

# **Town of Limon, Colorado**

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

**December 31, 2009 and 2008**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2009, which collectively comprise the Town of Limon, Colorado's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Limon, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Limon, Colorado, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued a report dated July 26, 2010, on our consideration of the Town of Limon, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.



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The Management's Discussion and Analysis and Budgetary Comparison Information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Limon, Colorado's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the combining and individual nonmajor fund financial statements; budget-to-actual schedules; debt service requirements and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Limon, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Haynie & Co.*

Littleton, Colorado  
July 26, 2010

**Town of Limon, Colorado**  
**Management's Discussion and Analysis**  
**December 31, 2009**

For the December 31, 2009 financial statements, the Town is in the fifth year of reporting a major new reporting format in compliance with the Governmental Accounting Standards Board Statement Number 34 also known as GASB34.

In compliance with this reporting requirement, we present this report titled Management's Discussion and Analysis, or MD&A. Please read the MD&A in conjunction with the financial statements and notes to the financial statements, which begin on page 14. The GASB34 statements are listed and described below with additional information in the accompanying text:

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

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

**FINANCIAL HIGHLIGHTS**

- The Town's total net assets decreased by \$253,305 or (1.6)% during the year. The governmental net assets increased by \$51,240 or 7.9%, and the business-type net assets decreased by \$216,186, or (2.7)%.
- The governmental activities revenue changed from \$3,187,410 in 2008 to \$2,848,209 in 2009 for a decrease of \$339,201 or (10.6)%. This decrease is due primarily to a large decrease in intergovernmental grants.
- The governmental activities expenditures changed from \$3,202,023 in 2008 to \$2,796,969 in 2009 a decrease of \$405,054 or (12.6)%. The decrease is due primarily to a decrease in capital expenditures in 2009, along with the elimination of expenses in the Rural Health Fund.
- The business-type activities revenue changed from \$1,543,739 in 2008 to \$1,296,752 in 2009 a decrease of \$246,987 or (16.0)%. This decrease is due primarily to a large increase in bad debts in the Ambulance Service Fund in 2009.

- The business-type activities expenditures changed from \$1,553,325 in 2008 to \$1,512,938 in 2009 a decrease of \$40,387 or (2.6)%
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$40,693 or 6.7% in fund balance.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

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



The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town’s basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine the change in financial resources that can be spent in the near future to finance the Town’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.
- **Proprietary Funds** – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town’s Utility, Recreation Area, Airport Fuel, and Ambulance Service Funds are proprietary funds, accounting for its water distribution and sewage collection, golfing, airplane fuel sales, and ambulance service activities, respectively.

### FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

The Town uses fund accounting to comply with finance-related legal requirements.

**Governmental Funds** – The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Town’s financing requirements. For example, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>						
Current assets	\$ 1,028,168	\$ 941,392	\$ 744,915	\$ 768,787	\$ 1,773,083	\$ 1,710,179
Restricted assets	246,120	378,615	708,501	840,560	954,621	1,219,175
Other non-current assets	356,444	374,364	325,928	346,282	682,372	720,646
Capital assets, net	<u>7,255,042</u>	<u>7,393,794</u>	<u>9,822,372</u>	<u>10,134,410</u>	<u>17,077,414</u>	<u>17,528,204</u>
Total assets	<u>8,885,774</u>	<u>9,088,165</u>	<u>11,601,716</u>	<u>12,090,039</u>	<u>20,487,490</u>	<u>21,178,204</u>
<b>LIABILITIES</b>						
Current liabilities	646,975	736,533	378,509	391,503	1,025,484	1,128,036
Non-current liabilities	<u>463,055</u>	<u>538,769</u>	<u>3,491,865</u>	<u>3,751,008</u>	<u>3,954,920</u>	<u>4,289,777</u>
Total liabilities	<u>1,110,030</u>	<u>1,275,302</u>	<u>3,870,374</u>	<u>4,142,511</u>	<u>4,980,404</u>	<u>5,417,813</u>
<b>NET ASSETS</b>	<u>\$ 7,775,744</u>	<u>\$ 7,812,863</u>	<u>\$ 7,731,342</u>	<u>\$ 7,947,528</u>	<u>\$ 15,507,086</u>	<u>\$ 15,760,391</u>
Net assets consist of:						
Invested in capital assets	\$ 6,717,273	\$ 6,786,597	\$ 6,316,217	\$ 6,361,088	\$ 13,033,490	\$ 13,147,685
Restricted net assets	115,037	102,438	277,403	345,028	392,440	447,466
Unrestricted net assets	<u>943,434</u>	<u>923,828</u>	<u>1,137,722</u>	<u>1,241,412</u>	<u>2,081,156</u>	<u>2,165,240</u>
Total net assets	<u>\$ 7,775,744</u>	<u>\$ 7,812,863</u>	<u>\$ 7,731,342</u>	<u>\$ 7,947,528</u>	<u>\$ 15,507,086</u>	<u>\$ 15,760,391</u>

The net assets of the Town’s governmental funds as of December 31, 2009 were \$7,775,744 of which \$943,434 was unrestricted and is available for spending at the government’s discretion. The remainder is invested in capital assets, net of related debt \$6,717,273, reserved for Emergency Reserve \$110,037 and Bond Reserve \$5,000.

The General Fund is the main operating fund of the Town. As of December 31, 2009, the General Fund balance was \$650,661 of which \$214,502 was unreserved. Unreserved fund balance represents 48.3% of 2009 General Fund expenditures.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Program revenues:</b>						
Operating grants and contributions	\$ 833,351	\$ 806,496	\$ 73,107	\$ 50,806	\$ 906,458	\$ 857,302
Capital grants and contributions	68,495	407,652	-	57,709	68,495	465,361
Charges for services	<u>541,604</u>	<u>509,991</u>	<u>1,085,683</u>	<u>1,298,830</u>	<u>1,627,287</u>	<u>1,808,821</u>
Total program revenue	<u>1,443,450</u>	<u>1,724,139</u>	<u>1,158,790</u>	<u>1,407,345</u>	<u>2,602,240</u>	<u>3,131,484</u>
<b>General revenues:</b>						
Taxes	1,329,898	1,360,005	-	-	1,329,898	1,360,005
Investment earnings	22,343	17,769	28,052	46,243	50,395	64,012
Insurance proceeds	-	13,247	1,059	12,500	1,059	25,747
Other	<u>40,209</u>	<u>53,574</u>	<u>15,568</u>	<u>-</u>	<u>55,777</u>	<u>53,574</u>
Total general revenue	<u>1,392,450</u>	<u>1,444,595</u>	<u>44,679</u>	<u>58,743</u>	<u>1,437,129</u>	<u>1,503,338</u>
<b>Total Revenue</b>	<u>\$ 2,835,900</u>	<u>\$ 3,168,734</u>	<u>\$ 1,203,469</u>	<u>\$ 1,466,088</u>	<u>\$ 4,039,369</u>	<u>\$ 4,634,822</u>
<b>Expenses</b>						
General government	\$ 645,224	\$ 438,322	\$ -	\$ -	\$ 645,224	\$ 438,322
Airport	16,264	18,801	-	-	16,264	18,801
Public safety	359,199	364,232	-	-	359,199	364,232
Highways and streets	481,500	781,536	-	-	481,500	781,536
Public works - sanitation	187,651	189,841	-	-	187,651	189,841
Public health - cemetery	52,219	43,356	-	-	52,219	43,356
Culture and recreation	276,846	263,820	-	-	276,846	263,820
Head Start Program	644,259	605,857	-	-	644,259	605,857
Economic development	-	47,578	-	-	-	47,578
Rural health	78,508	166,635	-	-	78,508	166,635
Water	-	-	502,498	488,270	502,498	488,270
Water treatment plant	-	-	238,604	240,046	238,604	240,046
Sewer	-	-	305,574	326,794	305,574	326,794
Municipal recreation area	-	-	185,898	197,424	185,898	197,424
Airport fuel fund	-	-	26,735	41,777	26,735	41,777
Ambulance service fund	-	-	253,629	259,014	253,629	259,014
Interest and fiscal charges	<u>35,525</u>	<u>39,471</u>	<u>-</u>	<u>-</u>	<u>35,525</u>	<u>39,471</u>
Total expenses	<u>\$ 2,777,195</u>	<u>\$ 2,959,449</u>	<u>\$ 1,512,938</u>	<u>\$ 1,553,325</u>	<u>\$ 4,290,133</u>	<u>\$ 4,512,774</u>
Changes in net assets before transfers and special items	58,705	209,285	(309,469)	(87,237)	(250,764)	122,048
Transfers	(93,283)	(77,651)	93,283	77,651	-	-
Gain (loss) on sale of assets	<u>(2,541)</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>(2,541)</u>	<u>21</u>
Change in net assets	(37,119)	131,655	(216,186)	(9,586)	(253,305)	122,069
Beginning net assets	<u>7,812,863</u>	<u>7,681,208</u>	<u>7,947,528</u>	<u>7,957,114</u>	<u>15,760,391</u>	<u>15,638,322</u>
Ending net assets	<u>\$ 7,775,744</u>	<u>\$ 7,812,863</u>	<u>\$ 7,731,342</u>	<u>\$ 7,947,528</u>	<u>\$15,507,086</u>	<u>\$15,760,391</u>

Governmental Activities revenues in the amount of \$2,835,900 were less than expenses and transfers of \$2,873,019 by \$37,119. Business-type activities revenues and transfers in the amount of \$1,296,752 were less than expenses of \$1,512,938 by \$216,186.

