salaries. This increase was funded primarily through proceeds from prior-period fund balance.
- Changes in the Employee Pension Fund were due to increased benefit payments. The increase was funded by prior year net position.
- Changes in the Ambulance Fund were due primarily to capital expenditures and salaries. The increase was funded by sales.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of December 31, 2015, Limon's investment in capital assets for its governmental and business type activities, net of accumulated depreciation, was \$16,655,463. 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,223,226	\$ 1,278,989	\$ 241,797	\$ 243,476	\$ 1,465,023	\$ 1,522,465
Buildings and water and sewer systems	2,833,881	3,201,735	13,641,288	13,430,219	16,475,169	16,631,954
Equipment	2,647,072	2,516,087	1,516,125	1,536,797	4,163,197	4,052,884
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	-	-	-	9,957	-	9,957
Infrastructure	<u>4,935,344</u>	<u>4,873,328</u>	<u>-</u>	<u>-</u>	<u>4,935,344</u>	<u>4,873,328</u>
Total	\$ 11,639,523	\$ 11,870,139	\$ 16,448,205	\$ 16,269,444	\$ 28,087,728	\$ 28,139,583
Accumulated depreciation	<u>(4,533,139)</u>	<u>(4,390,084)</u>	<u>(6,899,126)</u>	<u>(6,546,945)</u>	<u>(11,432,265)</u>	<u>(10,937,029)</u>
Capital assets, net	<u>\$ 7,106,384</u>	<u>\$ 7,480,055</u>	<u>\$ 9,549,079</u>	<u>\$ 9,722,499</u>	<u>\$ 16,655,463</u>	<u>\$ 17,202,554</u>

This year's major capital asset additions include:

- Softball improvements - \$49,653
- Street repair and improvements - \$96,216
- Sewer system repairs and improvements - \$196,140

Long-term Debt – As of December 31, 2015 the Town had \$3,932,497 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	Total
	2015	2014	2015	2014	2015	2014
Special assessment bonds	\$ 163,000	\$ 185,000	\$ -	\$ -	\$ 163,000	\$ 185,000
Bonds payable:						
2000 Water Revenue	-	-	454,992	536,241	454,992	536,241
2012 Water Revenue	-	-	2,490,000	2,640,000	2,490,000	2,640,000
2012 Bond Premium	-	-	52,421	57,707	55,421	57,707
Loans payable:						
Lease-Purchase	433,317	452,256	319,770	333,746	753,087	786,002
Colorado maintenance fee	-	-	18,997	17,247	18,997	17,247
Total	<u>\$ 596,317</u>	<u>\$ 637,256</u>	<u>\$ 3,336,180</u>	<u>\$ 3,584,941</u>	<u>\$ 3,932,497</u>	<u>\$ 4,222,197</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2016 is \$1,089,782, which is \$24,524 less than 2015 actual.
- The property tax revenue budgeted for 2016 is \$322,666, which is \$2,386 less than 2015 actual.
- Governmental funds revenues were budgeted at \$3,347,131 in 2016, which is an increase of 4.8% from the 2015 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2016 budgeted direct pass-through amounts are \$648,961, which is the same as the 2015 actual amount. The 2015 budgeted expenditures for governmental activities are projected to be \$3,596,340, which is a 3.1% increase from the 2015 actual.
- Proprietary funds revenues were budgeted at \$2,247,641 for 2016, which is an increase of 6.0% from the 2015 actual revenues. 2016 budgeted expenditures of \$1,958,995 represent an increase from 2015 actual expenditures of 30.0%.

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, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 621,078	\$ 928,129	\$ 1,549,207
Current Portion Note Receivable	-	18,211	18,211
Accounts Receivable	173,930	370,605	544,535
Allowance for Doubtful Accounts	(6,122)	(133,876)	(139,998)
Intergovernmental Receivable	87,409	-	87,409
Accrued Interest Receivable	-	1,284	1,284
Special Assessment Receivable, Current Portion	14,312	-	14,312
Property Taxes Receivable	322,666	-	322,666
Inventory and Supplies	29,397	74,233	103,630
Total Current Assets	<u>1,242,670</u>	<u>1,258,586</u>	<u>2,501,256</u>
Restricted Assets:			
Emergency Reserve	78,978	-	78,978
Debt Reserves	-	84,032	84,032
Water Plant Reserve	-	218,515	218,515
Water Revenue Bonds	-	306,734	306,734
Sewer Line Maint. Reserve	-	18,998	18,998
Equipment Reserve	385,115	358,536	743,651
Total Restricted Assets	<u>464,093</u>	<u>986,815</u>	<u>1,450,908</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	184,406	-	184,406
Notes Receivable, Net of Current Portion	-	158,456	158,456
Loss on Bond Refunding	-	204,257	204,257
Accumulated Amortization	-	(60,520)	(60,520)
Capital Assets			
Land	1,223,226	241,797	1,465,023
Buildings and Water and Sewer Systems	2,833,881	13,641,288	16,475,169
Equipment	2,647,072	1,516,125	4,163,197
Infrastructure	4,935,344	-	4,935,344
Other Capital Assets	-	1,048,995	1,048,995
Accumulation Depreciation	(4,533,139)	(6,899,126)	(11,432,265)
Total Non-Current Assets	<u>7,290,790</u>	<u>9,851,272</u>	<u>17,142,062</u>
TOTAL ASSETS	<u>8,997,553</u>	<u>12,096,673</u>	<u>21,094,226</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pension	157,770	-	157,770
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>157,770</u>	<u>-</u>	<u>157,770</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	111,023	-	111,023
Current Portion of Long Term Debt	40,534	251,688	292,222
Accounts Payable	236,979	74,759	311,738
Accrued Interest Payable	-	22,520	22,520
Compensated Absences	7,193	3,349	10,542
Contingent Construction	-	57,218	57,218
Total Current Liabilities	<u>395,729</u>	<u>409,534</u>	<u>805,263</u>
Non-Current Liabilities:			
Net Pension Liability	433,199	-	433,199
Long Term Debt	555,783	3,084,492	3,640,275
Total Non-Current Liabilities	<u>988,982</u>	<u>3,084,492</u>	<u>4,073,474</u>
TOTAL LIABILITIES	<u>1,384,711</u>	<u>3,494,026</u>	<u>4,878,737</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue - Property Taxes	322,666	-	322,666
TOTAL DEFERRED INFLOW OF RESOURCES	<u>322,666</u>	<u>-</u>	<u>322,666</u>
NET POSITION			
Net Investment in Capital Assets	6,510,067	6,546,885	13,056,952
Restricted for:			
Emergency Reserve	78,978	70,000	148,978
Bond Reserve	-	306,734	306,734
Capital Replacement	385,115	-	385,115
Unrestricted:	473,786	1,679,028	2,152,814
TOTAL NET POSITION	<u>\$ 7,447,946</u>	<u>\$ 8,602,647</u>	<u>\$ 16,050,593</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, 2015

