TOWN OF LIMON, COLORADO

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 (the "Town") as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards and *Government Auditing*

Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements, budgetary comparison schedules, schedule of expenditures of federal awards, and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2026 on our consideration of the Town'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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 Town's internal control over financial reporting and compliance.

Littleton, Colorado
July 14, 2026

TOWN OF LIMON, COLORADO
Management's Discussion and Analysis
December 31, 2025

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 2**.** 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, Golf Course, Ambulance and Airport Fuel.

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

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by $1,824,440 or 8.3% during the year. The governmental net position increased by $1,150,447 or 10.0%, and the business-type net position increased by $673,993 or 6.5%.
- The Town's assets and deferred outflows exceeded liabilities and deferred inflows by $23,691,838 at December 31, 2025.
- General Fund is the main operating fund of the Town. As of December 31, 2025, the General Fund balance was $4,490,351, of which $1,913,329 was unassigned. Unassigned fund balance represents 32.8% of December 31, 2025 General Fund expenditures.

OVERVIEW OF THE TOWN'S 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 Golf Course, 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 STATEMENTS

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, Golf Course, 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.

REPORTING THE TOWN AS A WHOLE

Net Position- As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the Town's net position for 2024 and 2025:

Condensed Comparative Statements of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets	$ 2,807,701	$ 3,689,880	$ 1,637,841	$ 1,205,744	$ 4,445,542	$ 4,895,624
Restricted assets	2,419,170	2,972,351	1,529,072	2,102,248	3,948,242	5,074,599
Loan proceeds receivable	-	-	6,325,673	3,160,320	6,325,673	3,160,320
Capital assets, net	14,978,764	12,526,800	8,132,552	8,367,915	23,111,316	20,894,715
Total assets	20,205,635	19,189,031	17,625,138	14,836,227	37,830,773	34,025,258
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows - pension	376,628	360,522	-	-	376,628	360,522
Total deferred outflow of resources	376,628	360,522	-	-	376,628	360,522
LIABILITIES						
Current liabilities	573,912	555,157	112,142	438,590	686,054	993,747
Long-term liabilities	6,746,684	7,001,373	3,997,178	2,321,165	10,743,862	9,322,538
Total liabilities	7,320,596	7,556,530	4,109,320	2,759,755	11,429,916	10,316,285
DEFERRED INFLOW OF RESOURCES						
Deferred inflows - pension	120,257	79,851	-	-	120,257	79,851
Deferred property taxes	539,717	461,926	-	-	539,717	461,926
Deferred debt subsidy	-	-	2,425,673	1,660,320	2,425,673	1,660,320
Total deferred inflow of resources	659,974	541,777	2,425,673	1,660,320	3,085,647	2,202,097
NET POSITION						
Net investement in capital assets	9,026,225	6,340,429	4,216,178	6,135,090	13,242,403	12,475,519
Restricted net position	1,818,103	1,625,989	1,529,072	1,883,393	3,347,175	3,509,382
Unrestricted net position	1,757,365	3,484,828	5,344,895	2,397,669	7,102,260	5,882,497
Total net position	$ 12,601,693	$ 11,451,246	$ 11,090,145	$ 10,416,152	$ 23,691,838	$ 21,867,398

The net position of the Town's governmental activities as of December 31, 2025 was $12,601,693 of which $1,757,365 was unrestricted and is available for spending at the government's discretion. A significant portion of the Town's net position reflects its investment in capital assets. These assets include land, buildings and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending. An additional $1,818,103 of the Town's net position represents resources that are subject to external restrictions on how they may be used. These are discussed at Note 3 in the disclosures.

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The following table indicates the changes in net position for 2024 and 2025:

Condensed Comparative Statements of Activities

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenues:						
Operating grants and contributions	$ 969,257	$ 983,385	$ 720,361	$ 643,071	$ 1,689,618	$ 1,626,456
Capital grants and contributions	1,264,435	417,279	39,420	16,007	1,303,855	433,286
Charges for services	754,107	728,110	1,965,921	1,959,552	2,720,028	2,687,662
General revenues:						
Taxes	3,088,128	2,963,765	-	-	3,088,128	2,963,765
Interest income	145,618	314,750	58,354	73,966	203,972	388,716
Insurance proceeds	481	20,222	-	-	481	20,222
Other	25,009	36,417	-	-	25,009	36,417
Total revenue	6,247,035	5,463,928	2,784,056	2,692,596	9,031,091	8,156,524
Expenses						
General government	943,469	917,214	-	-	943,469	917,214
Airport	61,600	34,292	-	-	61,600	34,292
Public safety	835,093	713,499	-	-	835,093	713,499
Highways and streets	727,213	385,703	-	-	727,213	385,703
Public works - sanitation	410,313	835,761	-	-	410,313	835,761
Public health - cemetery	88,555	92,558	-	-	88,555	92,558
Culture and recreation	857,149	759,933	-	-	857,149	759,933
Head Start Program	857,592	858,190	-	-	857,592	858,190
Water	-	-	637,486	584,580	637,486	584,580
Water treatment plant	-	-	176,547	273,447	176,547	273,447
Sewer	-	-	457,065	454,448	457,065	454,448
Ambulance service fund	-	-	638,974	646,375	638,974	646,375
Golf and Airport Fuel fund	-	-	308,288	303,378	308,288	303,378
Interest and related costs	207,307	214,428	-	-	207,307	214,428
Total expenses	4,988,291	4,811,578	2,218,360	2,262,228	7,206,651	7,073,806
Change in net position before transfers	1,258,744	652,350	565,696	430,368	1,824,440	1,082,718
Transfers	(108,297)	(110,160)	108,297	110,160	-	-
Change in net position	$ 1,150,447	$ 542,190	$ 673,993	$ 540,528	$ 1,824,440	$ 1,082,718
Beginning net position	11,451,246	10,909,056	10,416,152	9,875,624	21,867,398	20,784,680
Ending net position	12,601,693	11,451,246	11,090,145	10,416,152	23,691,838	21,867,398

Revenue and Expense Analysis:

Revenues

The Town’s governmental activities revenues as of December 31, 2025 increased by $783,107, over the year ended December 31, 2024. This change is mostly due to an increase in capital grants and contributions. Business-type activities revenues as of December 31, 2025 increased by $91,460 over the year ended December 31, 2024. Increase in this revenue is mostly driven by an increase in grants and contributions.

Expenses

The Town’s governmental activities expenses as of December 31, 2025 increased by $176,713 over the year ended December 31, 2024. This change is mostly due to an increase in highway and street expenses. Business-type activities expenses as of December 31, 2025 decreased by $43,868 over the year ended December 31, 2024. Decrease in these expenses is due to a decrease in water treatment plant expenses.

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. Such information is useful in assessing the Town's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2025, the Town's governmental funds reported a combined ending fund balance of $4,130,089, which is a decrease of $1,516,077 or 26.9% over the prior year. Approximately 37.2% of this total amount ($1,536,290) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance ($2,593,799) is restricted, committed, assigned or considered nonspendable to (1) provide a reserve fund for the benefit of the holders of certain Town debt instruments, (2) provide an emergency reserve as required by the State Constitution and (3) fund balance which was accumulated due to revenues which were restricted or assigned to a specific item or function.

The General Fund is the chief operating fund of the Town and is always considered a major fund. As of December 31, 2025, the General Fund reported an unassigned fund balance of $1,913,329. As a measure of liquidity, it may be useful to compare total unassigned fund balance to the total fund expenditures. At year-end, the unassigned fund balances represent 32.8% of the total General Fund expenditures. The General Fund's fund balance decreased by $1,414,043 during 2025.

In 2025, taxes were the General Fund's largest source of revenue at 68%, or $3,088,128.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. As of December 31, 2025, net position of the Town's Utility, Ambulance service, Golf Course and Airport Fuel funds was $10.0 million, $937 thousand, $78 thousand, and $67 thousand, respectively. During 2025, changes in net position for these funds were an increase of $742 thousand, a decrease of $90 thousand, an increase of $9 thousand, and an increase of $13 thousand, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

BUDGETARY HIGHLIGHTS

The Town's annual budgets are prepared according to Colorado law and they are based on accounting for certain transactions on a basis of cash receipts and disbursements. The budget was amended on December 30, 2025 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 1, 2024. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	Original Budget	Final Budget	Increase
General Fund	$ 4,247,014	$ 6,247,014	$ 2,000,000
Conservation Trust Fund	-	40,000	40,000
Ambulance Fund	573,990	673,990	100,000
			$ 2,140,000

- Changes in the General Fund Budget and Conservation Trust Fund Budget were primarily attributable to capital improvements completed during the year. The increase was funded by unexpected revenues.
- Changes in Ambulance Fund were primarily due to increases in salaries and benefits, as well as capital outlay during the year. The increase was funded by unexpected revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of December 31, 2025, the Town's net investment in capital assets for its governmental and business-type activities, net of accumulated depreciation, was $13,242,403. This amount is calculated as total capital assets net of accumulated depreciation, less any outstanding debt issued to acquire those assets. 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	
	2025	2024	2025	2024	2025	2024
Land	$ 1,553,538	$ 1,248,511	$ 241,797	$ 241,797	$ 1,795,335	$ 1,490,308
Water Rights	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	270,683	270,683	625,479	504,150	896,162	774,833
Buildings and Water and						
Sewer systems	11,281,602	8,696,161	14,632,344	4,675,464	25,913,946	13,371,625
Equipment	3,941,104	3,611,810	2,511,925	12,446,100	6,453,029	16,057,910
Infrastructure	6,975,281	6,970,281	-	-	6,975,281	6,970,281
Total	24,022,208	20,797,446	19,060,540	18,916,506	43,082,748	39,713,952
Accumulated depreciation	(9,043,444)	(8,270,646)	(10,927,988)	(10,548,591)	(19,971,432)	(18,819,237)
Capital assets, net	$ 14,978,764	$ 12,526,800	$ 8,132,552	$ 8,367,915	$ 23,111,316	$ 20,894,715