### **BUDGETARY HIGHLIGHTS**

The budget was amended on December 29, 2009 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 4, 2008. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	<u>Original Budget</u>	<u>New Budget</u>	<u>Increase</u>
GENERAL FUND	\$2,029,852	\$2,129,852	\$100,000
RECREATION AREA FUND	\$ 183,338	\$ 255,644	\$ 72,306
HEAD START FUND	\$ 602,968	\$ 645,190	\$ 42,222
LIMON AMBULANCE SERVICE FUND	\$ 235,784	\$ 286,192	\$ 50,408
CEMETERY PERPETUAL CARE FUND	\$ 600	\$ 929	\$ 329
CAPITAL PROJECTS FUND	\$ -0-	\$ 120,000	<u>\$120,000</u>
			<u>\$385,265</u>

- Changes in the General Fund Budget are attributable to a purchase of a street sweeper, rail transfer facility study, increased street repairs, trash roll-off service, library building repairs, police vehicle repairs and pension. This increase in expenditure was offset by increased gravel sales, sales tax revenues, insurance claim revenue, and donation for rail transfer facility study.
- Changes in the Recreation Area Fund Budget include new equipment, pro shop cost of goods and increased operating costs and early payoff of 1974 Bonds.
- Changes in the Head Start Fund Budget include expenditures of increased federal grant funds.
- Changes in the Limon Ambulance Service Fund were due to increased equipment purchases.
- Changes in the Cemetery Perpetual Care Fund budget were due to additional operating expenses.
- Changes in the Capital Projects Fund budget were due to unanticipated revenues used for capital expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2009, Limon investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$17,077,414. 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	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and water and sewer systems	2,574,742	2,496,494	11,949,066	11,913,582	14,523,808	14,410,076
Equipment	2,260,580	2,142,247	1,329,080	1,325,659	3,589,660	3,467,906
Other capital assets	-	-	1,048,995	1,048,995		
Infrastructure	<u>4,292,821</u>	<u>4,256,882</u>	<u>-</u>	<u>-</u>	<u>4,292,821</u>	<u>4,256,882</u>
Total	\$ 10,407,132	\$ 10,174,612	\$ 14,570,617	\$ 14,531,712	\$ 24,977,749	\$ 24,706,324
Accumulated depreciation	<u>(3,152,090)</u>	<u>(2,780,818)</u>	<u>(4,748,245)</u>	<u>(4,397,302)</u>	<u>(7,900,335)</u>	<u>(7,178,120)</u>
Capital assets, net	<u>\$ 7,255,042</u>	<u>\$ 7,393,794</u>	<u>\$ 9,822,372</u>	<u>\$ 10,134,410</u>	<u>\$ 17,077,414</u>	<u>\$ 17,528,204</u>

This year's major capital asset additions include:

- Backhoe \$77,393.
- Improvements to Town's railroad depot museum \$78,248.
- Infrastructure improvements \$35,939.
- Police car \$21,168.

### Long-term Debt

As of December 31, 2009 the Town had \$4,247,777 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue bonds	\$ 160,000	\$ 205,000	\$ -	\$ -	\$ 160,000	\$ 205,000
Special assessment bonds	324,000	339,000	-	-	324,000	339,000
Capital leases	53,769	63,197	-	-	53,769	63,197
Bonds payable:						
2004 Water Revenue	-	-	1,975,000	2,030,000	1,975,000	2,030,000
2001 Water G.O.	-	-	360,000	405,000	360,000	405,000
2000 Water Revenue	-	-	904,568	969,567	904,568	969,567
1974 Mun. Rec. Area	-	-	-	55,000	-	55,000
Loans payable:						
Colorado Water Conservation Board	-	-	300,151	322,910	300,151	322,910
Capital lease	-	-	134,230	157,802	134,230	157,802
Colorado maintenance fee	<u>-</u>	<u>-</u>	<u>36,059</u>	<u>33,059</u>	<u>36,059</u>	<u>33,059</u>
Total	<u>\$ 537,769</u>	<u>\$ 607,197</u>	<u>\$ 3,710,008</u>	<u>\$ 3,973,338</u>	<u>\$ 4,247,777</u>	<u>\$ 4,580,535</u>

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

- Sales tax revenues budgeted for 2010 is \$805,005, which is \$28,090 less than 2009 actual.
- The property tax revenue budgeted for 2010 is \$334,202, which is \$7,654 more than 2009 actual.
- Governmental funds revenues were budgeted at \$3,334,911, which is an increase of 4.6% from the 2009 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2009 budgeted direct pass-through amounts are \$752,429, which is an increase of \$108,170 from the 2009 actual amounts of \$644,259. The 2010 budgeted expenditures for governmental activities are projected to be \$3,479,674, which is a 24.4% increase from the 2009 actual.
- Proprietary funds revenues were budgeted at \$1,390,895, which is an increase of 15.6% from the 2009 actual revenues. Budgeted expenditures of \$1,653,869 represent an increase from 2009 actual expenditures of 9.3%.

## **REQUESTS FOR INFORMATION**

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

## **Basic Financial Statements**

**Town of Limon, Colorado**  
**Statement of Net Assets**  
**December 31, 2009**

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 353,018	\$ 557,152	\$ 910,170
Investments	19,948	-	19,948
Current Portion Note Receivable	-	13,252	13,252
Accounts Receivable	123,900	188,395	312,295
Allowance for Doubtful Accounts	(6,742)	(70,023)	(76,765)
Intergovernmental Receivable	141,561	-	141,561
Accrued Interest Receivable	-	2,173	2,173
Special Assessment Receivable, Current Portion	13,960	-	13,960
Property Taxes Receivable	334,202	-	334,202
Inventory and supplies	42,585	51,966	94,551
Prepaid Expenses	5,736	2,000	7,736
<b>Total Current Assets</b>	<u>1,028,168</u>	<u>744,915</u>	<u>1,773,083</u>
<b>Restricted Assets:</b>			
Emergency Reserve	110,037	-	110,037
Bond & Emergency Reserve	-	146,070	146,070
Water Plant Reserve	-	207,403	207,403
Water Revenue Bonds	-	167,794	167,794
Sewer Line Maint. Reserve	-	36,339	36,339
Equipment Reserve	136,083	150,895	286,978
<b>Total Restricted Assets</b>	<u>246,120</u>	<u>708,501</u>	<u>954,621</u>
<b>Non-Current Assets:</b>			
Special Assessment Receivable, Net of Current Portion	322,218	-	322,218
Notes Receivable, Net of Current Portion	-	254,560	254,560
Bond Issue Costs	61,299	119,199	180,498
Accumulated Amortization	(27,073)	(47,831)	(74,904)
Capital Assets			
Land	1,278,989	243,476	1,522,465
Buildings and water and sewer systems	2,574,742	11,949,066	14,523,808
Equipment	2,260,580	1,329,080	3,589,660
Infrastructure	4,292,821	-	4,292,821
Other capital assets	-	1,048,995	1,048,995
Accumulation Depreciation	(3,152,090)	(4,748,245)	(7,900,335)
<b>Total Non-Current Assets</b>	<u>7,611,486</u>	<u>10,148,300</u>	<u>17,759,786</u>
<b>TOTAL ASSETS</b>	<u>8,885,774</u>	<u>11,601,716</u>	<u>20,487,490</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Pooled Cash Overdraft	123,929	-	123,929
Current Portion of Long Term Debt	74,714	218,143	292,857
Accounts Payable	104,971	50,907	155,878
Accrued Interest Payable	-	48,913	48,913
Compensated Absences	9,159	3,328	12,487
Contingent Construction	-	57,218	57,218
Deferred Revenue - Property Taxes	334,202	-	334,202
<b>Total Current Liabilities</b>	<u>646,975</u>	<u>378,509</u>	<u>1,025,484</u>
<b>Non-Current Liabilities:</b>			
Long Term Debt	463,055	3,491,865	3,954,920
<b>Total Non-Current Liabilities</b>	<u>463,055</u>	<u>3,491,865</u>	<u>3,954,920</u>
<b>TOTAL LIABILITIES</b>	<u>1,110,030</u>	<u>3,870,374</u>	<u>4,980,404</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,717,273	6,316,217	13,033,490
Restricted for:			
Emergency Reserve	110,037	70,000	180,037
Bond Reserve	5,000	207,403	212,403
Unrestricted:	943,434	1,137,722	2,081,156
<b>TOTAL NET ASSETS</b>	<u>\$ 7,775,744</u>	<u>\$ 7,731,342</u>	<u>\$ 15,507,086</u>