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General Government	\$ 1,000,279	\$ 202,193	\$ 3,492	\$ 113,500
Airport	191,516	5,491	-	151,617
Public Works -Streets	633,050	63,220	223,154	56,401
Public Works - Sanitation	221,140	259,080	-	-
Public Safety - Police	697,503	40	-	-
Public Health - Cemetery	66,654	5,675	-	-
Culture and Recreation	403,627	53,418	30,177	-
Head Start Program	648,961	-	648,961	-
Interest and Related Costs	24,407	-	-	-
Total Governmental Activities	<u>3,887,137</u>	<u>589,117</u>	<u>905,784</u>	<u>321,518</u>
Business-Type Activities:				
Water	461,450	582,482	-	11,292
Water Treatment Plant	241,442	234,813	8,813	-
Sewer	338,458	190,402	122,094	-
Ambulance Service Fund	421,537	480,236	57,854	-
Recreation and Airport Fuel Funds	265,608	162,928	12,236	-
Total Business-Type Activities	<u>1,728,495</u>	<u>1,650,861</u>	<u>200,997</u>	<u>11,292</u>
Total Primary Government	<u>\$ 5,615,632</u>	<u>\$ 2,239,978</u>	<u>\$ 1,106,781</u>	<u>\$ 332,810</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>
\$ (681,094)	\$ -	\$ (681,094)
(34,408)	-	(34,408)
(290,275)	-	(290,275)
37,940	-	37,940
(697,463)	-	(697,463)
(60,979)	-	(60,979)
(320,032)	-	(320,032)
-	-	-
(24,407)	-	(24,407)
<u>(2,070,718)</u>	<u>-</u>	<u>(2,070,718)</u>
-	132,324	132,324
-	2,184	2,184
-	(25,962)	(25,962)
-	116,553	116,553
-	<u>(90,444)</u>	<u>(90,444)</u>
-	<u>134,655</u>	<u>134,655</u>
\$ <u>(2,070,718)</u>	\$ <u>134,655</u>	\$ <u>(1,936,063)</u>
\$ 325,052	\$ -	\$ 325,052
94,407	-	94,407
1,114,306	-	1,114,306
35,287	-	35,287
62,898	-	62,898
7,203	-	7,203
3,497	-	3,497
5,271	12,165	17,436
10,719	-	10,719
(29,337)	29,337	-
26,620	-	26,620
<u>1,655,923</u>	<u>41,502</u>	<u>1,697,425</u>
<u>(414,795)</u>	<u>176,157</u>	<u>(238,638)</u>
<u>7,862,741</u>	<u>8,426,490</u>	<u>16,289,231</u>
\$ <u>7,447,946</u>	\$ <u>8,602,647</u>	\$ <u>16,050,593</u>

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

Town of Limon, Colorado
Balance Sheet
Governmental Funds
December 31, 2015

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 461,423	\$ -	\$ 159,655	\$ 621,078
Accounts Receivable	65,848	57,640	50,442	173,930
Allowance for Doubtful Accounts	(6,122)	-	-	(6,122)
Intergovernmental Receivable	87,409	-	-	87,409
Special Assessment Receivable	198,718	-	-	198,718
Property Tax Receivable	322,666	-	-	322,666
Inventories	29,397	-	-	29,397
Restricted Cash				
Capital Replacement Reserve	385,115	-	-	385,115
Emergency Reserve	78,978	-	-	78,978
Total Assets	<u>\$ 1,623,432</u>	<u>\$ 57,640</u>	<u>\$ 210,097</u>	<u>\$ 1,891,169</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	\$ 53,383	\$ 57,640	\$ -	\$ 111,023
Accounts Payable	70,382	-	166,597	236,979
Total Liabilities	<u>123,765</u>	<u>57,640</u>	<u>166,597</u>	<u>348,002</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Revenues Special Assessment	193,684	-	-	193,684
Deferred Revenues Taxes	322,666	-	-	322,666
Total Deferred Inflow of Resources	<u>516,350</u>	<u>-</u>	<u>-</u>	<u>516,350</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ 29,397	\$ -	\$ -	\$ 29,397
Restricted:				
Emergency Reserve	78,978	-	-	78,978
Conservation Trust Funds	-	-	14,750	14,750
Committed:				
Equipment Replacement	385,115	-	-	385,115
Assigned-Designated for Subsequent Year:				
General Fund	234,207	-	-	234,207
Special Revenue Funds	-	-	28,750	28,750
Unassigned:				
General Fund	255,620	-	-	255,620
Total Fund Balances	<u>983,317</u>	<u>-</u>	<u>43,500</u>	<u>1,026,817</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,623,432</u>	<u>\$ 57,640</u>	<u>\$ 210,097</u>	<u>\$ 1,891,169</u>

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, 2015

Total Fund Balances - Total Governmental Funds \$ 1,026,817

The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Governmental Capital assets	11,639,523
Accumulated Depreciation	(4,533,139)
Deferred Outflows Related to Pension	157,770

Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. Long term liabilities was adjusted as follows:

Special Assessment Bonds	(163,000)
Sale-Leaseback Payable	(433,317)
Net Pension Liability	(433,199)
Compensated Absences	(7,193)

Other long-term assets not available to pay for current period expenditures and therefore are deferred in the governmental funds.

Special Assessment Receivable	198,718
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>

Net Position of Governmental Activities \$ 7,447,946

Town of Limon, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2015

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES:				
Taxes	\$ 1,642,650	\$ -	\$ -	\$ 1,642,650
Fines, Licenses and Permits	69,340	-	-	69,340
Intergovernmental:				
Local	251,107	-	139,346	390,453
Federal	6,176	648,961	143,639	798,776
Charges for Services	533,855	-	800	534,655
Interest	5,260	-	11	5,271
Donations and Grants	36,989	-	-	36,989
Insurance Claims	10,719	-	-	10,719
Miscellaneous	26,620	-	-	26,620
TOTAL REVENUES	<u>2,582,716</u>	<u>648,961</u>	<u>283,796</u>	<u>3,515,473</u>
EXPENDITURES:				
Current:				
Administration	601,179	-	113,500	714,679
Airport	12,048	-	159,599	171,647
Public Works - Streets	584,728	-	-	584,728
Public Works - Sanitation	212,879	-	-	212,879
Public Safety - Police	416,325	-	-	416,325
Public Health - Cemetery	63,467	-	-	63,467
Recreation	318,742	-	8,106	326,848
Head Start Program	-	648,961	-	648,961
Capital Outlay	276,095	-	7,739	283,834
Debt Service:				
Principal - Bonded Debt	40,939	-	-	40,939
Interest	24,407	-	-	24,407
TOTAL EXPENDITURES	<u>2,550,809</u>	<u>648,961</u>	<u>288,944</u>	<u>3,488,714</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	31,907	-	(5,148)	26,759
OTHER FINANCING SOURCES (USES)				
Operating Transfer In (Out)	(44,687)	-	15,350	(29,337)
NET CHANGE IN FUND BALANCE	(12,780)	-	10,202	(2,578)
FUND BALANCES, BEGINNING	<u>996,097</u>	<u>-</u>	<u>33,298</u>	<u>1,029,395</u>
FUND BALANCES, ENDING	<u>\$ 983,317</u>	<u>\$ -</u>	<u>\$ 43,500</u>	<u>\$ 1,026,817</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, 2015

Net change in fund balances - total governmental funds	\$ (2,578)
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 \$283,834 were less than depreciation of \$398,063 in the current year.	(114,229)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	40,939
This is the current-period decrease in the liability for compensated absences	1,067
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(13,794)
Pension expense does not use current financial resources and is not included in fund financial statements.	(66,758)
The statement of activities reports a gain or loss on the sale or transfer 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 transferred/disposed	(514,450)
Accumulated depreciation of assets transferred/disposed	255,008
Net loss on transfer/disposal of assets	<u>(259,442)</u>
Change in net position of governmental activities	<u>\$ (414,795)</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Net Position December 31, 2015