This year's major capital asset additions include:

- Land and building purchase- $1,894,954
- Sanitation truck - $237,870
- Airport improvement project - $935,794

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Long-term Debt – As of December 31, 2025 the Town had $9,893,090 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds payable:						
2012 Water Revenue	$ -	$ -	$ -	$ 610,000	$ -	$ 610,000
2012 Bond Premium	-	-	-	4,847	-	4,847
2021 Sales Tax Bond	5,000,000	5,155,000	-	-	5,000,000	5,155,000
2021 Bond Premium	814,554	853,342	-	-	814,554	853,342
2024 DWRF Loan	-	-	1,429,834	1,489,966	1,429,834	1,489,966
2025 WPCRF Loan	-	-	2,387,311	-	2,387,311	-
Loans payable:						
Lease-Purchase	137,985	178,029	101,837	131,387	239,822	309,416
Colorado maintenance fee	-	-	21,569	20,107	21,569	20,107
Total	$ 5,952,539	$ 6,186,371	$ 3,940,551	$ 2,256,307	$ 9,893,090	$ 8,442,678

Compensated absences are also reported as a long-term liability of the Town. During 2025, this liability decreased by $12,279. Additional information on outstanding debt is presented in Note 8, and further details on the Town's compensated absences are provided in Note 9.

CURRENTLY KNOWN FACTS, DECISIONS, CONDITIONS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2026 budget emphasizes investment in streets, the events center, and improvements to the water and sewer system. The Town's largest source of revenue is sales tax, which represents approximately 50 percent of total General Fund budgeted revenue. Sales tax is projected to remain relatively flat in 2026 compared to 2025.

Total General Fund budgeted revenue increased by approximately 5 percent, or $227,000, from the prior year, primarily due to an anticipated land sale in 2026. Budgeted General Fund expenditures are expected to decrease by 22 percent, or approximately $1.3 million, primarily due to reduced spending related to the new events center.

Budgeted revenue for the Utility Fund is projected to increase by 451 percent compared to fiscal year 2025, while budgeted expenses are expected to increase by 383 percent. These increases are primarily attributable to anticipated grant funding and loan proceeds to support improvements to the water and sewer system. Customer fees and charges are not expected to increase significantly in 2026, as grant funding and loan proceeds will largely offset the increase in related expenses.

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, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 1,805,084	$ 1,181,469	$ 2,986,553
Accounts Receivable, Net	69,768	256,555	326,323
Intergovernmental Receivable	313,674	4,606	318,280
Accrued Interest Receivable	-	20,016	20,016
Property Taxes Receivable	539,717	-	539,717
Inventory and Supplies	74,197	175,195	249,392
Prepaid expenses	5,261	-	5,261
Restricted Cash and Cash Equivalents	2,419,170	1,529,072	3,948,242
Loan Proceeds Receivable	-	6,325,673	6,325,673
Capital Assets not Being Depreciated	1,824,221	1,916,271	3,740,492
Capital Assets, Net of Accumulated Depreciation	13,154,543	6,216,281	19,370,824
Total Assets	20,205,635	17,625,138	37,830,773
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pension	376,628	-	376,628
Total Deferred Outflows of Resources	376,628	-	376,628
LIABILITIES			
Pooled Cash Overdraft	$ 397,435	$ -	$ 397,435
Accounts Payable	160,081	106,497	266,578
Accrued Interest Payable	16,396	8,645	25,041
Long-Term Liabilities			
Due within one year:			
Bonds and loans	241,696	189,654	431,350
Compensated absences	76,262	23,059	99,321
Due in more than one year:			
Deposits		21,569	
Bonds and loans	5,710,843	3,729,329	9,440,172
Compensated absences	101,091	30,567	131,658
Net Pension liability	616,792	-	616,792
Total Liabilities	7,320,596	4,109,320	11,408,347
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pension	120,257	-	120,257
Deferred Debt Subsidy	-	2,425,673	2,425,673
Property Taxes	539,717	-	539,717
Total Deferred Inflows of Resources	659,974	2,425,673	3,085,647
NET POSITION			
Net Investment in Capital Assets	9,026,225	4,216,178	13,242,403
Restricted for:			
Restricted - Other	345,100	-	345,100
Emergency Reserve	226,261	-	226,261
Recreation Reserve	35,580	-	35,580
Library Reserve	261,996	-	261,996
Recreation Tax Reserve	949,166	-	949,166
Unrestricted:	1,757,365	6,873,967	8,631,332
Total Net Position	$ 12,601,693	$ 11,090,145	$ 23,691,838

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

Town of Limon, Colorado
Statement of Activities
For the Year Ended December 31, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
Governmental activities:							
General Government	$ 943,469	$ 161,005	$ 33,319	$ 4,938	$ (744,207)	$ -	$ (744,207)
Airport	61,600	8,417	-	818,354	765,171	-	765,171
Public Works -Streets	727,213	84,583	12,221	441,143	(189,266)	-	(189,266)
Public Works - Sanitation	410,313	386,649	-	-	(23,664)	-	(23,664)
Public Safety - Police	835,093	-	5,637	-	(829,456)	-	(829,456)
Public Health - Cemetery	88,555	8,100	-	-	(80,455)	-	(80,455)
Culture and Recreation	857,149	105,353	60,488	-	(691,308)	-	(691,308)
Head Start Program	857,592	-	857,592	-	-	-	-
Interest and Related Costs	207,307	-	-	-	(207,307)	-	(207,307)
Total Governmental Activities	4,988,291	754,107	969,257	1,264,435	(2,000,492)	-	(2,000,492)
Business-Type Activities:							
Water	637,486	834,396	561,896	37,380	-	796,186	796,186
Water Treatment Plant	176,547	184,611	-	-	-	8,064	8,064
Sewer	457,065	335,365	-	2,040	-	(119,660)	(119,660)
Ambulance Service Fund	638,974	363,495	144,110	-	-	(131,369)	(131,369)
Golf and Airport Fuel Funds	308,288	248,054	14,355	-	-	(45,879)	(45,879)
Total Business-Type Activities	2,218,360	1,965,921	720,361	39,420	-	507,342	507,342
Total Primary Government	$ 7,206,651	$ 2,720,028	$ 1,689,618	$ 1,303,855	$ (2,000,492)	$ 507,342	$ (1,493,150)
Property Taxes					$ 467,327	$ -	$ 467,327
Franchise Taxes					113,849	-	113,849
Sales Taxes					2,440,206	-	2,440,206
Motor Vehicle					58,219	-	58,219
Severance Tax					658	-	658
Cigarette Tax					4,206	-	4,206
Use Tax					3,663	-	3,663
Interest Income					145,618	58,354	203,972
Insurance Proceeds					481	-	481
Transfers					(108,297)	108,297	-
Other					25,009	-	25,009
Total General Revenues					3,150,939	166,651	3,317,590
Change in Net Position					1,150,447	673,993	1,824,440
Net Position - Beginning of year					11,451,246	10,416,152	21,867,398
Net Position - End of year					$ 12,601,693	$ 11,090,145	$ 23,691,838

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

Town of Limon, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	$ 1,776,860	$ -	$ 28,224	$ 1,805,084
Accounts Receivable, net	69,768	-	-	69,768
Intergovernmental Receivable	208,502	105,172	-	313,674
Special Assessment Receivable, net	452	-	-	452
Property Tax Receivable	539,717	-	-	539,717
Inventories	74,197	-	-	74,197
Prepaid expenses	5,261	-	-	5,261
Restricted Cash:				
Capital Replacement Reserve	241,505	-	-	241,505
Equipment Reserve	345,100	-	-	345,100
Recreation Reserve	35,580	-	-	35,580
Library Reserve	261,996	-	-	261,996
Emergency Reserve	226,261	-	-	226,261
Recreation Bond Reserve	359,562	-	-	359,562
Recreation Tax Reserve	949,166	-	-	949,166
Total Assets	$ 5,093,927	$ 105,172	$ 28,224	$ 5,227,323
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	$ -	$ 105,172	$ 292,263	$ 397,435
Accounts Payable	63,406	-	96,223	159,629
Total Liabilities	63,406	105,172	388,486	557,064
DEFERED INFLOW OF RESOURCES				
Special Assessments, Net	453	-	-	453
Property Taxes	539,717	-	-	539,717
Total Deferred Inflow of Resources	540,170	-	-	540,170
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories / Prepaids	$ 79,458	$ -	$ -	$ 79,458
Restricted:				
Emergency Reserve	226,261	-	-	226,261
Recreation Reserve	35,580	-	-	35,580
Equipment Reserve	345,100	-	-	345,100
Library Reserve	261,996	-	-	261,996
Recreation Bond Reserve	359,562	-	-	359,562
Recreation Tax Reserve	949,166	-	-	949,166
Conservation Trust Funds	-	-	(6,286)	(6,286)
Committed:				
Capital Replacement Reserve	241,505	-	-	241,505
Assigned-Designated for Subsequent Year:				
General Fund	78,394	-	-	78,394
Other Funds	-	-	23,063	23,063
Unassigned	1,913,329	-	(377,039)	1,536,290
Total Fund Balances (Deficits)	4,490,351	-	(360,262)	4,130,089
Total Liabilities, Deferred Inflow of Resources and Fund Balances (Deficits)	$ 5,093,927	$ 105,172	$ 28,224	$ 5,227,323