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

**Town of Limon, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental activities:</b>				
General government	\$ 645,224	\$ 198,510	\$ 2,500	\$ -
Airport	16,264	4,609	-	68,495
Public Works -Streets	481,500	56,720	159,902	-
Public Works - Sanitation	187,651	211,193	-	-
Public Safety - Police	359,199	8,530	-	-
Public Health - Cemetery	52,219	8,350	-	-
Recreation	276,846	53,692	26,690	-
Head Start Program	644,259	-	644,259	-
Rural Health	78,508	-	-	-
Interest on Long Term Debt	35,525	-	-	-
<b>Total Governmental Activities</b>	<u>2,777,195</u>	<u>541,604</u>	<u>833,351</u>	<u>68,495</u>
<b>Business-Type Activities:</b>				
Water	502,498	386,413	1,013	-
Water Treatment Plant	238,604	223,860	15,935	-
Sewer	305,574	173,618	-	-
Ambulance Service Fund	253,629	147,300	48,782	-
Recreation and Airport Fuel Funds	212,633	154,492	7,377	-
<b>Total Business-Type Activities</b>	<u>1,512,938</u>	<u>1,085,683</u>	<u>73,107</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 4,290,133</u>	<u>\$ 1,627,287</u>	<u>\$ 906,458</u>	<u>\$ 68,495</u>

Property Taxes  
Franchise Taxes  
Sales Taxes  
Motor Vehicle  
Severance Tax  
Cigarette Tax  
Use Tax  
Interest Income  
Tap Fees  
Insurance Proceeds  
Gain (Loss) on sale of assets  
Transfers  
Other  
Total general revenues  
Change in net assets  
Net assets beginning  
Net assets ending

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



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

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (444,214)	\$ -	\$ (444,214)
56,840	-	56,840
(264,878)	-	(264,878)
23,542	-	23,542
(350,669)	-	(350,669)
(43,869)	-	(43,869)
(196,464)	-	(196,464)
-	-	-
(78,508)	-	(78,508)
<u>(35,525)</u>	<u>-</u>	<u>(35,525)</u>
<u>(1,333,745)</u>	<u>-</u>	<u>(1,333,745)</u>
-	(115,072)	(115,072)
-	1,191	1,191
-	(131,956)	(131,956)
-	(57,547)	(57,547)
<u>-</u>	<u>(50,764)</u>	<u>(50,764)</u>
<u>-</u>	<u>(354,148)</u>	<u>(354,148)</u>
\$ <u>(1,333,745)</u>	\$ <u>(354,148)</u>	\$ <u>(1,687,893)</u>
\$ 326,548	\$ -	\$ 326,548
97,021	-	97,021
833,095	-	833,095
54,458	-	54,458
5,493	-	5,493
8,262	-	8,262
5,021	-	5,021
22,343	28,052	50,395
-	15,568	15,568
-	1,059	1,059
(2,541)	-	(2,541)
(93,283)	93,283	-
<u>40,209</u>	<u>-</u>	<u>40,209</u>
<u>1,296,626</u>	<u>137,962</u>	<u>1,434,588</u>
<u>(37,119)</u>	<u>(216,186)</u>	<u>(253,305)</u>
<u>7,812,863</u>	<u>7,947,528</u>	<u>15,760,391</u>
\$ <u>7,775,744</u>	\$ <u>7,731,342</u>	\$ <u>15,507,086</u>

**Town of Limon, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2009**

<b>ASSETS</b>	<b>GENERAL</b>	<b>HEAD START FUND</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTALS</b>
Cash	\$ 308,446	\$ -	\$ 44,572	\$ 353,018
Investments	19,948	-	-	19,948
Accounts Receivable	64,684	3,284	55,932	123,900
Allowance for Doubtful Accounts	(6,742)	-	-	(6,742)
Intergovernmental Receivable	67,393	74,168	-	141,561
Special Assessment Receivable	336,178	-	-	336,178
Property Tax Receivable	334,202	-	-	334,202
Inventories	42,585	-	-	42,585
Prepaid Expenses	5,736	-	-	5,736
Restricted Cash				
Equipment Reserve	136,083	-	-	136,083
Emergency Reserve	110,037	-	-	110,037
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,418,550</u>	<u>\$ 77,452</u>	<u>\$ 100,504</u>	<u>\$ 1,596,506</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Pooled Cash Overdraft	\$ -	\$ 77,452	\$ 46,477	\$ 123,929
Accounts Payable	82,054	-	1,772	83,826
Due To Other Funds	21,145	-	-	21,145
Deferred Revenue Special Assessment	330,488	-	-	330,488
Deferred Revenues Taxes	334,202	-	-	334,202
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>767,889</u>	<u>77,452</u>	<u>48,249</u>	<u>893,590</u>
 <b>FUND BALANCES</b>				
Reserved for:				
Inventories	\$ 42,585	\$ -	\$ -	\$ 42,585
Prepaid Expenses	5,736	-	-	5,736
Equipment Replacement	136,083	-	-	136,083
Emergency Reserve	110,037	-	-	110,037
Unreserved-Designated for Subsequent				
Year Budget, reported in:				
General Fund	141,718	-	-	141,718
Special Revenue Funds	-	-	14,450	14,450
Unreserved-Undesignated, reported in:				
General Fund	214,502	-	-	214,502
Capital Projects Fund	-	-	7,533	7,533
Special Revenue Funds	-	-	30,272	30,272
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>650,661</u>	<u>-</u>	<u>52,255</u>	<u>702,916</u>
Total Liabilities and Fund Balances	<u>\$ 1,418,550</u>	<u>\$ 77,452</u>	<u>\$ 100,504</u>	<u>\$ 1,596,506</u>

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

**Town of Limon, Colorado**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**December 31, 2009**

Total Fund Balances - Total Governmental Funds	\$ 702,916
<p>The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.</p>	
Governmental Capital assets	10,407,132
Accumulated Depreciation	(3,152,090)
<p>Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. Long term debt was adjusted as follows:</p>	
Revenue Bonds	(160,000)
Special Assessment Bonds	(324,000)
Capital Lease	(53,769)
Compensated Absences	(9,159)
<p>Other long-term assets not available to pay for current period expenditures and therefore are deferred in the governmental funds.</p>	
Special Assessment Receivable	336,178
Special Assessment - Allowance for Doubtful Accounts	(5,690)
Bond issue costs to be amortized over the life of the debt.	61,299
Accumulated amortization on bond issue costs.	<u>(27,073)</u>
Net Assets of Governmental Activities	<u>\$ 7,775,744</u>