ASSETS	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
Current Assets:				
Cash	\$ 594,418	\$ 323,275	\$ 10,436	\$ 928,129
Current Portion of Note Receivable	18,211	-	-	18,211
Accounts Receivable	78,349	282,705	9,551	370,605
Allowances For Doubtful Accounts	(3,906)	(129,970)	-	(133,876)
Accrued Interest Receivable	1,284	-	-	1,284
Inventories	49,413	-	24,820	74,233
Total Current Assets	<u>737,769</u>	<u>476,010</u>	<u>44,807</u>	<u>1,258,586</u>
Restricted Assets:				
Water Plant Reserve	218,515	-	-	218,515
Water Revenue Bonds	306,734	-	-	306,734
Sewer Line Maint. Reserve	18,998	-	-	18,998
Bond & Emergency Reserve Funds	84,032	-	-	84,032
Equipment Reserve	280,117	75,617	2,802	358,536
Total Restricted Assets	<u>908,396</u>	<u>75,617</u>	<u>2,802</u>	<u>986,815</u>
Non-Current Assets:				
Notes Receivable, Net of Current Portion	158,456	-	-	158,456
Loss on Bond Refunding	204,257	-	-	204,257
Accumulated Amortization	(60,520)	-	-	(60,520)
Capital Assets:				
Water System	8,715,766	-	-	8,715,766
Sewer System and Plant	4,355,911	-	-	4,355,911
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	9,321	241,797
Buildings	-	263,713	-	263,713
Recreation Area Facilities	-	-	305,898	305,898
Equipment	698,656	710,861	106,608	1,516,125
Accumulated Depreciation	(6,043,257)	(581,833)	(274,036)	(6,899,126)
Total Non-Current Assets	<u>9,265,708</u>	<u>437,773</u>	<u>147,791</u>	<u>9,851,272</u>
TOTAL ASSETS	<u>10,911,873</u>	<u>989,400</u>	<u>195,400</u>	<u>12,096,673</u>
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	250,753	542	393	251,688
Accounts Payable	30,658	16,139	27,962	74,759
Accrued Interest Payable	22,520	-	-	22,520
Compensated Absences	784	922	1,643	3,349
Contingent Construction	57,218	-	-	57,218
Total Current Liabilities	<u>361,933</u>	<u>17,603</u>	<u>29,998</u>	<u>409,534</u>
Non-Current Liabilities:				
Deposit - State of Colo. For Sewer Line Maintenance	18,998	-	-	18,998
Long-Term Debt - Net of Current Portion	3,046,681	10,952	7,861	3,065,494
Total Non-Current Liabilities	<u>3,065,679</u>	<u>10,952</u>	<u>7,861</u>	<u>3,084,492</u>
TOTAL LIABILITIES	<u>3,427,612</u>	<u>28,555</u>	<u>37,859</u>	<u>3,494,026</u>
NET POSITION				
Net investment in capital assets	5,972,815	426,279	147,791	6,546,885
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	306,734	-	-	306,734
Unrestricted	1,134,712	534,566	9,750	1,679,028
TOTAL NET POSITION	<u>\$ 7,484,261</u>	<u>\$ 960,845</u>	<u>\$ 157,541</u>	<u>\$ 8,602,647</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, 2015

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
OPERATING REVENUES				
Sales	\$ 576,364	\$ 234,813	\$ 189,209	\$ 1,000,386
Less, Contractual Adjustments and Bad Debts	<u>1,087</u>	<u>-</u>	<u>157</u>	<u>1,244</u>
Net Sales	575,277	234,813	189,052	999,142
Other User Charges	7,205	-	1,350	8,555
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>582,482</u>	<u>234,813</u>	<u>190,402</u>	<u>1,007,697</u>
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	12,357	3,346	32,116	47,819
Insurance	7,099	7,817	5,323	20,239
Utilities	30,723	27,665	51,284	109,672
Testing	546	-	10,968	11,514
Salaries and Benefits	121,088	38,621	125,437	285,146
Other Expenses	17,453	30,272	10,139	57,864
Administration	10,674	2,000	5,953	18,627
Loss on disposal of assets	-	-	-	-
Depreciation	<u>170,343</u>	<u>92,530</u>	<u>95,360</u>	<u>358,233</u>
Total Operating Expenses	<u>370,283</u>	<u>202,251</u>	<u>336,580</u>	<u>909,114</u>
Income (Loss) From Operations	<u>212,199</u>	<u>32,562</u>	<u>(146,178)</u>	<u>98,583</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	10,368	1,710	-	12,078
Tap Fees	9,252	-	2,040	11,292
Donations	-	-	-	-
Intergovernmental - Local	-	-	122,094	122,094
Intergovernmental - Federal	-	8,813	-	8,813
Interest Expense	<u>(91,167)</u>	<u>(39,191)</u>	<u>(1,878)</u>	<u>(132,236)</u>
Total Non-Operating Revenues (Expenses)	<u>(71,547)</u>	<u>(28,668)</u>	<u>122,256</u>	<u>22,041</u>
Net Income Before Contributions and Transfers	140,652	3,894	(23,922)	120,624
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 140,652</u>	<u>\$ 3,894</u>	<u>\$ (23,922)</u>	<u>120,624</u>
NET POSITION, BEGINNING OF YEAR				<u>7,363,637</u>
NET POSITION, END OF YEAR				<u>\$ 7,484,261</u>

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 889,428	\$ 155,303	\$ 2,045,117
<u>410,480</u>	<u>-</u>	<u>411,724</u>
478,948	155,303	1,633,393
-	4,955	13,510
<u>1,288</u>	<u>2,670</u>	<u>3,958</u>
<u>480,236</u>	<u>162,928</u>	<u>1,650,861</u>
-	47,330	47,330
14,785	14,668	77,272
5,854	6,025	32,118
9,914	19,328	138,914
-	412	11,926
226,443	135,334	646,923
104,576	25,842	188,282
-	-	18,627
-	-	-
<u>59,622</u>	<u>16,421</u>	<u>434,276</u>
<u>421,194</u>	<u>265,360</u>	<u>1,595,668</u>
<u>59,042</u>	<u>(102,432)</u>	<u>55,193</u>
69	18	12,165
-	-	11,292
905	12,236	13,141
56,949	-	179,043
-	-	8,813
<u>(343)</u>	<u>(248)</u>	<u>(132,827)</u>
<u>57,580</u>	<u>12,006</u>	<u>91,627</u>
116,622	(90,426)	146,820
<u>26,579</u>	<u>2,758</u>	<u>29,337</u>
<u>143,201</u>	<u>(87,668)</u>	<u>176,157</u>
<u>817,644</u>	<u>245,209</u>	<u>8,426,490</u>
<u>\$ 960,845</u>	<u>\$ 157,541</u>	<u>\$ 8,602,647</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, 2015

	<u>UTILITY FUND</u>	<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 1,033,554	\$ 438,730	\$ 158,497	\$ 1,630,781
Payments to Suppliers for Goods and Services	(254,815)	(134,494)	(105,590)	(494,899)
Payments to Employees	(285,951)	(225,521)	(135,167)	(646,639)
Net Cash From Operating Activities	<u>492,788</u>	<u>78,715</u>	<u>(82,260)</u>	<u>489,243</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	905	12,236	13,141
Intergovernmental Grants	130,907	56,949	-	187,856
Transfer From Other Fund	-	26,579	63,983	90,562
Net Cash From Non-Capital Financing Activities	<u>130,907</u>	<u>84,433</u>	<u>76,219</u>	<u>291,559</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	1,751	-	-	1,751
Tap Fees	11,292	-	-	11,292
Transfer From (To) Restricted Assets	(76,559)	(31,193)	7,750	(100,002)
Purchase of Capital Assets	(303,390)	(17,778)	(913)	(322,081)
Interest Paid	(134,168)	(343)	(248)	(134,759)
Debt Principal Payments	(249,649)	(501)	(362)	(250,512)
Note - Frazier Farms	17,271	-	-	17,271
Net Cash From Capital and Financing Activities	<u>(733,452)</u>	<u>(49,815)</u>	<u>6,227</u>	<u>(777,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	12,139	69	18	12,226
Net Cash From Investing Activities	<u>12,139</u>	<u>69</u>	<u>18</u>	<u>12,226</u>
Net Change in Cash and Cash Equivalents	(97,618)	113,402	204	15,988
CASH AND CASH EQUIVALENTS				
Beginning of Year	<u>692,036</u>	<u>209,873</u>	<u>10,232</u>	<u>912,141</u>
End of Year	<u>\$ 594,418</u>	<u>\$ 323,275</u>	<u>\$ 10,436</u>	<u>\$ 928,129</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Net Operating Income (Loss)	\$ 98,583	\$ 59,042	\$ (102,432)	\$ 55,193
Depreciation	358,233	59,622	16,421	434,276
Amortization	18,156	-	-	18,156
(Increase) Decrease in Accounts Receivable, Net	25,857	(41,506)	(4,431)	(20,080)
(Increase) Decrease in Inventory	(2,489)	-	(8,088)	(10,577)
Increase (Decrease) in Accounts Payable	(4,747)	635	16,431	12,319
Increase (Decrease) in Other Accrued Liabilities	-	-	(328)	(328)
Increase (Decrease) in Compensated Absences	(805)	922	167	284
Net Cash From Operating Activities	<u>\$ 492,788</u>	<u>\$ 78,715</u>	<u>\$ (82,260)</u>	<u>\$ 489,243</u>
Noncash Capital Financing Activities:				
Interest subsidy	\$ 8,813			\$ 8,813