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

Town of Limon, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances - Governmental Funds	$ 4,130,089
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:	
Capital Assets	24,022,208
Accumulated Depreciation	(9,043,444)
The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in Governmental Funds:	
Deferred Outflows Related to Pension	376,628
Deferred Inflows Related to Pension	(120,257)
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long term liabilities at year end consist of:	
Bond Payable	(5,000,000)
Bond Premiums (net of amortization)	(814,554)
Accrued interest payable	(16,396)
Sale-Leaseback Payable	(137,985)
Net Pension Liability	(616,792)
Compensated Absences	(177,353)
Other long-term assets not available to pay for current expenditures and therefore, are deferred inflows of resources in the fund financial statements.	
Special Assessment Receivable, Net	(451)
Net Position of Governmental Activities	$ 12,601,693

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

Town of Limon, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES:				
Taxes	$ 3,088,128	$ -	$ -	$ 3,088,128
Fines, Licenses and Permits	152,056	-	-	152,056
Intergovernmental - Local	293,760	-	24,308	318,068
Intergovernmental - Federal	12,221	857,592	797,371	1,667,184
Charges for Services	621,929	-	3,000	624,929
Interest	145,608	-	10	145,618
Donations and Grants	220,927	-	20,983	241,910
Insurance Claims	481	-	-	481
Miscellaneous	25,009	-	-	25,009
Total Revenues	4,560,119	857,592	845,672	6,263,383
EXPENDITURES:				
Administration	687,264	-	-	687,264
Airport	24,212	-	-	24,212
Public Works - Streets	657,176	-	-	657,176
Public Works - Sanitation	360,161	-	-	360,161
Public Safety - Police	790,487	-	-	790,487
Public Health - Cemetery	83,993	-	-	83,993
Recreation	558,161	-	1,500	559,661
Head Start Program	–	857,592	-	857,592
Capital Outlay	2,276,543	-	971,206	3,247,749
Debt Service:				
Principal - Bonded Debt	195,044	-	-	195,044
Interest	207,824	-	-	207,824
Total Expenditures	5,840,865	857,592	972,706	7,671,163
Excess of Revenues Over (Under) Expenditures	(1,280,746)	-	(127,034)	(1,407,780)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In (Out)	(133,297)	-	25,000	(108,297)
Net Change in Fund Balance	(1,414,043)	-	(102,034)	(1,516,077)
Fund Balance - Beginning of Year	5,904,394	-	(258,228)	5,646,166
Fund Balance - End of Year	$ 4,490,351	$ -	$ (360,262)	$ 4,130,089

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 the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (1,516,077)
Capital outlays are reported in the governmental funds as an expenditure; however, for governmental activities, these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.	
Capital outlay	3,247,749
Depreciation expense	(792,337)
Net Value of Disposed Capital Assets	(3,448)
Payments of long-term debt principal are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	195,044
Compensated absences are not payable from current resources are not reported as expenditures in the current year. In the statement of activities these costs represent expenses of the current year.	
Change in accrued compensated absences	12,279
Certain revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	
Special assessment revenue	(16,346)
Bond premium amortization	38,788
Some expenses reported in the statement of activites do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Changes in pension-related liabilities, deferred inflows and deferred outflows	(145,722)
Change in accrued interest	517
Current-year pension contributions are reported as deferred outflows.	130,000
Change in net position of governmental activities	$ 1,150,447

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

Town of Limon, Colorado
Proprietary Funds
Statement of Net Position
December 31, 2025

ASSETS	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
Current Assets:				
Cash	$ 814,180	$ 300,066	$ 67,223	$ 1,181,469
Accounts Receivable, net	98,718	157,780	57	256,555
Intergovernmental Receivable	-	4,606	-	4,606
Accrued Interest Receivable	20,016	-	-	20,016
Inventories	148,085	-	27,110	175,195
Total Current Assets	1,080,999	462,452	94,390	1,637,841
Non-Current Assets:				
Restricted Cash:				
Sewer Line Maint. Reserve	21,458	–	-	21,458
Bond & Emergency Reserve Funds	720,837	–	-	720,837
Equipment Reserve	518,809	267,968	-	786,777
Total Restricted Cash	1,261,104	267,968	-	1,529,072
Loan proceeds receivable	6,325,673	-	-	6,325,673
Capital Assets, not Being Depreciated	1,861,918	45,032	9,321	1,916,271
Capital Assets, Net of Accumulated Depreciation	5,954,347	190,205	71,729	6,216,281
Total Non-Current Assets	15,403,042	503,205	81,050	15,987,297
Total Assets	16,484,041	965,657	175,440	17,625,138
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	$ 187,701	$ 1,133	$ 820	$ 189,654
Accounts Payable	91,639	9,985	4,873	106,497
Accrued Interest Payable	8,645	-	-	8,645
Compensated Absences	7,065	6,263	9,731	23,059
Total Current Liabilities	295,050	17,381	15,424	327,855
Non-Current Liabilities:				
Deposit- State of CO, Sewer Line Maintenance	21,569	-	-	21,569
Compensated Absences	9,366	8,301	12,900	30,567
Long-Term Debt - Net of Current Portion	3,724,981	2,559	1,789	3,729,329
Total Non-Current Liabilities	3,755,916	10,860	14,689	3,781,465
Total Liabilities	4,050,966	28,241	30,113	4,109,320
DEFERRED INFLOW OF RESOURCES				
Deferred Debt Subsidy	2,425,673	-	-	2,425,673
Total Deferred Inflow of Resources	2,425,673	-	-	2,425,673
NET POSITION				
Net Investment in Capital Assets	3,903,583	231,545	81,050	4,216,178
Unrestricted	6,103,819	705,871	64,277	6,873,967
Total Net Position	$ 10,007,402	$ 937,416	$ 145,327	$ 11,090,145

Town of Limon, Colorado

Proprietary Funds
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2025

	UTILITY FUND				AMBULANCE	NON-MAJOR	
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL	SERVICE FUND	PROPRIETARY FUNDS	TOTALS
OPERATING REVENUES							
Sales	$ 817,293	$ 184,611	$ 331,935	$ 1,333,839	$ 811,747	$ 238,256	$ 2,383,842
Less, Contractual Adjustments and Bad Debts	-	-	-	-	454,777	-	454,777
Net Sales	817,293	184,611	331,935	1,333,839	356,970	238,256	1,929,065
Other User Charges	8,457	-	3,430	11,887	-	924	12,811
Miscellaneous	8,646	-	-	8,646	6,525	8,874	24,045
Total Operating Revenues	834,396	184,611	335,365	1,354,372	363,495	248,054	1,965,921
OPERATING EXPENSES							
Cost of Resale Items	-	-	-	-	-	62,950	62,950
Maintenance	12,637	3,682	61,604	77,923	21,626	12,677	112,226
Insurance	11,882	8,753	4,059	24,694	9,941	8,419	43,054
Utilities	49,970	32,966	82,352	165,288	6,632	22,754	194,674
Testing	4,193	-	26,048	30,241	-	1,055	31,296
Salaries and Benefits	148,372	42,551	117,554	308,477	442,483	159,706	910,666
Other Expenses	116,402	41,938	14,014	172,354	108,534	28,881	309,769
Administration	50,748	2,000	60,975	113,723	-	-	113,723
Depreciation	185,106	43,290	89,619	318,015	49,629	11,753	379,397
Total Operating Expenses	579,310	175,180	456,225	1,210,715	638,845	308,195	2,157,755
Income (Loss) From Operations	255,086	9,431	(120,860)	143,657	(275,350)	(60,141)	(191,834)
NON-OPERATING REVENUES (EXPENSES)							
Interest Revenue	24,338	33,343	-	57,681	673	-	58,354
Tap Fees	37,380	-	2,040	39,420	-	-	39,420
Donations	-	-	-	-	56,448	14,355	70,803
Intergovernmental - Local	24,337	-	-	24,337	87,662	-	111,999
Intergovernmental - Federal	537,559	-	-	537,559	-	-	537,559
Interest Expense	(58,176)	(1,367)	(840)	(60,383)	(129)	(93)	(60,605)
Total Non-Operating Revenues (Expenses)	565,438	31,976	1,200	598,614	144,654	14,262	757,530
Net Income Before Contributions and Transfers	820,524	41,407	(119,660)	742,271	(130,696)	(45,879)	565,696
Transfers In	-	-	-	-	40,387	67,910	108,297
Change in Net Position	$ 820,524	$ 41,407	$ (119,660)	742,271	(90,309)	22,031	673,993
Net Position- Beginning of Year				9,265,131	1,027,725	123,296	10,416,152
Net Position - End of Year				$ 10,007,402	$ 937,416	$ 145,327	$ 11,090,145

Town of Limon, Colorado
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2025