**Town of Limon, Colorado**  
**Governmental Funds**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2009**

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Taxes	\$ 1,329,898	\$ -	\$ -	\$ 1,329,898
Fines, Licenses and Permits	83,295	-		83,295
Intergovernmental:				
Local	159,902	-	28,834	188,736
Federal	3,863	644,259	-	648,122
Charges for Services	467,543	-	3,075	470,618
Interest	22,159	-	184	22,343
Donated	6,825	-	58,163	64,988
Miscellaneous	40,209	-	-	40,209
	<u>2,113,694</u>	<u>644,259</u>	<u>90,256</u>	<u>2,848,209</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administration	462,668	-	-	462,668
Airport	14,658	-	-	14,658
Public Works - Streets	436,785	-	-	436,785
Public Works - Sanitation	168,423	-	-	168,423
Public Safety - Police	327,086	-	-	327,086
Public Health - Cemetery	50,588	-	929	51,517
Recreation	228,943	-	10,564	239,507
Head Start Program	-	644,259	-	644,259
Capital Outlay	175,582	-	78,248	253,830
Debt Service:				
Principal - Lease Purchase	9,428	-	-	9,428
Principal - Bonded Debt	60,000	-	-	60,000
Interest	35,525	-	-	35,525
	<u>1,969,686</u>	<u>644,259</u>	<u>89,741</u>	<u>2,703,686</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	144,008	-	515	144,523
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfer In (Out)	(103,315)	-	10,032	(93,283)
<b>NET CHANGE IN FUND BALANCE</b>	40,693	-	10,547	51,240
<b>FUND BALANCES, BEGINNING</b>	609,968	-	41,708	651,676
<b>FUND BALANCES, ENDING</b>	<u>\$ 650,661</u>	<u>\$ -</u>	<u>\$ 52,255</u>	<u>\$ 702,916</u>

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

**Town of Limon, Colorado**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2009**

Net change in fund balances - total governmental funds	\$ 51,240
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$390,041 exceeded capital outlays of \$253,830 in the current year.	(136,211)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	9,428
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	60,000
This is the current-period increase in the liability for compensated absences	(2,769)
Special assessment revenues in the governmental funds that provide current financial resources, but have been included in the statement of activities in prior years.	(12,309)
Bond issuance costs are reported on the statement of net assets as a deferred charge and amortized over the life of the debt. Current period amortization as reported on the statement of net activities.	(3,957)
The statement of activities reports a gain or loss on the sale of assets based on the proceeds received and the net book value of the assets at the time of sale. The loss on disposal is calculated as follows:	
Cost of assets disposed	(21,310)
Accumulated depreciation of assets disposed	<u>18,769</u>
Change in net assets of governmental activities	<u>\$ (37,119)</u>

# Town of Limon, Colorado

## Proprietary Funds Statement of Net Assets December 31, 2009

ASSETS	UTILITY	AMBULANCE	NON-MAJOR	TOTALS
Current Assets:	FUND	SERVICE	FUNDS	TOTALS
Cash	\$ 400,283	\$ 126,149	\$ 30,720	\$ 557,152
Current Portion of Note Receivable	13,252	-	-	13,252
Accounts Receivable	54,911	133,274	210	188,395
Allowances For Doubtful Accounts	(3,383)	(66,640)	-	(70,023)
Accrued Interest Receivable	2,173	-	-	2,173
Inventories	47,594	-	4,372	51,966
Prepaid Expense	-	2,000	-	2,000
<b>Total Current Assets</b>	<u>514,830</u>	<u>194,783</u>	<u>35,302</u>	<u>744,915</u>
<b>Restricted Assets:</b>				
Water Plant Reserve	207,403	-	-	207,403
Water Revenue Bonds	167,794	-	-	167,794
Sewer Line Maint. Reserve	36,339	-	-	36,339
Bond & Emergency Reserve Funds	146,070	-	-	146,070
Equipment Reserve	150,895	-	-	150,895
<b>Total Restricted Assets</b>	<u>708,501</u>	<u>-</u>	<u>-</u>	<u>708,501</u>
<b>Non-Current Assets:</b>				
Notes Receivable, Net of Current Portion	254,560	-	-	254,560
Bond Issue Costs	103,699	15,500	-	119,199
Accumulated Amortization	(39,564)	(8,267)	-	(47,831)
<b>Capital Assets:</b>				
Water System	7,822,109	-	-	7,822,109
Sewer System and Plant	3,686,159	-	-	3,686,159
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	11,000	243,476
Buildings	-	202,887	-	202,887
Recreation Area Facilities	-	-	237,911	237,911
Equipment	541,198	662,336	125,546	1,329,080
Accumulated Depreciation	(4,092,836)	(423,292)	(232,117)	(4,748,245)
<b>Total Non-Current Assets</b>	<u>9,511,764</u>	<u>494,196</u>	<u>142,340</u>	<u>10,148,300</u>
<b>TOTAL ASSETS</b>	<u>10,735,095</u>	<u>688,979</u>	<u>177,642</u>	<u>11,601,716</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Current Portion of Long-Term Debt	193,857	24,286	-	218,143
Accounts Payable	25,983	11,333	4,399	41,715
Accrued Interest Payable	46,695	2,218	-	48,913
Due to Other Funds	4,954	1,914	2,324	9,192
Compensated Absences	2,823	-	505	3,328
Contingent Construction	57,218	-	-	57,218
<b>Total Current Liabilities</b>	<u>331,530</u>	<u>39,751</u>	<u>7,228</u>	<u>378,509</u>
<b>Non-Current Liabilities:</b>				
Deposit - State of Colo. For Sewer Line Maintenance	36,059	-	-	36,059
Long-Term Debt - Net of Current Portion	3,345,862	109,944	-	3,455,806
<b>Total Non-Current Liabilities</b>	<u>3,381,921</u>	<u>109,944</u>	<u>-</u>	<u>3,491,865</u>
<b>TOTAL LIABILITIES</b>	<u>3,713,451</u>	<u>149,695</u>	<u>7,228</u>	<u>3,870,374</u>
<b>NET ASSETS</b>				
Investment in Fixed Assets, Net of Related Debt	5,821,144	352,733	142,340	6,316,217
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	207,403	-	-	207,403
Unrestricted	923,097	186,551	28,074	1,137,722
<b>TOTAL NET ASSETS</b>	<u>\$ 7,021,644</u>	<u>\$ 539,284</u>	<u>\$ 170,414</u>	<u>\$ 7,731,342</u>

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

# Town of Limon, Colorado

## Proprietary Funds

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

For the Year Ended December 31, 2009

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
<b>OPERATING REVENUES</b>				
Sales	\$ 370,053	\$ 223,860	\$ 168,902	\$ 762,815
Less, Contractual Adjustments and Bad Debts	-	-	-	-
Net Sales	370,053	223,860	168,902	762,815
Other User Charges	16,360	-	4,716	21,076
Miscellaneous	-	-	-	-
 Total Operating Revenues	 386,413	 223,860	 173,618	 783,891
<b>OPERATING EXPENSES</b>				
Cost of Resale Items	-	-	-	-
Maintenance	40,808	7,201	26,688	74,697
Insurance	1,984	7,938	6,002	15,924
Utilities	32,786	30,221	49,859	112,866
Testing	2,126	-	15,420	17,546
Salaries and Benefits	90,352	38,454	96,162	224,968
Other Expenses	15,688	10,782	10,599	37,069
Administration	17,765	2,000	1,853	21,618
Amortization	5,572	-	-	5,572
Depreciation	157,788	86,667	98,991	343,446
 Total Operating Expenses	 364,869	 183,263	 305,574	 853,706
 Income (Loss) From Operations	 21,544	 40,597	 (131,956)	 (69,815)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	22,435	4,965	-	27,400
Donations	1,013	-	-	1,013
Tap fees	11,488	-	4,080	15,568
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	15,935	-	15,935
Insurance Proceeds	-	-	1,059	1,059
Loss on Asset Disposal	-	-	-	-
Interest Expense	(137,629)	(55,341)	-	(192,970)
 Total Non-Operating Revenues (Expenses)	 (102,693)	 (34,441)	 5,139	 (131,995)
 Net Income Before Contributions and Transfers	 (81,149)	 6,156	 (126,817)	 (201,810)
Transfers In (Out)	-	-	-	-
 <b>CHANGE IN NET ASSETS</b>	 \$ (81,149)	 \$ 6,156	 \$ (126,817)	 (201,810)
 <b>NET ASSETS, BEGINNING OF YEAR</b>				 7,223,454
 <b>NET ASSETS, END OF YEAR</b>				 \$ 7,021,644