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

Town of Limon, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 21,458
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	454,502
International Stocks	25,938
Mutual Funds	1,095,737
Money Markets and Other	<u>106,347</u>
 TOTAL ASSETS	 <u><u>1,703,982</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Accrued Expenses	<u>2,590</u>
 TOTAL LIABILITIES	 <u><u>2,590</u></u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,701,392</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, 2015

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 52,306
Employer Contribution	55,125
Interest Income	229
Investment Income (Loss), Net of Expenses	(28,666)
Total Additions	78,994
DEDUCTIONS:	
Benefit Payments	119,679
Administrative Expenses	2,841
Total Deductions	122,520
CHANGE IN PLAN NET POSITION	(43,526)
PLAN NET POSITION, BEGINNING OF YEAR	1,744,918
PLAN NET POSITION, END OF YEAR	\$ 1,701,392

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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 29, 2015 and March 3, 2016, the Board approved a resolutions appropriating additional sums of money for the year 2015. 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 2015 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, 2015

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 2015 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	\$ 29,397
Utility - Treatment supplies, meters and parts	49,413
Municipal Recreation Area - Merchandise & Concessions	4,033
Airport Fuel Fund - Airplane fuel	<u>20,787</u>
Total Inventories	<u>\$ 103,630</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

1. Summary of Significant Accounting Policies (continued)

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, 2015.

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.

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.

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, 2015, none of the Town's deposits are deemed to be exposed to custodial credit risk.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

2. Cash and Investments (continued)

The Town's cash deposits at December 31, 2015 was \$2,910,550 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 \$1,018 and the remaining \$2,909,532 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 1,000,000	\$ 1,000,000
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	1,918,416	1,909,532
Total cash and certificates of deposit	\$ 2,918,416	\$ 2,909,532

The difference between the bank balance and carrying balance is \$8,884, which were outstanding items that had not cleared the banks as of December 31, 2015.

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".

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

2. Cash and Investments (continued)

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:
 - A. 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.
 - B. 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, 2015 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	\$ 454,502	n/a	Not Rated	n/a
International Stocks	25,938	n/a	Not Rated	n/a
Mutual Funds	1,095,737	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>106,347</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,682,524</u>			

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

2. Cash and Investments (continued)

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	\$ 1,549,207
Pooled Cash Overdraft	(111,023)
Restricted Cash	1,450,908
Fiduciary Funds – Cash	21,458
Fiduciary Funds – Investments	<u>1,682,524</u>
Total	<u>\$ 4,593,074</u>

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, 2015 of \$78,978 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, 2015 is \$385,115. Reserves are held in bank savings accounts.

Utility Fund – reserve of \$218,515 for operation and maintenance of the water treatment plant. \$35,337 of the \$218,515 is required by the 2000 water revenue bonds and is held in a bank savings account. The remaining \$183,178 is not required by a bond issue and is held in bank certificates of deposit.

Utility Fund – funds held as required reserve for 2012 water revenue bonds. Amount held in a bank savings account totals \$306,734 at December 31, 2015.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$84,032, as of December 31, 2015 are held in a bank savings account and certificates of deposit.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

3. Restricted Assets (continued)

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 \$18,998, as of December 31, 2015, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2015 is \$280,117. Reserve is held in bank savings accounts.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2015 is \$75,617. 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 \$2,802, as of December 31, 2015, is in a bank savings account.

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.

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 \$18,768 each year. Residents are permitted to pay their accounts in full any time, which would also decrease total future annual payment requirements.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

5. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2014	Additions	Conveyances or Retirements	Balance December 31, 2015
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ 37,679	\$ (93,442)	\$ 1,223,226
Depreciable assets:				
Buildings	3,201,735	45,009	(412,863)	2,833,881
Equipment	2,516,087	139,130	(8,145)	2,647,072
Infrastructure	4,873,328	62,016	-	4,935,344
Total depreciable assets	<u>10,591,150</u>	<u>246,155</u>	<u>(421,008)</u>	<u>10,416,297</u>
Total capital assets	<u>11,870,139</u>	<u>283,834</u>	<u>(514,450)</u>	<u>11,639,523</u>
Less accumulated depreciation for:				
Buildings	(1,657,101)	(89,303)	246,863	(1,499,541)
Equipment	(1,459,236)	(131,182)	8,145	(1,582,273)
Infrastructure	<u>(1,237,747)</u>	<u>(177,578)</u>	-	<u>(1,451,325)</u>
Total accumulated depreciation	<u>(4,390,084)</u>	<u>(398,063)</u>	<u>255,008</u>	<u>(4,533,139)</u>
Depreciable assets, net	<u>6,201,066</u>	<u>(151,908)</u>	<u>(166,000)</u>	<u>5,883,158</u>
Governmental activities assets, net	<u>\$ 7,480,055</u>	<u>\$ (114,229)</u>	<u>\$ (259,442)</u>	<u>\$ 7,106,384</u>

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

General government	\$ 42,331
Airport	19,869
Public safety - police	21,736
Highways and streets	48,322
Public works - sanitation	8,261
Public health - cemetery	3,187
Culture and recreation	76,779
Infrastructure	<u>177,578</u>
Total governmental activities depreciation expense	<u>\$ 398,063</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

5. Capital Assets (continued)

	Balance December 31, 2014	Additions	Conveyances or Retirements	Balance December 31, 2015
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	243,476	-	(1,679)	241,797
Construction in progress	9,957	-	(9,957)	-
Total non-depreciable assets	<u>1,302,428</u>	<u>-</u>	<u>(11,636)</u>	<u>1,290,792</u>
Depreciable assets:				
Water system, plant & equipment	9,316,265	37,922	(6,136)	9,348,051
Sewer system, plant & equipment	4,146,856	275,424	-	4,422,281
Rec area facilities & equipment	547,099	914	(135,505)	412,508
Ambulance building & equipment	956,796	17,777	-	974,573
	<u>14,967,016</u>	<u>332,037</u>	<u>(141,641)</u>	<u>15,157,413</u>
Total capital assets	<u>16,269,444</u>	<u>332,037</u>	<u>(153,277)</u>	<u>16,448,205</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(3,876,272)	(262,873)	6,136	(4,133,009)
Sewer system, plant & equipment	(1,814,888)	(95,360)	-	(1,910,248)
Rec area facilities & equipment	(333,574)	(16,421)	75,959	(274,036)
Ambulance building & equipment	(522,211)	(59,622)	-	(581,833)
Total accumulated depreciation	<u>(6,546,945)</u>	<u>(434,276)</u>	<u>82,125</u>	<u>(6,899,126)</u>
Depreciable assets, net	<u>8,420,071</u>	<u>(102,239)</u>	<u>(59,516)</u>	<u>8,258,287</u>
Business-type activities assets, net	<u>\$ 9,722,499</u>	<u>\$ (102,239)</u>	<u>\$ (71,152)</u>	<u>\$ 9,549,079</u>

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

Water	\$ 170,343
Water treatment	92,530
Sewer	95,360
Municipal recreation	16,421
Ambulance	<u>59,622</u>
Total business-type activities depreciation expense	<u>\$ 434,276</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

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 (the 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.