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	$ 1,368,307	$ 388,698	$ 248,074	$ 2,005,079
Payments to Suppliers for Goods and Services	(902,429)	(146,073)	(141,122)	(1,189,624)
Payments to Employees	(324,675)	(444,154)	(153,070)	(921,899)
Net Cash From Operating Activities	141,203	(201,529)	(46,118)	(106,444)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITES:				
Donations	-	56,448	14,355	70,803
Intergovernmental Grants	327,249	87,662	-	414,911
Transfer From Other Fund	-	40,387	67,910	108,297
Net Cash From Non-Capital Financing Activities	327,249	184,497	82,265	594,011
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES:				
State of Colorado - Sewer Line Maintenance	1,462	-	-	1,462
Tap Fees	39,420	-	-	39,420
Transfer From (To) Restricted Assets	622,289	(49,113)	-	573,176
Purchase of Capital Assets	(121,329)	(22,705)	-	(144,034)
Interest Paid	(64,894)	(129)	(93)	(65,116)
Debt Principal Payments	(712,371)	(1,058)	(765)	(714,194)
Proceeds from State Revolving Fund	234,647	-	-	234,647
Net Cash From Capital and Related Financing Activities	(776)	(73,005)	(858)	(74,639)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	57,681	673	-	58,354
Net Cash From Investing Activities	57,681	673	-	58,354
Net Change in Cash and Cash Equivalents	525,357	(89,364)	35,289	471,282
CASH AND CASH EQUIVALENTS				
Beginning of Year	288,823	389,430	31,934	710,187
End of Year	$ 814,180	$ 300,066	$ 67,223	$ 1,181,469
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	$ 143,657	$ (275,350)	$ (60,141)	$ (191,834)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	318,015	49,629	11,753	379,397
Change in Accounts Receivable, Net	13,935	25,203	20	39,158
Change in Inventory	3,236	-	(3,209)	27
Change in Accounts Payable	(321,442)	660	(1,177)	(321,959)
Change in Compensated Absences	(16,198)	(1,671)	6,636	(11,233)
Net Cash From Operating Activities	$ 141,203	$ (201,529)	$ (46,118)	$ (106,444)

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

Town of Limon, Colorado
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2025

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	$ 163,702
Investments - At Fair Market Value:	
Equities	1,076,919
Fixed Income	702,109
Exchange Traded Funds	274,265
Money Markets and Other	211,819
Total Assets	2,428,814
NET POSITION:	
Restricted for Pension Benefits	2,428,814

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

Town of Limon, Colorado
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2025

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	$ 64,880
Employer Contribution	130,000
Interest Income	1,732
Investment Income, Net of Expenses	236,930
Total Additions	433,542
DEDUCTIONS:	
Benefit Payments	37,788
Administrative Expenses	6,221
Total Deductions	44,009
Change in Plan Net Position	389,533
Plan Net Position - Beginning of Year	2,039,281
Plan Net Position - End of Year	$ 2,428,814

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

TOWN OF LIMON, COLORADO
Notes to Financial Statements
December 31, 2025

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). GASB 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.

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 (expenses, including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges. The Town's major proprietary funds include the Utility and Ambulance Funds.

Fiduciary Fund – Private-purpose trust funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Town's trust fund is the 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. 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.

1. Summary of Significant Accounting Policies (continued)

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.

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.

1. Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s 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 for their intended purposes 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.

- *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.

1. Summary of Significant Accounting Policies (continued)

- *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 when the restriction requirements for use are met.

As of December 31, 2025, the Capital Construction fund balance was in a deficit position of $377,039. This is anticipated to be remedied through additional revenues received in 2026.

As of December 31, 2025, the Conservation Trust Fund reported a deficit fund balance of $6,286, primarily due to the timing of revenue receipts relative to expenditures. The deficit is expected to be eliminated through conservation trust revenues received in 2026.

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
Golf Course Improvements	20 to 25 years
Equipment	5 to 15 years
Water Wells	20 years

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. The original 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 2025 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.

In the current year, actual expenditures in the Municipal Golf Course Fund exceeded budgeted appropriations, while expenditures in all other funds were at or below budgeted levels.

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.

1. Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

Cash and cash equivalents 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.

Accounts Receivable

In the government-wide and fund financial statements, receivables, are reported at their gross value and, when appropriate, are reduced by their estimated portion that is expected to be uncollectible. At December 31, 2025, management has determined an allowance for uncollectible receivables in the following funds, totaling $233,288, was necessary.

Fund		Amount
Ambulance Service Fund	$	227,051
Utility Fund		4,460
General Fund		1,777
Total Allowance for Doubtful Accounts	$	233,288

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 2025 was 17.686.

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position applicable to a future period. Deferred outflows of resources are presented in a separate section on the statement of net position and are not recognized as expenses or reductions in liabilities until the period in which they relate. The Town has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement no. 68- Accounting and Financial Reporting for Pensions.

Deferred inflows of resources represent an acquisition of net assets applicable to a future period. Deferred inflows of resources are presented in a separate section in the statement of net position will be recognized as revenues or increases in assets in the period in which they relate. The Town has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for property tax revenue, deferred debt subsidy, and GASB 68

Inventory and Supplies

Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when used (consumption method).

Inventories of items in the following funds were valued at cost:	
General Fund - Dumpsters and polycarts held for resale and street supplies	$ 74,197
Utility Fund - Treatment supplies, meters and parts	148,085
Airport Fuel Fund - Airplane fuel	27,110
	$ 249,392

Compensated Absences

Full-time employees of the Town are allowed to accumulate unused paid time off. Upon termination of employment with the Town, an employee is compensated for all accrued paid time off at the current rate of pay if these benefits have matured. Sick leave is accrued based on the anticipated amount of sick leave that will be used or paid.

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.

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements
In 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 102, Certain Risk Disclosures. GASB Statement No. 102 requires governments to disclose additional information about risks related to a government's vulnerability of substantial impact due to certain concentrations or constraints. There is no impact to the Town's financial statements for 2025

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 regulations.

Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the Town bank deposits had a carrying value of $7,098,497, which include cash and cash equivalents and restricted cash and cash equivalents in the primary government Statement of Net Position and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Position.

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, 2025, none of the Town's deposits are deemed to be exposed to custodial credit risk.

2. Cash and Investments (continued)

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

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

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

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

1. A plan administered by a qualified insurance company;
2. Establish a trust with a bank or trust company;
3. Belong to Colorado's Public Employees Retirement Association (PERA);
4. Invest in the same manner as PERA is authorized. It is authorized to make a broad range of investments, with these limitations on common or preferred stock:

2. Cash and Investments (continued)

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, 2025 are reported at fair market value. The Employees' Pension Plan investments are shown below:

Investment Type	Fair Market Value	Maturity	Credit Rating	Rating Agency
Equities	$ 1,076,919	n/a	Not rated	n/a
Fixed income	702,108	n/a	Not rated	n/a
Exchange traded funds	274,265	n/a	Not rated	n/a
Money market and other	211,819	n/a	Not rated	n/a
Total Investments	$ 2,265,111			

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.

2. Cash and Investments (continued)

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

Cash and Cash Equivalents	$ 2,986,553
Restricted Cash and Cash Equivalents	3,948,242
Fiduciary Funds - Cash	163,702
Fiduciary Funds - Investments	2,265,111
Total	$ 9,363,608

Fair Value Measurement and Application – The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the Town's investments are measured at fair value using Level 1 inputs.

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, 2025 of $226,261 is 3% of the Town's annual expenditures in the governmental fund types. Reserve is held in a bank certificate of deposit.

General Fund – equipment reserves. Accumulation at December 31, 2025 is $345,100. Reserves are held in a bank certificate of deposit.

General Fund – recreation bond reserve. Accumulation at December 31, 2025 is $359,562. Reserves are held in a bank savings account.

General Fund – capital replacement reserve. Accumulation at December 31, 2025 is $241,505. Reserve is held in bank savings accounts.

General Fund – recreation reserve. Accumulation at December 31, 2025 is $35,580. Reserve is held in a bank certificate of deposit.

General Fund – library reserve. Accumulation at December 31, 2025 is $261,996. Reserve is held in a bank certificate of deposit.

General Fund – recreation tax reserve. Accumulation at December 31, 2025 is $949,166. Reserve is held in a bank certificate of deposit.

3. Restricted Assets (continued)

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of $720,837, as of December 31, 2025 are held in a bank savings account and bank certificates of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of $21,458, as of December 31, 2025, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2025 is $518,809. Reserve is held in a bank savings account and certificate of deposit.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2025 is $267,968. Reserve is held in a bank savings account.

4. Loan Proceeds Receivable

During 2024 and 2025, the Town entered into loan agreements under the Drinking Water State Revolving Fund (DWSRF) and the Water Pollution Control Revolving Fund (WPCRF) for Disadvantaged Communities to finance improvements to the Town’s water distribution and sanitation systems. The total authorized borrowing under these agreements is $3,500,000 and $3,400,000, respectively.

Both loans are structured as reimbursable agreements, with proceeds disbursed based on eligible project expenditures incurred and submitted to the funding agencies for reimbursement. As of December 31, 2025, the Town had incurred and been reimbursed $24,337 under the DWSRF loan and $210,310 under the WPCRF loan.

The remaining balances of $3,135,983 (DWSRF) and $3,189,690 (WPCRF) represent unreimbursed eligible project costs and are recorded as loan proceeds receivable at year-end.