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

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 466,308	\$ 144,496	\$ 1,373,619
<u>320,808</u>	<u>-</u>	<u>320,808</u>
145,500	144,496	1,052,811
-	7,452	28,528
<u>1,800</u>	<u>2,544</u>	<u>4,344</u>
<u>147,300</u>	<u>154,492</u>	<u>1,085,683</u>
-	36,325	36,325
13,177	7,296	95,170
1,053	4,643	21,620
4,753	17,866	135,485
-	370	17,916
66,283	104,447	395,698
98,718	21,325	157,112
-	-	21,618
1,550	-	7,122
<u>55,749</u>	<u>17,700</u>	<u>416,895</u>
<u>241,283</u>	<u>209,972</u>	<u>1,304,961</u>
<u>(93,983)</u>	<u>(55,480)</u>	<u>(219,278)</u>
164	488	28,052
19,360	7,377	27,750
-	-	15,568
11,902	-	11,902
17,520	-	33,455
-	-	1,059
(5,000)	-	(5,000)
<u>(7,346)</u>	<u>(2,661)</u>	<u>(202,977)</u>
<u>36,600</u>	<u>5,204</u>	<u>(90,191)</u>
(57,383)	(50,276)	(309,469)
<u>7,088</u>	<u>86,195</u>	<u>93,283</u>
<u>(50,295)</u>	<u>35,919</u>	<u>(216,186)</u>
<u>589,579</u>	<u>134,495</u>	<u>7,947,528</u>
<u>\$ 539,284</u>	<u>\$ 170,414</u>	<u>\$ 7,731,342</u>



# Town of Limon, Colorado

## Proprietary Funds Statement of Cash Flows

For the Year Ended December 31, 2009

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts From Customers	\$ 784,064	\$ 257,703	\$ 155,545	\$ 1,197,312
Payments to Suppliers for Goods and Services	(290,448)	(115,487)	(80,740)	(486,675)
Payments to Employees	(225,201)	(66,283)	(104,448)	(395,932)
	268,415	75,933	(29,643)	314,705
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Donations	1,013	19,360	7,377	27,750
Intergovernmental Grants	-	29,422	-	29,422
Insurance Proceeds	1,059	-	-	1,059
Transfer From (To) Other Fund	-	7,088	86,195	93,283
	2,072	55,870	93,572	151,514
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</b>				
State of Colorado - Sewer Line Maintenance	3,000	-	-	3,000
Tap Fees	15,568	-	-	15,568
Transfer From (To) Restricted Assets	84,238	-	47,821	132,059
Purchase of Assets	(36,936)	(47,400)	(25,521)	(109,857)
Interest Paid	(179,960)	(7,735)	(2,661)	(190,356)
Debt Principal Payments	(187,758)	(23,572)	(55,000)	(266,330)
Note - Frazier Farms	12,568	-	-	12,568
	(289,280)	(78,707)	(35,361)	(403,348)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Revenue	27,495	164	488	28,147
	27,495	164	488	28,147
Net Increase (Decrease) in Cash and Cash Equivalents	8,702	53,260	29,056	91,018
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Beginning of Year</b>	391,581	72,889	1,664	466,134
<b>End of Year</b>	\$ 400,283	\$ 126,149	\$ 30,720	\$ 557,152
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities</b>				
Net Operating Income (Loss)	\$ (69,815)	\$ (93,983)	\$ (55,480)	\$ (219,278)
Depreciation	343,446	55,749	17,700	416,895
Amortization	5,572	1,550	-	7,122
(Increase) Decrease in Accounts Receivable, Net	173	110,403	1,053	111,629
(Increase) Decrease in Inventory	(7,412)	-	7,047	(365)
(Increase) Decrease in Prepaid Expense	-	2,000	-	2,000
Increase (Decrease) in Accounts Payable	(7,213)	214	(1,677)	(8,676)
Increase (Decrease) in Due to Other Funds	3,897	-	1,715	5,612
Increase (Decrease) in Compensated Absences	(233)	-	(1)	(234)
	268,415	75,933	(29,643)	314,705
<b>Net Cash Provided (Used) By Operating Activities</b>	\$ 268,415	\$ 75,933	\$ (29,643)	\$ 314,705
<b>Noncash capital financing activities:</b>				
Interest subsidy	\$ 15,935			\$ 15,935

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

**Town of Limon, Colorado**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2009**

	<b>EMPLOYEES' PENSION TRUST</b>
<b>ASSETS:</b>	
Cash	\$ 49,455
Due From Other Funds	30,337
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	478,197
International Stocks	74,170
Bonds	285,371
Money Markets and Other	<u>39,069</u>
 <b>TOTAL ASSETS</b>	 <u>956,599</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES:</b>	 <u>-</u>
 <b>TOTAL LIABILITIES</b>	 <u>-</u>
 <b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	 <u><u>\$ 956,599</u></u>

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

**Town of Limon, Colorado**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2009**

	<b>EMPLOYEES' PENSION PLAN</b>
<b>ADDITIONS:</b>	
Employee Contribution	\$ 43,893
Employer Contribution	40,337
Interest Income	365
Investment Income, Net of Expenses	131,481
Total Additions	216,076
 <b>DEDUCTIONS:</b>	
Benefit Payments	479
Administrative Expenses	5,951
Total Deductions	6,430
 <b>CHANGE IN PLAN NET ASSETS</b>	209,646
 <b>PLAN NET ASSETS, BEGINNING OF YEAR</b>	746,953
<b>PLAN NET ASSETS, END OF YEAR</b>	\$ 956,599

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

# Town of Limon, Colorado

## Notes to Financial Statements

### December 31, 2009

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#### 1. Summary of Significant Accounting Policies

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

##### **Reporting Entity**

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

##### **Related Organizations**

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

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

##### **Fund Accounting**

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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General Fund - The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges. Proprietary funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

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

Additionally, the Town reports the following fiduciary fund types:

Employees' Pension Plan, as more fully described in Note 6.

**Government-wide and Fund Financial Statements**

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**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.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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

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

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets.

**Budget and Budgetary Accounting**

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

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

Public hearings are conducted to obtain taxpayer comments.

Prior to January 1, the budget is legally enacted through the passage of an ordinance. Amendments can be made until year end. On December 29, 2009, the Board approved a resolution appropriating additional sums of money for the year 2009. The original and amended appropriation amounts are presented in the budgetary data in the financial statements.

Budgets for governmental and pension funds are adopted on a basis consistent with generally accepted accounting principles. Budgets for the Proprietary funds are adopted to fulfill statutory requirements and are prepared on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, loans and reimbursements received, note receivable principal, capital expenditures and bond principal payments, but does not provide for depreciation and amortization.



**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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For 2009 the Board of Trustees budgeted all funds and appropriated spending limits by fund. Therefore, the comparisons of actual and budget amounts relating to legal requirements shown in the financial statements is based on “total expenditures” plus “operating transfers to other funds” in the various fund types. All appropriations lapse at year end.

**Encumbrances**

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

**Cash and Investments**

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

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

**Property Taxes**

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

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

Property taxes are computed using mills, where one mill is equal to \$1 on \$1,000 of assessed value. The mill levy for 2009 was 17.686.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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**Inventory and Supplies**

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

General Fund - Dumpsters and polycarts held for resale and street supplies	\$ 42,585
Utility - Treatment supplies, meters and parts	47,594
Municipal Recreation Area - Merchandise & Concessions	1,806
Airport Fuel Fund - Airplane fuel	<u>2,566</u>
Total Inventories	<u>\$ 94,551</u>

**Compensated Absences**

By ordinance, the Town's policy regarding vacation time is to not let it accumulate beyond one year, although some exceptions are made upon approval of management. Any unused vacation time is paid upon termination. Also by ordinance, any employee accumulating sick leave beyond 60 days shall continue to accrue sick leave at the rate of one-half day per month and shall have the additional leave added to vacation leave for the following year. The liability for vacation pay included in these financial statements includes such sick leave accrued to December 31, 2009.

**Compliance with Colorado Contraband Forfeiture Act**

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

**Bond Discounts and Issuance Costs**

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**2. Cash and Investments**

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

Cash Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2009, none of the Town's deposits are deemed to be exposed to custodial credit risk.

The Town's deposits as of December 31, 2009 are shown below.

The Town's cash deposits at December 31, 2009 was \$1,934,194 which include cash, investments, and restricted assets in the primary government Statement of Net Assets and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Assets. Cash on hand was \$11 and the remaining \$1,934,183 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 1,006,404	\$ 1,006,404
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	<u>1,012,702</u>	<u>927,779</u>
Total cash and certificates of deposit	<u><u>\$ 2,019,106</u></u>	<u><u>\$ 1,934,183</u></u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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The difference between the bank balance and carrying balance is \$84,923, which were outstanding items that had not cleared the banks as of December 31, 2009.