Full-time and special part-time employees that are at 21 years old are eligible to participate after one year of service. There is no provision for cost-of-living increases after benefits begin, and benefits vest as follows:

Years of Service	Vested Percentage
0-9	0%
10	50%
11	60%
12	70%
13	80%
14	90%
15	100%

Membership in the Plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	3
Active Plan Members	<u>25</u>
Total	28

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. Actual employer contributions for the year ended December 31, 2015, were \$55,125 and covered payroll was \$954,434.

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

6. Retirement Plan (continued)

The Town's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Entry Age	Normal
Investment Return	7.0 percent pre-retirement and 5.0% post-retirement
Salary Scale	2.50 percent

Mortality rates were based on the GATT Blended Table for expenses, and the RP2000 Combined Mortality Table for Males or Females for obligations, using scale MP-2015.

The long-term expected rate of return on Plan investments was determined using a best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60%	9.0%-10.0%
Fixed income	35%	4.0%-5.0%
Cash	<u>5%</u>	1.0%-2.0%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

6. Retirement Plan (continued)

Changes in Town's Net Pension Liability

Changes in the Town's net pension liability for the year ended December 31, 2015 was calculated as follows:

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance, December 31, 2014	\$ 1,979,237	\$ 1,715,240	\$ 263,997
Changes for the year:			
Service cost	71,522	-	71,522
Interest	134,358	-	134,358
Difference between expected and actual experience	8,370	-	8,370
Changes in assumptions	34,314	-	34,314
Net investment income (loss)	-	(27,819)	27,819
Contributions – employees	-	52,306	(52,306)
Contributions – employer	-	55,125	(55,125)
Benefit payments	(119,679)	(119,679)	-
Administrative expense	-	(250)	250
Net changes	128,885	(40,317)	169,202
Balance, December 31, 2015	\$ 2,108,122	\$ 1,674,923	\$ 433,199

Plan Fiduciary Net Position differs slightly from the presentation on page 13 due to accrued expenses not reflected above.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	Discount rate	Net pension liability
1% decrease	6.0%	\$ 823,266
Current discount rate	7.0%	\$ 433,199
1% increase	8.0%	\$ 111,436

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

6. Retirement Plan (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended December 31, 2015, the Town recognized pension expense of \$66,758. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,768	\$ -
Changes of assumptions	31,843	-
Net difference between projected and actual earnings on Plan investments	118,159	-
Total	\$ 157,770	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2016	\$ 32,613
2017	32,613
2018	32,613
2019	32,613
2020	3,073
Thereafter	24,245

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 \$78,978 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the TABOR amendment.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

7. Contingency—Constitutional Amendment (continued)

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, 2015 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%.

During 2015 a principal payment of \$150,000 was made. Additionally, interest payments totaling \$74,600 were made, which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2016	\$ 150,000	\$ 71,600	\$ 221,600
2017	160,000	68,600	228,600
2018	155,000	65,400	220,400
2019	170,000	60,750	230,750
2020	170,000	55,650	225,650
2021-2025	1,685,000	175,200	1,860,200
	\$ 2,490,000	\$ 497,200	\$ 2,987,200

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

8. Long-Term Debt (continued)

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 2015 principal payments of \$81,249 and interest payments of \$28,896 were made in addition to the federal subsidy interest amount of \$8,814 for a total of \$37,710 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>
2016	\$ 81,249	\$ 33,923	\$ 115,172	\$ 7,478	\$ 107,694
2017	86,665	29,970	116,635	6,142	110,492
2018	92,082	25,570	117,652	4,718	112,934
2019	92,082	14,448	106,530	3,205	103,325
2020	<u>102,914</u>	<u>6,014</u>	<u>108,928</u>	<u>1,691</u>	<u>107,237</u>
	<u>\$ 454,992</u>	<u>\$ 109,925</u>	<u>\$ 564,917</u>	<u>\$ 23,234</u>	<u>\$ 541,682</u>

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 2015 a principal payment of \$11,000 was made. An interest payment of \$3,894 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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

8. Long-Term Debt (continued)

Annual debt service requirements on the bonds are as follows:

	Principal	Interest	Total
2016	\$ 5,000	\$ 3,245	\$ 8,245
2017	6,000	2,950	8,950
2018	6,000	2,596	8,596
2019	6,000	2,242	8,242
2020	7,000	1,888	8,888
2021-2024	25,000	3,245	28,245
	\$ 55,000	\$ 16,166	\$ 71,166

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 2015, a principal payment of \$11,000 was made. Additionally, interest payments of \$7,533 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.

	Principal	Interest	Total
2016	\$ 15,000	\$ 6,696	\$ 21,696
2017	16,000	5,766	21,766
2018	17,000	4,774	21,774
2019	18,000	3,720	21,720
2020	20,000	2,604	22,604
2021	22,000	1,364	23,364
	\$ 108,000	\$ 24,924	\$ 132,924

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

8. Long-Term Debt (continued)

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 2015, total principal payments of \$32,915. Additionally, total interest payments of \$22,557 were made.

Scheduled annual debt service requirements to maturity are as follows.

	Principal	Interest	Total
2016	\$ 35,687	\$ 21,583	\$ 57,270
2017	38,632	20,526	59,158
2018	41,756	19,384	61,140
2019	45,071	18,149	66,220
2020	48,588	16,816	65,404
2021-2025	303,531	60,249	363,780
2026-2028	<u>239,822</u>	<u>12,498</u>	<u>252,320</u>
	<u>\$ 753,087</u>	<u>\$ 169,205</u>	<u>\$ 922,292</u>

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, 2015

8. Long-Term Debt (continued)

Total changes in Long-Term Liabilities during 2015 are as follows:

	Balance December 31, 2014	Additions	Payments	Balance December 31, 2015	Due Within One Year
Governmental activities:					
Special assessment bonds	\$ 185,000	\$ -	\$ (22,000)	\$ 163,000	\$ 20,000
Lease-Purchase	<u>452,256</u>	<u>\$ -</u>	<u>(18,939)</u>	<u>433,317</u>	<u>20,534</u>
	<u>\$ 637,256</u>	<u>\$ -</u>	<u>\$ (40,939)</u>	<u>\$ 596,317</u>	<u>\$ 40,534</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	\$ 2,640,000	\$ -	\$ (150,000)	\$ 2,490,000	\$ 150,000
2012 Bond Premium	57,707	-	(5,286)	52,421	5,286
2000 Water Revenue	536,241	-	(81,249)	454,992	81,249
Loans payable:					
Lease-Purchase	333,746	-	(13,976)	319,770	15,153
Colorado Maintenance Fee	<u>17,247</u>	<u>2,592</u>	<u>(842)</u>	<u>18,997</u>	<u>-</u>
	<u>3,584,941</u>	<u>2,592</u>	<u>(251,353)</u>	<u>3,336,180</u>	<u>251,688</u>
Total long-term liabilities	<u>\$ 4,222,197</u>	<u>\$ 2,592</u>	<u>\$ (292,292)</u>	<u>\$ 3,932,497</u>	<u>\$ 292,222</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, 2015:

Actual Property Value (taxable)	\$ 109,644,358
	x 3%
	<u>3,289,331</u>
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,289,331</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, 2015

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 2015 the Town paid \$71,570 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 2015 the Town paid \$57,114 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2015

10. Interfund Transactions (continued)

The Town had the following interfund transactions during 2015:

Transfer to General Fund from Municipal Recreation Area Fund for transfer of activities.	\$ 67,047
Transfer from General Fund to Airport Fuel Fund for general operations.	(2,500)
Transfer from General Fund to Ambulance Fund for general operations.	(26,579)
Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	(65,000)
Transfer from General Fund to Capital Projects Fund for capital expenditures.	<u>(17,655)</u>
Total General Fund transfers, net	<u>\$ (44,687)</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 2015.