5. Capital Assets

Capital asset activity for governmental activities for the year was as follows:

Governmental activities:	**Balance December 31, 2024**	**Additions**	**Transfers or Retirements**	**Balance December 31, 2025**
Non-depreciable assets:				
Land	$ 1,248,511	$ 305,027	$ -	$ 1,553,538
Construction in Progress	270,683	-	-	270,683
Total non- depreciable assets	1,519,194	305,027	-	1,824,221
Depreciable assets:				
Buildings	8,696,163	2,585,439	-	11,281,602
Equipment	3,611,808	352,283	(22,987)	3,941,104
Infrastructure	6,970,281	5,000	-	6,975,281
Total depreciable assets	19,278,252	2,942,722	(22,987)	22,197,987
Total capital assets	20,797,446	3,247,749	(22,987)	24,022,208
Less accumulated depreciation for:				
Buildings	(2,349,436)	(309,958)	-	(2,659,394)
Equipment	(2,528,236)	(223,117)	19,539	(2,731,814)
Infrastructure	(3,392,974)	(259,262)	-	(3,652,236)
Total accumulated depreciation	(8,270,646)	(792,337)	19,539	(9,043,444)
Depreciable assets, net	11,007,606	2,150,385	(3,448)	13,154,543
Governmental activities assets, net	$ 12,526,800	$ 2,455,412	$ (3,448)	$ 14,978,764

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

General Government	$ 32,490
Airport	37,388
Public Safety - Police	44,606
Highways and streets	66,589
Public works- Sanitation	50,152
Public health- Cemetary	4,562
Cultural and recreation	297,488
Infrastructure	259,062
Total Governmental activities depreciation expense	$ 792,337

5. Capital Assets (continued)

Capital asset activity for business-type activities for the year was as follows:

Business-type activities:	Balance December 31, 2024	Transfers or Additions	Transfers or Retirements	Balance December 31, 2025
Non-depreciable assets:				
Water rights	$ 1,048,995	$ -	$ -	$ 1,048,995
Land	241,797	-	-	241,797
Construction in progress	504,150	121,329	-	625,479
Total non-depreciable assets	1,794,942	121,329	-	1,916,271
Depreciable assets:				
Water system, plant & equipment	10,788,448	-	-	10,788,448
Sewer system, plant & equipment	4,856,707	-	-	4,856,707
Golf area facilities & equipment	460,086	-	-	460,086
Ambulance building & equipment	1,016,323	22,705	-	1,039,028
Total depreciable assets	17,121,564	22,705	-	17,144,269
Total capital assets	18,916,506	144,034	-	19,060,540
Less accumulated depreciation for:				
Water system, plant & equipment	(6,505,809)	(228,396)	-	(6,734,205)
Sewer system, plant & equipment	(2,866,984)	(89,619)	-	(2,956,603)
Golf area facilities & equipment	(376,604)	(11,753)	-	(388,357)
Ambulance building & equipment	(799,194)	(49,629)	-	(848,823)
Total accumulated depreciation	(10,548,591)	(379,397)	-	(10,927,988)
Depreciable assets, net	6,572,973	(356,692)	-	6,216,281
Business-type activities assets, net	$ 8,367,915	$ (235,363)	$ -	$ 8,132,552

Depreciation expense for business-type activities was charged to functions of the Town as follows:

Water	$ 228,396
Sewer	89,619
Golf Course	11,753
Ambulance	49,629
Total business-type actvities depreciation expense	$ 379,397

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.

All employees of the Town age 21 or older are eligible to participate in the Plan as of the January 1st or the first of the next month following the completion of one year of service with at least 1,000 hours of service. Employees must agree to make required contributions in order to be eligible for the plan. Employees who typically work less than 20 hours per week for less than 5 months per year are excluded from participating. 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, 2025, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	2
Active Plan Members	21
Total	23

Participants are required to make after-tax payroll deduction in the amount of 4% of monthly salary up to $550 and 6% of monthly salary over $550. The Town is required to contribute at an actuarially determined rate. Actual employer contributions for the year ended December 31, 2025, were $130,000 and covered payroll was $1,117,257.

6. Retirement Plan (continued)

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

The Town's net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The total pension liability in the January 1, 2025 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 3.5% post-retirement
Salary Scale	2.50 percent

Mortality rates were based on the below:

For Expenses (BOY): GATT mortality

For Obligation (EOY): GATT mortality

Pre-retirement deaths do not significantly impact liabilities as the death benefit equals the present value of the accrued benefit. Therefore, no pre-retirement mortality is assumed. As it is assumed that participants will take a lump sum benefit when there is a distributable event, GATT mortality which is used to determine the lump value of a participant's benefit was selected for valuation purposes

Generally, the 30-year treasury rates have ranged from 3.0% to 4.0% over the last 10 years. The mid-point on this range was selected for post-retirement purposes.

Furthermore, it was assumed that the Employer would make contributions compliant with an actuarially determined schedule such that the Plan's net fiduciary position was projected to be available to make all projected future benefit payments for current plan members.

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return***
Equities	60%	6.5%-8.5%
Fixed income	35%	4.5%-5.5%
Cash	5%	3.0%-4.0%
Total	100%	

** based on Horizon Actuarial 20-Year Expected Returns, 2025 edition.*

6. Retirement Plan (continued)

The discount rate used is equal to the long-term rate of return on investments of 7.00%. GASB 67 allows use of the long-term rate as long as plan assets projected assuming future contributions consistent with the most recent five years are sufficient to pay all expected plan benefits.

Changes in Town's Net Pension Liability

Changes in the Town's net pension liability for the year ended December 31, 2025 was calculated as follows:

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance, December 31, 2024	$ 2,597,701	$ 1,972,331	$ 625,370
Changes for the year:			
Service cost	99,293	-	99,293
Interest	180,515	-	180,515
Difference between expected and actual experience	135,276	-	135,276
Contributions - employer	-	130,000	(130,000)
Contributions – employee	-	64,880	(64,880)
Net investment income (loss)	-	235,005	(235,005)
Benefit payments	(37,815)	(37,815)	-
Administrative expense	-	(6,223)	6,223
Net changes	377,269	385,847	(8,578)
Balance, December 31, 2025	$ 2,974,970	$ 2,358,178	$ 616,792

Plan Fiduciary Net Position differs slightly from the presentation on page 10 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%	711,789
Current discount rate	7.0%	616,792
1% increase	8.0%	527,550

6. Retirement Plan (continued)

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

For the year ended December 31, 2025, the Town recognized pension expense of $140,857. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 301,756	$ (63,781)
Changes of assumptions	74,872	(2,379)
Net difference between projected and actual earnings on Plan investments	-	(54,097)
Total	$ 376,628	$ (120,257)

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

Year Ending December 31,	
2026	$ 80,405
2027	864
2028	20,223
2029	23,449
2030	26,435
Thereafter	104,995

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 $226,261 within the General Fund and $720,837 within the Utility Fund for the emergency reserve under the TABOR amendment.

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

7. Contingency—Constitutional Amendment (continued)

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, 2025 are as follows:

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.

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

During December 31, 2025 the Town made a final principal payment of $610,000 resulting in the bonds being paid in full. Interest payments totaling $18,300 were made during the year and are included as a direct expense under Water in the Statement of Activities.

2021 Sales and Use Tax Bonds – These bonds are payable from Sales and Use Tax revenues, together with interest rates of 4%.

The Town closed on these Bonds on November 23, 2021. During the year ended December 31, 2025 a principal payment of $155,000 was made. Additionally, interest payments totaling $202,950 were made.

Events of default include nonpayment of amounts when due or failure to comply with the terms of the agreement. Upon default, the lender may declare all amounts due and exercise available remedies, including enforcement against pledged revenues.

8. Long-Term Debt (continued)

Annual debt service requirements are as follows:

	Principal	Interest	Total
2026	$ 160,000	$ 196,750	$ 356,750
2027	165,000	191,950	356,950
2028	170,000	187,000	357,000
2029	175,000	180,200	355,200
2030	185,000	173,200	358,200
2031-2035	1,035,000	749,600	1,784,600
2036-2040	1,250,000	483,400	1,733,400
2041-2045	1,520,000	255,400	1,775,400
2046	340,000	13,600	353,600
	$ 5,000,000	$2,431,100	$ 7,431,100

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 December 31, 2025, total principal payments of $69,534. Additionally, total interest payments of $8,472 were made.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2026	$ 74,570	$ 6,418	$ 80,988
2027	79,838	4,218	84,056
2028	85,414	1,862	87,276
	$ 239,822	$ 12,498	$ 252,320

2024 Drinking Water Revolving Fund- Disadvantaged Communities Loan Program – On August 29, 2024, the Town entered a 20-year loan program that matures in May 2044 to fund upgrades to the distribution system, including pipe replacement, upsizing of water lines, and upgrades to valve and connectors on existing service lines. The Town's loan, in the principal amount of $3,500,000 includes a $2,000,000 up-front BIL General Supplemental principal forgiveness ("Deferred Debt Subsidy") at an interest rate of 0% and a loan for $1,500,000 bearing interest 2.5%, repayable in semiannual installments.

8. Long-Term Debt (continued)

Deferred Debt Subsidy - The deferred debt subsidy is reduced annually as the Town requisitions eligible project costs, with corresponding revenue recognized. During 2025, the Town requisitioned $24,337 for project expenditures, resulting in a remaining deferred debt subsidy balance of $1,635,983 as of December 31, 2025.

Repayable Loan- During 2025, the Town made principal payments totaling $60,132 and interest payments of $36,876. Future annual debt service requirements on this loan are as follows:

	Principal	Interest	Total
2026	$ 61,645	$ 35,363	$ 97,008
2027	63,195	33,812	97,007
2028	64,785	32,222	97,007
2029	66,415	30,593	97,008
2030	68,086	29,763	97,849
2031-2035	366,998	118,040	485,038
2036-2040	415,542	67,497	483,039
2041-2044	323,168	16,359	339,527
	$ 1,429,834	$ 363,649	$ 1,793,483

Events of default include failure to make required payments when due or failure to comply with the terms of the agreement. Upon default, the lender may accelerate repayment and pursue available remedies, including enforcement against pledged revenues and other rights under the agreement.