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

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

Other than in the Employees' Pension Plan the Town's only investments are in bank savings and 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;

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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

The Employees' Pension Plan investments at December 31, 2009 are reported at fair market value. The Employees' Pension Plan investments are shown below:

	Fair Market Value	Maturity	Credit Rating	Rating Agency
Stocks, bonds and mutual funds:				
Domestic Stocks	\$ 478,197	n/a	Not Rated	n/a
International Stocks	74,170	n/a	Not Rated	n/a
Mutual Funds	285,371	n/a	3 Star	Morningstar
Money Market and Other	39,069	n/a	Not Rated	n/a
Total Investments	<u>\$ 876,807</u>			

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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

Cash and Cash Equivalents	\$ 890,668
Pooled Cash Overdraft	(123,929)
Investments	19,948
Restricted Cash	974,123
Fiduciary Funds – Cash	49,455
Fiduciary Funds – Investments	<u>876,807</u>
Total	<u>\$ 2,687,072</u>

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**3. Restricted Assets**

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Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2009 of \$110,037 is 3% of the Town's annual expenditures in the governmental fund types. Reserve is held in bank certificates of deposit.

General Fund – reserves for payment of 1999 revenue bonds and 2004 capital lease. Total required accumulation at December 31, 2009 is \$5,000. Reserves are held in bank savings accounts.

General Fund – equipment replacement reserves. Accumulation at December 31, 2009 is \$136,083. Reserves are held in bank savings accounts and certificates of deposit.

Utility Fund – reserve for operations and maintenance of the water treatment plant. Total required accumulation at December 31, 2009 is \$207,403. Reserve is held in a bank savings account.

Utility Fund – funds held for future water projects construction from proceeds of 2004 water bond. Amount held in a bank savings account totals \$167,794 at December 31, 2009.

Utility Fund – reserve for Emergency Reserve and repayment of 2000 and 2004 revenue bonds. There is no required accumulation for the 2000 bond reserve. The required accumulation for the 2004 bond reserve is the amount of the subsequent year's debt service obligation at a minimum. Emergency Reserve required accumulation is 3% of annual expenditures in the Utility Fund. Reserves are held in a bank savings account and certificates of deposit.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**3. Restricted Assets (continued)**

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

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2009 is \$150,895. Reserve is held in a bank savings account.

Municipal Recreation Area Fund – accumulation of special green fees, which is spent on golf course improvements and equipment. The amount accumulated is in a bank savings account and certificate of deposit.

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

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

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**5. Capital Assets**

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Capital asset activity for the year was as follows:

	Balance December 31, 2008	Additions	Conveyances or Retirements	Balance December 31, 2009
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	2,496,494	78,248	-	2,574,742
Equipment	2,142,247	139,643	(21,310)	2,260,580
Infrastructure	<u>4,256,882</u>	<u>35,939</u>	<u>-</u>	<u>4,292,821</u>
Total depreciable assets	<u>8,895,623</u>	<u>253,830</u>	<u>(21,310)</u>	<u>9,128,143</u>
Total capital assets	<u>10,174,612</u>	<u>253,830</u>	<u>(21,310)</u>	<u>10,407,132</u>
Less accumulated depreciation for:				
Buildings	(1,217,197)	(64,390)	-	(1,281,587)
Equipment	(1,290,554)	(173,448)	18,769	(1,445,233)
Infrastructure	<u>(273,067)</u>	<u>(152,203)</u>	<u>-</u>	<u>(425,270)</u>
Total accumulated depreciation	<u>(2,780,818)</u>	<u>(390,041)</u>	<u>18,769</u>	<u>(3,152,090)</u>
Depreciable assets, net	<u>6,114,805</u>	<u>(136,211)</u>	<u>(2,541)</u>	<u>5,976,053</u>
Governmental activities assets, net	<u>\$ 7,393,794</u>	<u>\$ (136,211)</u>	<u>\$ (2,541)</u>	<u>\$ 7,255,042</u>

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

General government	\$ 25,922
Airport	1,606
Public safety - police	32,113
Highways and streets	194,623
Public works - sanitation	19,228
Public health - cemetery	702
Culture and recreation	37,339
Rural health	<u>78,508</u>
Total governmental activities depreciation expense	<u>\$ 390,041</u>



**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

**5. Capital Assets (continued)**

	Balance December 31, 2008	Additions	Conveyances or Retirements	Balance December 31, 2009
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	<u>243,476</u>	<u>-</u>	<u>-</u>	<u>243,476</u>
Total non-depreciable assets	<u>1,292,471</u>	<u>-</u>	<u>-</u>	<u>1,292,471</u>
Depreciable assets:				
Water system, plant & equipment	8,264,936	28,548	(27,127)	8,266,357
Sewer system, plant & equipment	3,777,932	8,389	(3,213)	3,783,108
Rec area facilities & equipment	343,056	25,521	(5,120)	363,457
Ambulance building & equipment	<u>853,317</u>	<u>48,201</u>	<u>(36,294)</u>	<u>865,224</u>
	<u>13,239,241</u>	<u>110,659</u>	<u>(71,754)</u>	<u>13,278,146</u>
Total capital assets	<u>14,531,712</u>	<u>110,659</u>	<u>(71,754)</u>	<u>14,570,617</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(2,497,503)	(244,455)	27,127	(2,714,831)
Sewer system, plant & equipment	(1,282,225)	(98,991)	3,213	(1,378,003)
Rec area facilities & equipment	(219,537)	(17,700)	5,120	(232,117)
Ambulance building & equipment	<u>(398,037)</u>	<u>(55,749)</u>	<u>30,492</u>	<u>(423,294)</u>
Total accumulated depreciation	<u>(4,397,302)</u>	<u>(416,895)</u>	<u>65,952</u>	<u>(4,748,245)</u>
Depreciable assets, net	<u>8,841,939</u>	<u>(306,236)</u>	<u>(5,802)</u>	<u>8,529,901</u>
Business-type activities assets, net	<u>\$10,134,410</u>	<u>\$ (306,236)</u>	<u>\$ (5,802)</u>	<u>\$ 9,822,372</u>

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

Water	\$ 157,788
Water treatment	86,667
Sewer	98,991
Municipal recreation	17,700
Ambulance	<u>55,749</u>
Total business-type activities depreciation expense	<u>\$ 416,895</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

**6. Retirement Plan**

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

Employees' Pension Plan:

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

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

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

Membership in the Plan consisted of the following at January 1, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	0
Terminated plan members entitled to, but not yet receiving benefits	1
Active Plan Members	<u>24</u>
Total	25

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

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

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

Annual required contribution	\$ 40,337
Contributions made	\$(40,337)
Net pension obligation beginning of year	<u>\$ -0-</u>
Net pension obligation end of year	\$ -0-

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

**6. Retirement Plan (continued)**

The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 2.0% per year. Both (a) and (b) included an inflation component of 2.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value method.

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Liability or (Funding Excess) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>
1/1/2004	\$ 805,602	\$ 925,883	\$ 120,281	87.0%
1/1/2005	\$ 926,995	\$ 957,178	\$ 30,183	96.8%
1/1/2006	\$ 982,742	\$ 1,034,687	\$ 51,945	95.0%
1/1/2007	\$ 1,073,261	\$ 1,108,776	\$ 35,515	96.8%
1/1/2008	\$ 1,117,242	\$ 1,128,134	\$ 10,892	99.0%
1/1/2009	\$ 733,590	\$ 1,072,120	\$ 338,530	68.4%

Six-year Trend information:

<u>For Each Year Ended</u>	<u>Employer Annual Required Contribution and Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/2004	\$ 16,886	\$ 16,886	100.0%	\$ -
12/31/2005	\$ 7,210	\$ 7,210	100.0%	\$ -
12/31/2006	\$ 9,274	\$ 9,274	100.0%	\$ -
12/31/2007	\$ 6,095	\$ 6,095	100.0%	\$ -
12/31/2008	\$ 5,668	\$ 5,668	100.0%	\$ -
12/31/2009	\$ 40,337	\$ 40,337	100.0%	\$ -

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**7. Contingency—Constitutional Amendment**

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

The Town has reserved \$110,037 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the Tabor amendment.