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, 2015, 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, 2015

13. Water Rights Lease

In June 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.

In May 2014, the original agreement was assigned to River Bend Ranch, LLC and amended to extend the lease for a 5 year term, with an option for an additional 5 year term. The amendment also requires lease payments of \$7,332 per year, adjusted annually in accordance with the Denver/Boulder/Greeley consumer price index. Half of the total annual payment is due on June 1st and the remaining half is due on December 1st of each year.

14. Change in Accounting Principle

Net position as of December 31, 2014, has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71 (see also Note 6):

Net Position as previously reported at December 31, 2014:	\$ 16,497,902
Net pension liability	(263,997)
Net deferred outflows/inflows	<u>55,326</u>
Total prior period adjustment	<u>(208,671)</u>
Net position as restated, January 1, 2015	<u>\$16,289,231</u>

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, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 1,492,465	\$ 1,492,465	\$ 1,642,650	\$ 150,185
Fines, Licenses and Permits	57,100	57,100	69,340	12,240
Intergovernmental - Local	223,522	223,522	251,107	27,585
Intergovernmental - Federal	8,088	8,088	6,176	(1,912)
Charges for Services	511,840	511,840	533,855	22,015
Interest	5,172	5,172	5,260	88
Donations and Grants	38,305	38,305	36,989	(1,316)
Insurance Claims	-	-	10,719	10,719
Miscellaneous	27,000	27,000	26,620	(380)
	<u>2,363,492</u>	<u>2,363,492</u>	<u>2,582,716</u>	<u>219,224</u>
TOTAL REVENUES				
EXPENDITURES				
Current:				
General Government	632,765	632,765	601,179	31,586
Airport	15,323	15,323	12,048	3,275
Public Works - Streets	549,847	549,847	584,728	(34,881)
Public Works - Sanitation	210,598	210,598	212,879	(2,281)
Public Safety	411,328	411,328	416,325	(4,997)
Public Health - Cemetery	73,258	73,258	63,467	9,791
Culture and Recreation	301,344	301,344	318,742	(17,398)
Capital Outlay	179,104	179,104	276,095	(96,991)
Debt Service:				
Principal	38,939	38,939	40,939	(2,000)
Interest	25,514	25,514	24,407	1,107
Supplemental Appropriation	-	250,000	-	250,000
	<u>2,438,020</u>	<u>2,688,020</u>	<u>2,550,809</u>	<u>137,211</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES				
	(74,528)	(324,528)	31,907	356,435
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers In	-	-	67,047	67,047
Operating Transfers (Out)	(95,856)	(95,856)	(111,734)	(15,878)
	<u>(95,856)</u>	<u>(95,856)</u>	<u>(111,734)</u>	<u>(15,878)</u>
NET CHANGE IN FUND BALANCE				
	(170,384)	(420,384)	(12,780)	407,604
FUND BALANCES, BEGINNING OF YEAR				
	<u>917,729</u>	<u>917,729</u>	<u>996,097</u>	<u>78,368</u>
FUND BALANCES, END OF YEAR				
	<u>\$ 747,345</u>	<u>\$ 497,345</u>	<u>\$ 983,317</u>	<u>\$ 485,972</u>

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

Town of Limon, Colorado
Schedule of Contributions - Pension
Last 10 Years
For the Year Ended December 31, 2015

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as % of Covered Payroll
2015	94,774	107,431	12,657	954,434	11.26%

Note: This schedule is intended to show information for 10 years. Additional years will be added prospectively.

Town of Limon, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years
For the Year Ended December 31, 2015

Year ended December 31,	<u>2014</u>
Total Pension Liability	
Service Cost	71,522
Interest	134,358
Difference between Expected and Actual Experience	8,370
Benefit Payments	(119,679)
Other Changes	<u>34,314</u>
Net Change in Total Pension Liability	128,885
Total Pension Liability - Beginning	1,979,237
Total Pension Liability - Ending (a)	2,108,122
Plan Fiduciary Net Position	
Employer Contributions	55,125
Employee Contributions	52,306
Net Investment Income	(27,819)
Benefit Payments	(119,679)
Administrative Expenses	<u>(250)</u>
Net Change in Plan Fiduciary Net Position	(40,317)
Plan Fiduciary Net Position - Beginning	1,715,240
Plan Fiduciary Net Position - Ending (b)	1,674,923
Net Pension Liability - Ending (a) - (b)	<u>433,199</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.5%
Covered Employee Payroll	954,434
Net Pension Liability as a Percentage of Covered Employee Payroll	45.4%

Note: This schedule is intended to show information for 10 years. Additional years will be added prospectively.

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, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Intergovernmental - Federal	\$ 648,961	\$ 648,961	\$ 648,961	\$ -
Total Revenues	<u>648,961</u>	<u>648,961</u>	<u>648,961</u>	<u>-</u>
EXPENDITURES:				
Head Start Program	<u>648,961</u>	<u>648,961</u>	<u>648,961</u>	<u>-</u>
Total Expenditures	<u>648,961</u>	<u>648,961</u>	<u>648,961</u>	<u>-</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, 2015

	<u>CAPITAL CONSTRUCTION FUND</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>TOTALS</u>
ASSETS:				
Cash	\$ 139,659	\$ 14,750	\$ 5,246	\$ 159,655
Grants Receivable	<u>50,442</u>	<u>-</u>	<u>-</u>	<u>50,442</u>
TOTAL ASSETS	<u>\$ 190,101</u>	<u>\$ 14,750</u>	<u>\$ 5,246</u>	<u>\$ 210,097</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	<u>\$ 166,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,597</u>
TOTAL LIABILITIES	<u>166,597</u>	<u>-</u>	<u>-</u>	<u>166,597</u>
 FUND BALANCES				
Restricted	-	14,750	-	14,750
Assigned-Designated for Subsequent Year	<u>23,504</u>	<u>-</u>	<u>5,246</u>	<u>28,750</u>
TOTAL FUND BALANCES	<u>23,504</u>	<u>14,750</u>	<u>5,246</u>	<u>43,500</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,101</u>	<u>\$ 14,750</u>	<u>\$ 5,246</u>	<u>\$ 210,097</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, 2015

	CAPITAL CONSTRUCTION FUND	CONSER- VATION TRUST FUND	CEMETERY PERPET- UAL CARE	TOTALS
REVENUES:				
Interest	\$ -	\$ 11	\$ -	\$ 11
Intergovernmental - Local	121,478	17,868	-	139,346
Intergovernmental - Federal	143,639			143,639
Perpetual Care	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
TOTAL REVENUES	<u>265,117</u>	<u>17,879</u>	<u>800</u>	<u>283,796</u>
EXPENDITURES:				
Grant Pass-Through to Limon Schools	113,500	-	-	113,500
Airport Master Plan	159,599	-	-	159,599
Recreation	-	8,106	-	8,106
Capital Outlay	<u>-</u>	<u>7,739</u>	<u>-</u>	<u>7,739</u>
TOTAL EXPENDITURES	<u>273,099</u>	<u>15,845</u>	<u>-</u>	<u>288,944</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,982)	2,034	800	(5,148)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>17,655</u>	<u>(2,305)</u>	<u>-</u>	<u>15,350</u>
NET CHANGE IN FUND BALANCE	9,673	(271)	800	10,202
FUND BALANCE, BEGINNING OF YEAR	<u>13,831</u>	<u>15,021</u>	<u>4,446</u>	<u>33,298</u>
FUND BALANCE, END OF YEAR	<u>\$ 23,504</u>	<u>\$ 14,750</u>	<u>\$ 5,246</u>	<u>\$ 43,500</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, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental - State	\$ 18,000	\$ 18,000	\$ 17,868	\$ (132)
Interest	<u>75</u>	<u>75</u>	<u>11</u>	<u>(64)</u>
Total Revenues	<u>18,075</u>	<u>18,075</u>	<u>17,879</u>	<u>(196)</u>
EXPENDITURES:				
Recreation	-	-	8,106	(8,106)
Recreation - capital outlay	<u>17,000</u>	<u>17,000</u>	<u>7,739</u>	<u>9,261</u>
Total Expenditures	<u>17,000</u>	<u>17,000</u>	<u>15,845</u>	<u>1,155</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,075	1,075	2,034	959
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(2,305)</u>	<u>695</u>
NET CHANGE IN FUND BALANCE	(1,925)	(1,925)	(271)	1,654
FUND BALANCE, BEGINNING OF YEAR	<u>15,031</u>	<u>15,031</u>	<u>15,021</u>	<u>(10)</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,106</u>	<u>\$ 13,106</u>	<u>\$ 14,750</u>	<u>\$ 1,644</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, 2015