2025 Water Pollution Control Revolving Fund- Disadvantaged Communities Loan Program
On September 12 2025, the Town entered a 20-year loan program that matures in May 2045 to fund the replacement of collection system piping and related improvements to address capacity and condition issues. The Town's loan, in the principal amount of $3,400,000 includes a $1,000,000 up-front BIL General Supplemental principal forgiveness ("Deferred Debt Subsidy") at an interest rate of 0% and a loan for $2,400,000 bearing interest 2.5%, repayable in semiannual installments.

Deferred Debt Subsidy - The deferred debt subsidy is reduced annually as the Town requisitions eligible project costs, with corresponding revenue recognized. During 2025, the Town requisitioned $210,310 for project expenditures, resulting in a remaining deferred debt subsidy balance of $789,690 as of December 31, 2025.

Repayable Loan- During 2025, the Town made principal payments totaling $12,689 and interest payments of $8,167. Future annual debt service requirements on this loan are as follows:

8. Long-Term Debt (continued)

	Principal	Interest	Total
2026	$ 96,347	$ 59,084	$ 155,431
2027	98,771	56,661	155,432
2028	101,255	54,176	155,431
2029	103,803	51,629	155,432
2030	106,414	49,017	155,431
2031-2035	573,597	203,560	777,157
2036-2040	649,467	127,690	777,157
2041-2045	657,657	41,784	699,441
	$ 2,387,311	$ 643,601	$ 3,030,912

Events of default include failure to make payments when due or comply with the terms of the agreement, or the occurrence of certain adverse conditions. Upon default, the lender may accelerate repayment and pursue available remedies, including enforcement against pledged revenues and other rights under the agreement.

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8. Long-Term Debt (continued)

Total changes in Long-Term Liabilities during December 31, 2025 are as follows:

	Balance December 31, 2024	Additions	Payments	Balance December 31, 2025	Due Within One Year
Governmental activities:					
Bonds payable:					
2021 Sales Tax Bond	$ 5,155,000	$ -	$ (155,000)	$ 5,000,000	$ 160,000
2021 Bond Premium	853,342	-	(38,788)	814,554	38,788
	6,008,342	-	(193,788)	5,814,554	198,788
Loans payable:					
Lease-Purchase	178,029	-	(40,044)	137,985	42,908
	178,029	-	(40,044)	137,985	42,908
Business-type activities:					
Bonds payable:					
2012 Water Revenue	610,000	-	(610,000)	-	-
2012 Bond Premium	4,847	-	(4,847)	-	-
	614,847	-	(614,847)	-	-
Loans payable:					
DWRF Water Loan	1,489,966	-	(60,132)	1,429,834	61,645
WPCRF Sewer Loan	-	2,400,000	(12,689)	2,387,311	96,347
Lease-Purchase	131,387	-	(29,550)	101,837	31,662
Colorado Maintenance Fee	20,107	1,462	-	21,569	-
	1,641,460	2,401,462	(102,371)	3,940,551	189,654
Total long-term liabilities	$ 8,442,678	$ 2,401,462	$ (951,050)	$ 9,893,090	$ 431,350

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, 2025:

Actual property value (taxable)	$ 241,902,281
Multiplier of 3%	3%
	7,257,068
General Obligation Bonds issued other than for Water & Sewer purposes, which are specifically exempted for the limitation	-
Available debt margin	$ 7,257,068

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

9. Compensated Absences

The following is a summary of the Town's compensated absences payable for the year ended December 31, 2025.

	Beginning of Year	Net change	Balance End of Year	Amount Due Within One Year
Governmental Activities:				
Compensated Absences	$ 189,632	$ (12,279)	$ 177,353	$ 76,262
Total Governmental Activities	$ 189,632	$ (12,279)	$ 177,353	$ 76,262
Business-Type Activities:				
Compensated Absences	$ 64,859	$ (11,233)	$ 53,626	$ 23,059
Total Business-type Activities	$ 64,859	$ (11,233)	$ 53,626	$ 23,059

10. 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 December 31, 2025 the Town paid $140,994 for insurance coverage to the pool which is included in the operating expense of the general and enterprise funds.

10. Risk Management (continued)

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 December 31, 2025 the Town paid $73,682 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

11. Interfund Transfers

Interfund transfers are included within the balance sheet as current obligations of the appropriate fund. No eliminations have been made for interfund transactions in the fund financial statements.

Transfer from General Fund to Ambulance Fund for general operations.	$ (40,387)
Transfer from General Fund to Capital Projects Fund for general purposes.	$ (25,000)
Transfer from General Fund to Golf Course Fund for general purposes.	(67,910)
Total Interfund transfers, from General Fund	$ (133,297)

12. Employee 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, 2025, two of these individuals continue to be employed by the Town. The eventual obligations under these agreements is not estimable as of December 31, 2025.

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, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 2,887,793	$ 2,887,793	$ 3,088,128	$ 200,335
Fines, Licenses and Permits	125,050	125,050	152,056	27,006
Intergovernmental - Local	271,899	271,899	293,760	21,861
Intergovernmental - Federal		-	12,221	12,221
Charges for Services	896,652	896,652	621,929	(274,723)
Interest	100,330	100,330	145,608	45,278
Donations and Grants	174,552	174,552	220,927	46,375
Insurance Claims	-	-	481	481
Miscellaneous	30,000	30,000	25,009	(4,991)
Supplemental Appropriation	-	2,000,000	-	(2,000,000)
TOTAL REVENUES	4,486,276	6,486,276	4,560,119	(1,926,157)
EXPENDITURES				
General Government	704,618	704,618	687,264	17,354
Airport	15,128	15,128	24,212	(9,084)
Public Works - Streets	748,116	748,116	657,176	90,940
Public Works - Sanitation	669,611	669,611	360,161	309,450
Public Safety	850,138	850,138	790,487	59,651
Public Health - Cemetery	110,796	110,796	83,993	26,803
Culture and Recreation	583,238	583,238	558,161	25,077
Capital Outlay	162,500	162,500	2,276,543	(2,114,043)
Debt Service:				
Principal	195,045	195,045	195,044	1
Interest	207,824	207,824	207,824	-
Supplemental Appropriation	-	2,000,000	-	2,000,000
TOTAL EXPENDITURES	4,247,014	6,247,014	5,840,865	406,149
Excess of Revenues Over (Under) Expenditures	239,262	239,262	(1,280,746)	(1,520,008)
OTHER FINANCING SOURCES (USES)				
Operating Transfers (Out)	133,297	133,297	(133,297)	(266,594)
Net Change in Fund Balance	$ 372,559	$ 372,559	(1,414,043)	$ (1,786,602)
Fund Balance - Beginning of Year			5,904,394	
Fund Balance - End of Year			$ 4,490,351	

Town of Limon, Colorado
Schedule of Contributions - Pension
Last 10 Years
For the Year Ended December 31, 2025

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as % of Covered Payroll
2025	$ 130,000	130,000	$ -	$1,117,257	11.64%
2024	141,891	141,891	-	1,040,097	13.64%
2023	109,837	109,837	-	979,441	11.21%
2022	100,000	100,000	-	1,022,748	9.78%
2021	100,000	100,000	-	1,061,341	9.42%
2020	95,000	95,000	-	948,015	10.02%
2019	100,000	100,000	-	849,627	11.77%
2018	64,898	64,898	-	931,032	6.97%
2017	56,516	56,516	-	958,901	5.89%
2016	60,646	60,646	-	821,334	7.38%

Town of Limon, Colorado

Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years
For the Year Ended December 31, 2025