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

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

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**8. Capital Lease**

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The Town has entered into the following lease-purchase:

2004 – for a gravel pit operated by the Street Department and for land and buildings used by the Ambulance Service Fund. The security for this lease-purchase is the Town's fire station.

The entire cost of the gravel pit of \$90,140, less the allocable cost of excess land sold in 2005 of \$62,269 is reflected in the Governmental Activities Capital Assets in the amount of \$27,871 and the obligation for the remainder of the lease in the Governmental Activities Liabilities in the government –wide financial statements.

The entire cost of the land and buildings in the amount of \$225,161 is reflected in the Business-Type Activities Capital Assets and the obligation for the remainder of the lease in the Business-Type Activities Liabilities.

Following is a schedule of the future minimum lease payments under the capitalized lease, together with the present value of the net minimum lease payments as of December 31, 2009:

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**8. Capital Lease (continued)**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
2010	\$ 12,346	\$ 30,866
2011	12,441	31,105
2012	12,509	31,273
2013	12,262	30,658
2014	12,344	30,664
Total minimum lease payments	61,902	154,566
Less, amount representing Interest	(8,133)	(20,336)
Present value of net minimum lease payments	\$ 53,769	\$ 134,230

The current portion of the present value of the net minimum lease payments is \$9,428 for Governmental Activities and \$24,286 for Business-Type Activities.

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**9. Operating Leases**

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Leases that do not meet the criteria for capitalization are classified as operating leases. Total rental expenses for all operating leases reported in Governmental Activities was \$4,500 in 2009. Future minimum lease payments as of December 31, 2009, under operating leases that have initial or remaining lease terms of more than one year are as follows:

	<b>Activities</b>
Year Ended December 31, 2010	\$ 1,125
Total minimum lease payments	\$ 1,125

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**10. Long-Term Debt**

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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The Town has one general obligation bond issue outstanding at December 31, 2009, with interest from 4.8% to 5.6%, which is expected to be paid from Utility Fund Water revenues.

During 2009 a principal payment of \$45,000 and interest payments of \$20,582 were made which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 45,000	\$ 19,150	\$ 64,150
2011	45,000	16,900	61,900
2012	50,000	14,605	64,605
2013	50,000	12,005	62,005
2014	55,000	9,356	64,356
2015-2016	<u>115,000</u>	<u>9,744</u>	<u>124,744</u>
	<u>\$ 360,000</u>	<u>\$ 81,760</u>	<u>\$ 441,760</u>

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, 2009 are as follows:

Payable from Governmental Activities revenue together with interest of 5.625%.

During 2009 a principal payment of \$45,000 and interest payments of \$11,531 were made which are included under governmental activities in the Statement of Activities.

Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 50,000	\$ 9,000	\$ 59,000
2011	55,000	6,187	61,187
2012	<u>55,000</u>	<u>3,094</u>	<u>58,094</u>
	<u>\$ 160,000</u>	<u>\$ 18,281</u>	<u>\$ 178,281</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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Payable from Utility Fund Water revenues, together with interest from 5.30% to 5.50%.

During 2009 a principal payment of \$55,000 and interest payments of \$108,043 were made which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 55,000	\$ 105,175	\$ 160,175
2011	55,000	101,875	156,875
2012	60,000	99,483	159,483
2013	65,000	96,783	161,783
2014	65,000	93,760	158,760
2015-2019	540,000	408,278	948,278
2020-2023	1,135,000	185,350	1,320,350
	<b>\$ 1,975,000</b>	<b>\$ 1,090,704</b>	<b>\$ 3,065,704</b>

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

During 2009 principal payments of \$64,999 and interest payments of \$39,406 were made in addition to the federal subsidy interest amount of \$15,935 for a total of \$55,341 which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

Annual debt service requirements are as follows:

	<b>Principal</b>	<b>Interest Before Federal Subsidy</b>	<b>Total</b>	<b>Federal Interest Subsidy</b>	<b>Total After Federal Subsidy</b>
2010	\$ 70,415	\$ 53,589	\$ 124,004	\$ 14,867	\$ 109,137
2011	70,415	50,339	120,754	13,710	107,044
2012	75,832	47,835	123,667	12,552	111,115
2013	75,832	44,765	120,597	11,306	109,291
2014	75,832	41,240	117,072	10,060	107,012
2015-2019	433,326	141,642	574,968	30,356	544,612
2020	102,916	6,014	108,930	1,692	107,238
	<b>\$ 904,568</b>	<b>\$ 385,424</b>	<b>\$ 1,289,992</b>	<b>\$ 94,543</b>	<b>\$ 1,195,449</b>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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Payable from Municipal Recreation Area Fund revenues together with interest at 5%.

During 2009 a principal payment of \$55,000 and an interest payment of \$2,661 was made which is included as a direct expense under Municipal Recreation Area in the Statement of Activities. The debt was paid in full in 2009.

A loan from the State of Colorado for improvements to the water utility system, which is expected to be paid from Utility Fund Water revenues together with interest at 3.0%.

During 2009 a principal payment of \$22,759 and an interest payment of \$9,004 was made which is included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements to maturity are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 23,441	\$ 9,004	\$ 32,445
2011	24,145	8,300	32,445
2012	24,869	7,576	32,445
2013	25,615	6,830	32,445
2014	26,383	6,062	32,445
2015-2019	144,273	17,952	162,225
2020	31,425	943	32,368
	\$ 300,151	\$ 56,667	\$ 356,818

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

During 2009 a principal payment of \$3,000 and an interest payment of \$5,369 was made which is included under governmental activities in the Statement of Activities.

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



**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 4,000	\$ 5,133	\$ 9,133
2011	4,000	4,897	8,897
2012	4,000	4,661	8,661
2013	4,000	4,425	8,425
2014	5,000	4,189	9,189
2015-2019	28,000	16,343	44,343
2020-2024	<u>39,000</u>	<u>6,903</u>	<u>45,903</u>
	<u>\$ 88,000</u>	<u>\$ 46,551</u>	<u>\$ 134,551</u>

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

During 2009, a principal payment of \$12,000 and interest payments of \$15,531 were made which are included under governmental activities in the Statement of Activities.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 11,000	\$ 14,632	\$ 25,632
2011	11,000	13,950	24,950
2012	12,000	13,268	25,268
2013	13,000	12,524	25,524
2014	14,000	11,718	25,718
2015-2019	81,000	44,702	125,702
2020-2024	<u>94,000</u>	<u>16,058</u>	<u>110,058</u>
	<u>\$ 236,000</u>	<u>\$ 126,852</u>	<u>\$ 362,852</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

Payable from Utility Fund Restricted Cash:

The accumulation of a monthly fee from the State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031.

Changes in Long-Term Liabilities during 2009 are as follows:

	<b>Balance December 31, 2008</b>	<b>Additions</b>	<b>Payments</b>	<b>Balance December 31, 2009</b>	<b>Due Within One Year</b>
Governmental activities:					
Revenue bonds	\$ 205,000	\$ -	\$ (45,000)	\$ 160,000	\$ 50,000
Special assessment bonds	339,000	-	(15,000)	324,000	15,000
Capital lease	63,197	-	(9,428)	53,769	9,714
	<u>607,197</u>	<u>-</u>	<u>(69,428)</u>	<u>537,769</u>	<u>74,714</u>
Business-type activities:					
Bonds payable:					
2004 Water Revenue	\$ 2,030,000	\$ -	\$ (55,000)	\$ 1,975,000	\$ 55,000
2001 G.O.	405,000	-	(45,000)	360,000	45,000
2000 Water Revenue	969,567	-	(64,999)	904,568	70,415
1974 Mun. Rec. Area	55,000	-	(55,000)	-	-
Loans payable:					
Colrado Water					
Conservation Board	322,910	-	(22,759)	300,151	23,442
Capital lease	157,802	-	(23,572)	134,230	24,286
Colrado Maintenance Fee	33,059	5,747	(2,747)	36,059	-
	<u>3,973,338</u>	<u>5,747</u>	<u>(269,077)</u>	<u>3,710,008</u>	<u>218,143</u>
Total long-term liabilities	<u>\$ 4,580,535</u>	<u>\$ 5,747</u>	<u>\$ (338,505)</u>	<u>\$ 4,247,777</u>	<u>\$ 292,857</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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

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Governmental Activities revenue bonds, special assessment bonds, and capital leases are all payable from the General Fund.