	<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	\$ 1,000	\$ 1,000	\$ 800	\$ (200)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>800</u>	<u>(200)</u>
EXPENDITURES:				
Public Health - Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,000	1,000	800	(200)
FUND BALANCE, BEGINNING OF YEAR	<u>4,247</u>	<u>4,247</u>	<u>4,446</u>	<u>199</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,247</u>	<u>\$ 5,247</u>	<u>\$ 5,246</u>	<u>\$ (1)</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, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Intergovernmental - Federal	\$ 317,789	\$ 317,789	\$ 143,639	\$ (174,150)
Intergovernmental - Local	17,655	17,655	121,478	103,823
Donations	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
TOTAL REVENUES	<u>340,444</u>	<u>340,444</u>	<u>265,117</u>	<u>(75,327)</u>
EXPENDITURES				
Signage	10,000	10,000	-	10,000
Airport Master Plan	353,099	353,099	159,599	193,500
Grant Pass-Through to Limon Schools	<u>-</u>	<u>-</u>	<u>113,500</u>	<u>(113,500)</u>
TOTAL EXPENDITURES	<u>363,099</u>	<u>363,099</u>	<u>273,099</u>	<u>90,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,655)	(22,655)	(7,982)	14,673
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>17,655</u>	<u>17,655</u>	<u>17,655</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	9,673	14,673
FUND BALANCE, BEGINNING OF YEAR	<u>5,526</u>	<u>5,526</u>	<u>13,831</u>	<u>8,305</u>
FUND BALANCE, END OF YEAR	<u>\$ 526</u>	<u>\$ 526</u>	<u>\$ 23,504</u>	<u>\$ 22,978</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, 2015

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Sales, Net Contractual Adjustments and Bad Debts	\$ 1,046,613	\$ 1,046,613	\$ 999,142	\$ (47,471)
Other User Charges	7,400	7,400	8,555	1,155
Miscellaneous	100	100	-	(100)
Interest	12,134	12,134	12,078	(56)
Note Principal - Frasier	17,271	17,271	17,271	-
DOC Maintenance	2,553	2,553	2,553	-
DOC Maintenance Expenses from Restricted Account	10,800	10,800	841	(9,959)
Tap Fees	3,460	3,460	11,292	7,832
Intergovernmental-Federal	8,813	8,813	8,813	-
Intergovernmental-Local	95,000	95,000	122,094	27,094
Total Revenues	<u>1,204,144</u>	<u>1,204,144</u>	<u>1,182,639</u>	<u>(21,505)</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	588,273	588,273	550,881	37,392
Interest Expense	112,482	112,482	119,365	(6,883)
Debt Principal	244,362	244,362	244,364	(2)
Capital Expenditures	355,297	355,297	303,390	51,907
DOC Maintenance Revenue to Restricted Account	2,553	2,553	2,553	-
System Maintenance Paid from Colorado Reserve Account	10,800	10,800	841	9,959
Total Expenditures	<u>1,313,767</u>	<u>1,313,767</u>	<u>1,221,394</u>	<u>92,373</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (109,623)</u>	<u>\$ (109,623)</u>	(38,755)	<u>\$ 70,868</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			244,364	
Capital Expenditures			303,390	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(17,271)	
Less: Depreciation and Amortization			<u>(371,104)</u>	
Change in Net Position GAAP			<u>\$ 120,624</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, 2015

	<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	\$ 292,323	\$ 292,323	\$ 478,948	\$ 186,625
Interest	100	100	69	(31)
Donations and Grants	2,250	2,250	905	(1,345)
Intergovernmental - Local	43,135	43,135	56,949	13,814
Miscellaneous	3,200	3,200	1,288	(1,912)
Transfer From Other Funds	<u>25,483</u>	<u>25,483</u>	<u>26,579</u>	<u>1,096</u>
Total Revenues	<u>366,491</u>	<u>366,491</u>	<u>564,738</u>	<u>198,247</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	218,483	218,483	226,443	(7,960)
Maintenance	24,304	24,304	14,785	9,519
Insurance	5,854	5,854	5,854	-
Utilities	11,418	11,418	9,914	1,504
Other Expenses	110,542	110,542	104,576	5,966
Principal Payment	362	362	501	(139)
Interest Expense	343	343	343	-
Capital Outlay	11,300	11,300	17,777	(6,477)
Supplemental Appropriation	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total Expenditures	<u>382,606</u>	<u>442,606</u>	<u>380,193</u>	<u>62,413</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (16,115)</u>	<u>\$ (76,115)</u>	184,545	<u>\$ 260,660</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			501	
Add: Capital Outlay			17,777	
Less: Depreciation			<u>(59,622)</u>	
Change In Net Position GAAP			<u>\$ 143,201</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2015

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
ASSETS			
Current assets:			
Cash	\$ 2,295	\$ 8,141	\$ 10,436
Inventories	4,033	20,787	24,820
Accounts Receivable	-	9,551	9,551
Total Current Assets	<u>6,328</u>	<u>38,479</u>	<u>44,807</u>
Restricted Assets:			
Equipment Reserve	<u>2,802</u>	-	<u>2,802</u>
Total Restricted Assets	<u>2,802</u>	-	<u>2,802</u>
Non-Current Assets:			
Capital Assets:			
Land	9,321	-	9,321
Recreation Area Facilities	305,898	-	305,898
Equipment	106,608	-	106,608
Accumulated Depreciation	<u>(274,036)</u>	-	<u>(274,036)</u>
Total Non-Current Assets	<u>147,791</u>	-	<u>147,791</u>
TOTAL ASSETS	<u>156,921</u>	<u>38,479</u>	<u>195,400</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	393	-	393
Accounts Payable	2,281	25,681	27,962
Compensated Absences	<u>1,643</u>	-	<u>1,643</u>
Total Current Liabilities	<u>4,317</u>	<u>25,681</u>	<u>29,998</u>
Non-Current Liabilities:			
Long-Term Debt - Net of Current Portion	<u>7,861</u>	-	<u>7,861</u>
Total Non-Current Liabilities	<u>7,861</u>	-	<u>7,861</u>
TOTAL LIABILITIES	<u>12,178</u>	<u>25,681</u>	<u>37,859</u>
NET POSITION			
Net Investment in Capital Assets	147,791	-	147,791
Unrestricted	<u>(3,048)</u>	<u>12,798</u>	<u>9,750</u>
TOTAL NET POSITION	<u>144,743</u>	<u>12,798</u>	<u>157,541</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 156,921</u>	<u>\$ 38,479</u>	<u>\$ 195,400</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, 2015