Year ended December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 99,293	$ 86,636	$ 80,130	$ 88,990	$ 93,084	$ 77,664	$ 70,599	$ 66,538	$ 70,102	$ 60,605
Interest	180,515	170,923	164,746	166,558	152,289	144,553	153,466	160,742	156,002	147,499
Difference between Expected and										
Actual Experience	135,276	8,865	77,076	(77,590)	43,969	110,237	46,305	(23,335)	31,136	(41,684)
Benefit Payments	(37,815)	(220,958)	(246,456)	(161,246)	(9,745)	(434,158)	(361,216)	(505,016)	(60,833)	(2,009)
Other Changes	-	-	-	-	-	-	-	125,224	93,407	(13,519)
Net Change in Total Pension Liability	$377,269	$45,466	$75,496	$16,712	$279,597	($101,704)	($90,846)	($175,847)	$289,814	$150,892
Total Pension Liability - Beginning	2,597,702	2,552,236	2,476,740	2,460,028	2,180,431	2,282,135	2,372,981	2,548,828	2,259,014	2,108,122
Total Pension Liability - Ending (a)	2,974,971	2,597,702	2,552,236	2,476,740	2,460,028	2,180,431	2,282,135	2,372,981	2,548,828	2,259,014
Plan Fiduciary Net Position										
Employer Contributions	$ 130,000	$ 141,891	$ 109,837	$ 100,000	$ 100,000	$ 95,000	$ 100,000	$ 64,898	$ 56,516	$ 60,646
Employee Contributions	64,880	63,597	62,121	56,540	61,839	55,880	51,630	54,194	52,431	50,879
Net Investment Income	235,005	174,522	195,486	(259,699)	183,002	157,450	259,783	(75,017)	283,544	105,379
Benefit Payments	(37,815)	(220,958)	(246,456)	(161,246)	(9,745)	(434,158)	(361,216)	(505,016)	(60,833)	(2,009)
Administrative Expenses	(6,223)	(6,768)	(6,695)	(7,637)	(6,536)	(6,450)	(6,557)	(7,460)	(6,570)	(8,630)
Net Change in Plan Fiduciary Net Position	$ 385,847	$ 152,284	$ 114,293	$ (272,042)	$ 328,560	$ (132,278)	$ 43,640	$ (468,401)	$ 325,088	$ 206,265
Plan Fiduciary Net Position - Beginning	1,972,332	1,820,048	1,705,755	1,977,797	1,649,237	1,781,515	1,737,875	2,206,276	1,881,188	1,674,923
Plan Fiduciary Net Position - Ending (b)	2,358,179	1,972,332	1,820,048	1,705,755	1,977,797	1,649,237	1,781,515	1,737,875	2,206,276	1,881,188
Net Pension Liability - Ending (a) - (b)	616,792	625,370	732,188	770,985	482,231	531,194	500,620	635,106	342,552	377,826
Plan Fiduciary Net Position as a Percentage										
of Total Pension Liability	79.3%	75.9%	71.3%	68.9%	80.4%	75.6%	78.1%	73.2%	86.6%	83.3%
Covered Payroll	1,117,257	1,040,097	979,441	1,022,748	1,061,341	948,015	849,627	931,032	958,901	821,334
Net Pension Liability as a Percentage of										
Covered Payroll	55.2%	60.1%	74.8%	75.4%	45.4%	56.0%	58.9%	68.2%	35.7%	46.0%

Note: The data provided in this schedule is based as of the measurement date of the Town's net pension liability.

Town of Limon, Colorado

Other Supplementary Information

Town of Limon, CO

Head Start Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual

For the Year Ended December 31, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental - Federal	$ 858,190	$ 858,190	$ 857,592	$ (598)
Total Revenues	858,190	858,190	857,592	(598)
EXPENDITURES:				
Head Start Program	858,190	858,190	857,592	598
Total Expenditures	858,190	858,190	857,592	598
Net Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ -	

Town of Limon, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	CAPITAL CONSTRUCTION FUND	TOTALS
ASSETS:				
Cash	$ 5,161	$ 23,063	$ -	$ 28,224
Total Assets	$ 5,161	$ 23,063	$ -	$ 28,224
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Pooled Cash Overdraft	$ 11,447	$ -	$ 280,816	$ 292,263
Accounts Payable	-	-	96,223	96,223
Total Liabilities	11,447	-	377,039	388,486
FUND BALANCES (DEFICITS):				
Restricted	(6,286)	-	-	(6,286)
Assigned-Designated for Subsequent Year	-	23,063	-	23,063
Unassigned	-	-	(377,039)	(377,039)
Total Fund Balances (Deficits)	(6,286)	23,063	(377,039)	(360,262)
Total Liabilities and Fund Balances (Deficits)	$ 5,161	$ 23,063	$ -	$ 28,224

Town of Limon, Colorado
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	CAPITAL CONSTRUCTION FUND	TOTALS
REVENUES:				
Interest	$ 10	$ -	$ -	$ 10
Intergovernmental - Local	24,308	-	-	24,308
Intergovernmental - Federal	-	-	797,371	797,371
Grants	-	-	20,983	20,983
Perpetual Care	-	3,000	-	3,000
Total Revenues	24,318	3,000	818,354	845,672
EXPENDITURES:				
Recreation Improvements	1,500	-	-	1,500
Capital Outlay	35,412	-	935,794	971,206
Total Expenditures	36,912	-	935,794	972,706
Excess of Revenues Over (Under) Expenditures	(12,594)	3,000	(117,440)	(127,034)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	25,000	25,000
Net Change in Fund Balance	(12,594)	3,000	(92,440)	(102,034)
Fund Balance - Beginning of Year	6,308	20,063	(284,599)	(258,228)
Fund Balance - End of Year	$ (6,286)	$ 23,063	$ (377,039)	$ (360,262)

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, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental - State	$ 25,000	$ 25,000	$ 24,308	$ (692)
Interest	23	23	10	(13)
Supplmental Appropriation	-	40,000	-	(40,000)
Total Revenues	25,023	65,023	24,318	(40,705)
EXPENDITURES:				
Improvements	-	-	36,912	(36,912)
Supplemental Appropriation	-	40,000	-	40,000
Total Expenditures	-	40,000	36,912	3,088
Excess of Revenues Over (Under) Expenditures	25,023	25,023	(12,594)	(37,617)
Net Change in Fund Balance	$ 25,023	$ 25,023	(12,594)	$ (37,617)
Fund Balance - Beginning of Year			6,308	
Fund Balance - End of Year			$ (6,286)	

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, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Perpetual Care	$ 1,200	$ 1,200	$ 3,000	$ 1,800
Total Revenues	1,200	1,200	3,000	1,800
EXPENDITURES:				
Perpetual Care Improvements	1,200	1,200	-	1,200
Total Expenditures	1,200	1,200	-	1,200
Net Change in Fund Balance	$ -	$ -	3,000	$ 3,000
Fund Balance - Beginning of Year			20,063	
Fund Balance - End of Year			$ 23,063	

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, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental - Federal	$ 950,000	$ 950,000	$ 797,371	$ (152,629)
Grants	25,000	25,000	20,983	(4,017)
Total Revenues	975,000	975,000	818,354	(156,646)
EXPENDITURES				
Airport Joint Seal Project	1,000,000	1,000,000	935,794	64,206
Total Expenditures	1,000,000	1,000,000	935,794	64,206
Excess of Revenues Over (Under) Expenditures	(25,000)	(25,000)	(117,440)	(92,440)
OTHER FINANCING SOURCES AND (USES):				
Transfers In	25,000	25,000	25,000	-
Net Change in Fund Balance	$ -	$ -	(92,440)	$ (92,440)
Fund Balance - Beginning of Year			(284,599)	
Fund Balance - End of Year			$ (377,039)	

Town of Limon, Colorado

Utility Fund
Schedule of Revenues, Expenses
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Sales	$ 1,350,870	$ 1,350,870	$ 1,333,839	$ (17,031)
Other User Charges	6,000	6,000	11,887	5,887
Miscellaneous	500	500	8,646	8,146
Interest	6,241	6,241	57,681	51,440
DOC Maintenance	1,332	1,332	-	(1,332)
DOC Maintenance Expenses from Restricted Account	1,000	1,000	-	(1,000)
Tap Fees	23,000	23,000	39,420	16,420
Intergovernmental-Federal	1,244,292	1,244,292	537,559	(706,733)
Intergovernmental-Local	3,430,000	3,430,000	24,337	(3,405,663)
Total Operating Revenues	6,063,235	6,063,235	2,013,369	(4,049,866)
OPERATING EXPENSES:				
Operating Expenses (other than depreciation and amortization)	1,671,312	1,671,312	892,700	778,612
Interest Expense	62,240	62,240	60,383	1,857
Debt Principal	122,690	122,690	712,371	(589,681)
Capital Expenditures	7,658,438	7,658,438	121,329	7,537,109
DOC Maintenance Revenue to Restricted Account	1,332	1,332	-	1,332
System Maintenance Paid from CO Reserve Account	40,000	40,000	-	40,000
Total Operating Expenses	9,556,012	9,556,012	1,786,783	7,769,229
CHANGE IN NET POSITION, BUDGETARY BASIS	$ (3,492,777)	$ (3,492,777)	226,586	$ 3,719,363
RECONCILIATION FROM BUDGETARY BASIS TO GAAP BASIS				
Principal Payments			712,371	
Capital Outlay			121,329	
Depreciation and Amortization			(318,015)	
Change in Net Position - GAAP Basis			742,271	
Net Position- Beginning of Year			9,265,131	
Net Position - End of Year			$ 10,007,402	

Town of Limon, Colorado

Ambulance Service Fund
Schedule of Revenues, Expenses
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
OPERATING REVENUES:	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Sales, Net Contractual Adjustments and Bad Debts	$ 590,000	$ 590,000	$ 356,970	$ (233,030)
Interest	-	-	673	673
Donations and Grants	131,456	131,456	56,448	(75,008)
Intergovernmental - Local	1,200	1,200	87,662	86,462
Miscellaneous	2,365	2,365	6,525	4,160
Transfer From Other Funds	40,387	40,387	40,387	-
Supplemental Appropriation	-	100,000	-	(100,000)
Total Operating Revenues	765,408	865,408	548,665	(316,743)
OPERATING EXPENSES:				
Operating				
Salaries and Benefits	417,782	417,782	442,483	(24,701)
Maintenance	11,500	11,500	21,626	(10,126)
Insurance	9,072	9,072	9,941	(869)
Utilities	12,800	12,800	6,632	6,168
Other Expenses	111,649	111,649	108,534	3,115
Capital Outlay	10,000	10,000	22,705	(12,705)
Principal Payment	1,058	1,058	1,058	-
Interest Expense	129	129	129	-
Supplemental Appropriation	-	100,000	-	100,000
Total Operating Expenses	573,990	673,990	613,108	60,882
CHANGE IN NET POSITION, BUDGETARY BASIS	$ 191,418	$ 191,418	$ (64,443)	$ (255,861)
RECONCILIATION FROM BUDGETARY BASIS TO GAAP BASIS				
Principal Payments			1,058	
Capital Outlay			22,705	
Depreciation			(49,629)	
Change in Net Position - GAAP Basis			(90,309)	
Net Position- Beginning of Year			1,027,725	
Net Position - End of Year			$ 937,416	

Town of Limon, Colorado
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2025

ASSETS	GOLF COURSE FUND	AIRPORT FUEL FUND	TOTALS
Current assets:			
Cash	$ 25,337	$ 41,886	$ 67,223
Inventories	-	27,110	27,110
Accounts Receivable	-	57	57
Total Current Assets	25,337	69,053	94,390
Non-Current Assets:			
Capital Assets, not Being Depreciated	9,321	-	9,321
Capital Assets, Net of Accumulated Depreciation	71,729	-	71,729
Total Non-Current Assets	81,050	-	81,050
Total Assets	106,387	69,053	175,440
LIABILITIES AND FUND BALANCES:			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	$ 820	$ -	$ 820
Accounts Payable	3,148	1,725	4,873
Compensated Absences	9,731	-	9,731
Total Current Liabilities	13,699	1,725	15,424
Non-Current Liabilities:			
Compensated Absences	12,900	-	12,900
Long-Term Debt - Net of Current Portion	1,789	-	1,789
Total Non-Current Liabilities	14,689	-	14,689
Total Liabilities	28,388	1,725	30,113
NET POSITION:			
Net Investment in Capital Assets	81,050	-	81,050
Unrestricted	(3,051)	67,328	64,277
Total Net Position	77,999	67,328	145,327
Total Liabilities and Net Position	$ 106,387	$ 69,053	$ 175,440

Town of Limon, Colorado

Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses
And Changes in Net Position
For the Year Ended December 31, 2025

	GOLF COURSE FUND	AIRPORT FUEL FUND	TOTALS
OPERATING REVENUES			
Sales	$ 187,184	$ 51,072	$ 238,256
Other User Charges	924	-	924
Miscellaneous	7,886	988	8,874
Total Operating Revenues	195,994	52,060	248,054
OPERATING EXPENSES			
Cost of Resale Items	33,652	29,298	62,950
Maintenance	8,939	3,738	12,677
Insurance	4,700	3,719	8,419
Utilities	22,754	-	22,754
Testing	-	1,055	1,055
Salaries and Benefits	159,706	-	159,706
Other Expenses	27,969	912	28,881
Depreciation	11,753	-	11,753
Total Operating Expenses	269,473	38,722	308,195
OPERATING INCOME (LOSS)	(73,479)	13,338	(60,141)
NON-OPERATING REVENUES (EXPENSES)			
Donations	14,355	-	14,355
Interest Expense	(93)	-	(93)
Total Non-Operating Revenues (Expenses)	14,262	-	14,262
Income (Loss) Before Contributions and Transfers	(59,217)	13,338	(45,879)
Transfers In (Out)	67,910	-	67,910
Change in Net Position	8,693	13,338	22,031
Net Position - Beginning of year	69,306	53,990	123,296
Net Position - End of Year	$ 77,999	$ 67,328	$ 145,327

Town of Limon, Colorado
Airport Fuel Fund
Schedule of Revenues, Expenses
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
OPERATING REVENUES:				
Sales	$ 47,500	$ 47,500	$ 51,072	$ 3,572
Miscellaneous	100	100	988	888
Total Operating Revenues	47,600	47,600	52,060	4,460
OPERATING EXPENSES:				
Operating Expenses	43,800	43,800	38,722	5,078
Total Operating Expenses	43,800	43,800	38,722	5,078
Change in Net Position - GAAP Basis	$ 3,800	$ 3,800	13,338	$ 9,538
Net Position - Beginning of year			53,990	
Net Position - End of Year			$ 67,328	

Town of Limon, Colorado

Municipal Golf Course Fund
Schedule of Revenues, Expenses
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Sales	$ 178,450	$ 178,450	$ 187,184	$ 8,734
Other User Charges	1,000	1,000	924	(76)
Donations	14,000	14,000	14,355	355
Miscellaneous	2,000	2,000	7,886	5,886
Transfers from Other Funds	67,910	67,910	67,910	-
Total Operating Revenues	263,360	263,360	278,259	14,899
OPERATING EXPENSES:				
Salaries and Benefits	149,508	149,508	159,706	(10,198)
Cost of Resale Items	33,000	33,000	33,652	(652)
Maintenance	17,000	17,000	8,939	8,061
Insurance	3,941	3,941	4,700	(759)
Utilities	24,300	24,300	22,754	1,546
Other Expenses	18,880	18,880	27,969	(9,089)
Capital Expenditures	7,000	7,000	-	7,000
Principal Payments	714	714	766	(52)
Interest Expense	114	114	93	21
Total Operating Expenses	254,457	254,457	258,579	(4,122)
Change in Net Position Budgetary Basis	$ 8,903	$ 8,903	$ 19,680	$ 10,777
RECONCILIATION FROM BUDGETARY BASIS TO GAAP BASIS				
Principal payments			766	
Depreciation and Amortization			(11,753)	
Change in Net Position - GAAP Basis			8,693	
Net Position - Beginning of year			69,306	
Net Position - End of Year			$ 77,999	

Town of Limon, Colorado
Employees' Pension Fund
Schedule of Changes in Fiduciary Net Position- Budget and Actual
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
ADDITIONS:				
Employee Contribution	$ 63,000	$ 63,000	$ 64,880	$ 1,880
Employer Contribution	125,000	125,000	130,000	5,000
Interest Income	2,000	2,000	1,732	(268)
Investment Income, net of expenses	200,000	200,000	236,930	36,930
Total Additions	390,000	390,000	433,542	43,542
DEDUCTIONS:				
Benefit Payments	250,000	250,000	37,788	212,212
Administrative Expenses	7,500	7,500	6,221	1,279
Total Deductions	257,500	257,500	44,009	213,491
Change in Plan Net Position	$ 132,500	$ 132,500	389,533	$ 257,033
Plan Net Position - Beginning of Year			2,039,281	
Plan Net Position - End of Year			$ 2,428,814	

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: Town of Limon, Colorado	PREPARED BY: CHRIS SNYDER csnyder@townoflimon.com	REPORT YEAR ENDING DATE: 12/2025

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. Total (1 - (2 through 4))				

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 Assesments	230,902.35	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	435,343.04	b. Other Misc. Local Receipts	309,084.02
c. Total (a + b)	$ 666,245.39	**c. Total (a + b)**	$ 309,084.02
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	92,153.86	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ –		
4. Total (1 + 2 + 3c)	$ 92,153.86	**3. Total (1 + 2)**	$ –

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	
d. Total Capital Outlay (a+ b + c)	$ –

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE: 12/2025

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 666, 245. 39
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 309, 084. 02
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ –
7. Total (1 through 6)	$ 975, 329. 41
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 92, 153. 86
D. Receipts from Federal government (from page 1, Item II.D.3)	$ –
E. Total receipts (A.7 + B + C + D)	$ 1, 067, 483. 27

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ –
2. Maintenance:	556, 842. 64
3. Road and Street Services:	
a. Snow and Ice Removal	0. 00
b. Other & Traffic Control Operations	13, 497. 15
c. Total (a + b)	$ 13, 497. 15
4. General Administration & Miscellaneous	19, 353. 96
5. Highway Law Enforcement and Safety	469, 280. 33
6. Total (1 through 5)	$ 1, 058, 974. 08
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ –
2. Notes:	
a. Interest	923. 46
b. Redemption	7, 585. 73
c. Total (a + b)	$ 8, 509. 19
3. Total (1c + 2c)	$ 8, 509. 19
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 1, 067, 483. 27

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ –	$ –	$ –
1. Bonds (Refunding Portion)		$ –		
B. Notes (Total)	33, 726	$ –	$ 7, 585. 73	$ 26, 140. 60

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 the 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Limon, Colorado ("the Town"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively the Town's basic financial statements, and have issued our report thereon dated July 14, 2026.

Report on 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 (internal control) 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

Report on Compliance and Other Matters

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

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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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Littleton, Colorado

July 14, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR 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 Federal Program

Opinion on Each Major Federal Program

We have audited the 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, 2025. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists.

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The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Haynie

Littleton, Colorado

July 14, 2026

Town of Limon, Colorado

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM	FEDERAL ALN	PASS-THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services:			
Direct program:			
Administration for Children and Families			
Head Start Cluster	93.600	$ 857,592	$ 857,592
Total Department of Health and Human Services			857,592
Department of Transportation			
Airport Improvement Program Infrastrucutre Investments and			
Jobs Act Programs, and COVID-19 Airports Programs			
Airport Improvement Program	20.106		797,371
Total Department of Transportation			797,371
Total Expenditures of Federal Awards			$ 1,654,963

Town of Limon, Colorado
Supplemental Information

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Limon (the Town) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The Town's summary of significant accounting policies is presented in Note 1 in the Town's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COSTS RATE

The Town has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Town of Limon, Colorado
Supplemental Information

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2025

1. **Summary of Auditors' 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 identified**
Material noncompliance noted:	**None**
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 identified**
Type of report issued on compliance for major programs:	**Unmodified**
Audit findings required to be reported:	**None**

The following programs are considered to be major:

ALN 20.106 – Airport Improvement Program

Dollar threshold used to distinguish Type A and Type B programs:	**$1,000,000**
Low-risk entity qualification:	**Not low-risk**

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