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
OPERATING REVENUES			
Sales	\$ 121,846	\$ 33,457	\$ 155,303
Other User Charges	4,955	-	4,955
Miscellaneous	2,670	-	2,670
Total Operating Revenues	<u>129,471</u>	<u>33,457</u>	<u>162,928</u>
OPERATING EXPENSES			
Cost of Resale Items	15,065	32,265	47,330
Maintenance	13,752	916	14,668
Insurance	4,428	1,597	6,025
Utilities	19,328	-	19,328
Testing	-	412	412
Salaries and Benefits	135,334	-	135,334
Other Expenses	25,284	558	25,842
Depreciation	16,421	-	16,421
Total Operating Expenses	<u>229,612</u>	<u>35,748</u>	<u>265,360</u>
Income (Loss) From Operations	<u>(100,141)</u>	<u>(2,291)</u>	<u>(102,432)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	18	-	18
Donations	12,221	15	12,236
Interest Expense	(248)	-	(248)
Total Non-Operating Revenues (Expenses)	<u>11,991</u>	<u>15</u>	<u>12,006</u>
Net Income Before Contributions and Transfers	(88,150)	(2,276)	(90,426)
Transfers In (Out)	258	2,500	2,758
CHANGE IN NET POSITION	<u>(87,892)</u>	<u>224</u>	<u>(87,668)</u>
NET POSITION, BEGINNING OF YEAR	<u>232,635</u>	<u>12,574</u>	<u>245,209</u>
NET POSITION, END OF YEAR	<u>\$ 144,743</u>	<u>\$ 12,798</u>	<u>\$ 157,541</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, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Sales	\$ 38,000	\$ 38,000	\$ 33,457	\$ (4,543)
Donations	-	-	15	15
Transfer From Other Funds	<u>1,000</u>	<u>1,000</u>	<u>2,500</u>	<u>1,500</u>
Total Revenues	<u>39,000</u>	<u>39,000</u>	<u>35,972</u>	<u>(3,028)</u>
EXPENDITURES:				
Operating Expenses	<u>39,201</u>	<u>39,201</u>	<u>35,748</u>	<u>3,453</u>
Total Expenditures	<u>39,201</u>	<u>39,201</u>	<u>35,748</u>	<u>3,453</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (201)</u>	<u>\$ (201)</u>	<u>\$ 224</u>	<u>\$ 425</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, 2015

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Sales	\$ 137,126	\$ 137,126	\$ 121,846	\$ (15,280)
Other User Charges	10,164	10,164	4,955	(5,209)
Interest	20	20	18	(2)
Donations	14,325	14,325	12,221	(2,104)
Miscellaneous	1,686	1,686	2,670	984
Transfers from Other Funds	<u>54,718</u>	<u>54,718</u>	<u>67,305</u>	<u>12,587</u>
Total Revenues	<u>218,039</u>	<u>218,039</u>	<u>209,015</u>	<u>(9,024)</u>
EXPENDITURES:				
Salaries and Benefits	128,861	128,861	135,334	(6,473)
Cost of Resale Items	16,000	16,000	15,065	935
Maintenance	11,780	11,780	13,752	(1,972)
Insurance	5,741	5,741	4,428	1,313
Utilities	21,581	21,581	19,328	2,253
Other Expenses	30,948	30,948	25,284	5,664
Capital Expenditures	7,900	7,900	914	6,986
Principal Payments	362	362	362	-
Interest Expense	248	248	248	-
Transfers Out	-	-	67,047	(67,047)
Supplemental Appropriation	<u>-</u>	<u>73,505</u>	<u>-</u>	<u>73,505</u>
Total Expenditures	<u>223,421</u>	<u>296,926</u>	<u>281,762</u>	<u>15,164</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (5,382)</u>	<u>\$ (78,887)</u>	<u>(72,747)</u>	<u>\$ 6,140</u>
RECONCILIATION TO GAAP BASIS				
Principal payments			362	
Add budgetary items shown as Expenditures:				
Capital Expenditures			914	
Less: Depreciation and Amortization			<u>(16,421)</u>	
Change In Net Position GAAP			<u>\$ (87,892)</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, 2015

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Employee Contribution	\$ 53,983	\$ 53,983	\$ 52,306	\$ (1,677)
Employer Contribution	55,125	55,125	55,125	-
Interest Income	200	200	229	29
Investment Income				
Net of Expenses	<u>40,000</u>	<u>40,000</u>	<u>(28,666)</u>	<u>(68,666)</u>
Total Revenues	<u>149,308</u>	<u>149,308</u>	<u>78,994</u>	<u>(70,314)</u>
EXPENDITURES:				
Benefit Payments	10,000	10,000	119,679	(109,679)
Administrative Expenses	2,700	2,700	2,841	(141)
Supplemental Appropriations	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total Expenditures	<u>12,700</u>	<u>122,700</u>	<u>122,520</u>	<u>180</u>
CHANGE IN NET POSITION	136,608	26,608	(43,526)	(70,134)
NET POSITION, BEGINNING OF YEAR				
	<u>1,722,074</u>	<u>1,722,074</u>	<u>1,744,918</u>	<u>22,844</u>
NET POSITION, END OF YEAR	<u>\$ 1,858,682</u>	<u>\$ 1,748,682</u>	<u>\$ 1,701,392</u>	<u>\$ (47,290)</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 2015
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)	63,083
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	490,164
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	24,315
2. General fund appropriations	180,117	b. Snow and ice removal	10,264
3. Other local imposts (from page 2)	466,131	c. Other	45,736
4. Miscellaneous local receipts (from page 2)	157,562	d. Total (a. through c.)	80,315
5. Transfers from toll facilities		4. General administration & miscellaneous	23,713
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	222,616
a. Bonds - Original Issues		6. Total (1 through 5)	879,891
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	11,427
7. Total (1 through 6)	803,810	b. Redemption	22,000
B. Private Contributions	32,433	c. Total (a. + b.)	33,427
C. Receipts from State government (from page 2)	83,122	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	2,459
E. Total receipts (A.7 + B + C + D)	919,365	b. Redemption	3,588
		c. Total (a. + b.)	6,047
		3. Total (1.c + 2.c)	39,474
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	919,365

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	185,000		22,000	163,000
1. Bonds (Refunding Portion)				
B. Notes (Total)	85,674		3,588	82,086

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	919,365	919,365	0	0

Notes and Comments:

Other Road and Street Services is Street Lighting (Other than for traffic light) of \$45,736.

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

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	93,529	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	42,499
1. Sales Taxes	200,222	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	172,380	g. Other Misc. Gravel Sales	20,656
6. Total (1. through 5.)	372,602	h. Other Franchise fees	94,407
c. Total (a. + b.)	466,131	i. Total (a. through h.)	157,562
	(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	75,712	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	7,410	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	7,410	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	83,122	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	0		0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	0	63,083	63,083
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	63,083	63,083
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	63,083	63,083
			(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, 2015, 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 25, 2016.

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. 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.

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.

A handwritten signature in cursive script that reads "Haynie & Co".

Littleton, Colorado

July 25, 2016



**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 COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

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 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, 2015. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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 Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado

July 25, 2016

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

<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		\$ 648,961
Total Department of Health and Human Services			<u>648,961</u>
Department of Transportation			
Direct program:			
Airport Improvement Program	20.106		143,639
Pass-through program from:			
East Central Council of Local Governments			
Transportation Grant	20.xxx		6,176
Total Department of Transportation			<u>149,815</u>
Total Expenditures of Federal Awards			<u>\$ 798,776</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, 2015

1. Summary of Auditor's Results

Type of report issued on the financial statements: **Unmodified**

Material weaknesses in financial reporting internal control noted: **None**

Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting: **None**

Material noncompliance noted: **None**

Federal Awards:

Material weaknesses in internal control over major programs: **None**

Significant deficiency(s) identified that are not considered to be material weaknesses over major programs: **None**

Type of report issued on compliance for major programs: **Unmodified**

Audit findings required to be reported in accordance with the Uniform Guidance: **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: **\$750,000**

Qualifies as low-risk auditee: **No**

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

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None