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, 2009:

Actual Property Value (taxable)	\$ 110,439,758
	x            3%
	<u>3,313,193</u>
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>                    -</u>
Available Debt Margin	<u>\$ 3,313,193</u>

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

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**11. Risk Management**

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

The Town carries commercial insurance for risks described below and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The pools have certain deductibles, which resulted in an out of pocket cost to the Town of \$2,691 in year 2009.

**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.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**11. Risk Management (continued)**

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During 2009 the Town paid \$56,780 for insurance coverage to the pool which is included in the operating expense of the general and enterprise funds.

**Workers' Compensation Insurance**

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

During 2009 the Town paid \$30,038 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**12. Interfund Transactions**

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

The Town had the following interfund transactions during 2009:

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 81,227
Transfer from General Fund to Ambulance Service Fund for general purposes.	7,088
Transfer from General Fund to Rural Health Fund for general purposes	<u>15,000</u>
Total General Fund transfers	<u>\$ 103,315</u>
Transfer from Conservation Trust Fund to Municipal Recreation Area Fund for improvements.	\$ 4,968
Transfer from Conservation Trust Fund to Capital Projects Fund for Depot Improvements	<u>5,000</u>
Total Conservation Trust Fund Transfers	<u>\$ 9,968</u>
Amounts due to/from other funds at December 31, 2009:	
Due to the Employees' Pension Plan by the General and Proprietary Fund Types for the Town's 2009 retirement contribution	<u>\$ 30,337</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2009**

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**13. Contingent Construction Payable**

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During the year 2000, the Town obtained two acres of land for a water treatment plant, in exchange for providing certain street, water and sewer improvements for seller's adjacent property. The agreed-upon value was \$114,000. The Town's obligation in this trade consists of two elements: (1) an obligation to complete certain improvements with an estimated cost of \$41,622, which were completed by the Town in 2001, and (2) a contingent liability to pay the seller's obligation of \$72,378 for improvements in the event the seller develops the adjacent land within 20 years. During 2006, the Town paid \$15,160 for those improvements resulting in a remaining contingent payable of \$57,218.

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**14. Employment Agreements**

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During 2003, the Town entered into employment agreements with four members of management. The agreements cover a variety of matters, including lump sum payment of three months' salary and three months' benefits, in the event the Board does not reappoint the employee after a regular municipal election, and he or she is willing and able to perform his or her duties. As of December 31, 2009, three of these individuals were employed by the Town.

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**15. Water Rights Lease**

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

**Town of Limon, Colorado**

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**Supplemental 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, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 1,296,434	\$ 1,296,434	\$ 1,329,898	\$ 33,464
Fines, Licenses and Permits	44,620	44,620	83,295	38,675
Intergovernmental - Local	156,163	156,163	159,902	3,739
Intergovernmental - Federal	2,800	2,800	3,863	1,063
Charges for Services	434,571	434,571	467,543	32,972
Interest	20,695	20,695	22,159	1,464
Donated	2,500	2,500	6,825	4,325
Miscellaneous	30,000	30,000	40,209	10,209
Supplemental Appropriation	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
 TOTAL REVENUES	 <u>1,987,783</u>	 <u>2,087,783</u>	 <u>2,113,694</u>	 <u>25,911</u>
 <b>EXPENDITURES</b>				
Current:				
General Government	435,050	435,050	462,668	(27,618)
Airport	13,397	13,397	14,658	(1,261)
Public Works - Streets	547,148	547,148	436,785	110,363
Public Works - Sanitation	175,777	175,777	168,423	7,354
Public Safety	334,066	334,066	327,086	6,980
Public Health - Cemetery	51,949	51,949	50,588	1,361
Recreation	224,549	224,549	228,943	(4,394)
Capital Outlay	78,576	78,576	175,582	(97,006)
Debt Service:				
Principal - Lease Purchases	9,428	9,428	9,428	-
Principal - Bonded Debt	59,000	59,000	60,000	(1,000)
Interest	38,036	38,036	35,525	2,511
Supplemental Appropriation	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
 TOTAL EXPENDITURES	 <u>1,966,976</u>	 <u>2,066,976</u>	 <u>1,969,686</u>	 <u>97,290</u>
 <b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	 20,807	 20,807	 144,008	 123,201
 <b>OTHER FINANCIAL SOURCES (USES)</b>				
Operating Transfers (Out)	<u>(62,876)</u>	<u>(62,876)</u>	<u>(103,315)</u>	<u>(40,439)</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 (42,069)	 (42,069)	 40,693	 82,762
 <b>FUND BALANCES, BEGINNING OF YEAR</b>	 <u>636,161</u>	 <u>636,161</u>	 <u>609,968</u>	 <u>(26,193)</u>
 <b>FUND BALANCES, END OF YEAR</b>	 <u>\$ 594,092</u>	 <u>\$ 594,092</u>	 <u>\$ 650,661</u>	 <u>\$ 56,569</u>

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



**Town of Limon, Colorado**  
**Head Start Fund**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Intergovernmental - Federal	\$ 602,968	\$ 602,968	\$ 644,259	\$ 41,291
Supplemental Appropriation	<u>-</u>	<u>42,222</u>	<u>-</u>	<u>(42,222)</u>
Total revenues	<u>602,968</u>	<u>645,190</u>	<u>644,259</u>	<u>(931)</u>
<b>EXPENDITURES:</b>				
Head Start Program	<u>602,968</u>	<u>645,190</u>	<u>644,259</u>	<u>931</u>
Total expenditures	<u>602,968</u>	<u>645,190</u>	<u>644,259</u>	<u>931</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

	<b>CAPITAL PROJECTS</b>	<b>CONSER- VATION TRUST FUND</b>	<b>CEMETERY PERPET- UAL CARE</b>	<b>RURAL HEALTH FUND</b>	<b>TOTALS</b>
<b>ASSETS:</b>					
Cash	\$ -	\$ 38,069	\$ 6,503	\$ -	\$ 44,572
Accounts Receivable	18,947	-	150	36,835	55,932
Intergovernmental Receivable	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 18,947</u></b>	<b><u>\$ 38,069</u></b>	<b><u>\$ 6,653</u></b>	<b><u>\$ 36,835</u></b>	<b><u>\$ 100,504</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Pooled Cash Overdraft	\$ 9,642	\$ -	\$ -	\$ 36,835	\$ 46,477
Accounts Payable	1,772	-	-	-	1,772
<b>TOTAL LIABILITIES</b>	<b><u>11,414</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>36,835</u></b>	<b><u>48,249</u></b>
 <b>FUND BALANCES</b>					
Unreserved Fund Balance:					
Undesignated	<u>7,533</u>	<u>38,069</u>	<u>6,653</u>	<u>-</u>	<u>52,255</u>
<b>TOTAL FUND BALANCES</b>	<b><u>7,533</u></b>	<b><u>38,069</u></b>	<b><u>6,653</u></b>	<b><u>-</u></b>	<b><u>52,255</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b><u>\$ 18,947</u></b>	 <b><u>\$ 38,069</u></b>	 <b><u>\$ 6,653</u></b>	 <b><u>\$ 36,835</u></b>	 <b><u>\$ 100,504</u></b>

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

**Town of Limon, Colorado**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2009**

	<u>CAPITAL PROJECTS</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>RURAL HEALTH FUND</u>	<u>TOTALS</u>
<b>REVENUES:</b>					
Interest	\$ -	\$ 176	\$ 8	\$ -	\$ 184
Intergovernmental - Local	10,332	18,502	-	-	28,834
Perpetual Care	-	-	3,075	-	3,075
Donations	<u>58,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,163</u>
<b>TOTAL REVENUES</b>	<u>68,495</u>	<u>18,678</u>	<u>3,083</u>	<u>-</u>	<u>90,256</u>
<b>EXPENDITURES:</b>					
Current:					
Public Health - Cemetery	-	-	929	-	929
Recreation	-	10,564	-	-	10,564
Capital Outlay	<u>78,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,248</u>
<b>TOTAL EXPENDITURES</b>	<u>78,248</u>	<u>10,564</u>	<u>929</u>	<u>-</u>	<u>89,741</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(9,753)	8,114	2,154	-	515
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In (Out)	<u>5,000</u>	<u>(9,968)</u>	<u>-</u>	<u>15,000</u>	<u>10,032</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,753)	(1,854)	2,154	15,000	10,547
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,286</u>	<u>39,923</u>	<u>4,499</u>	<u>(15,000)</u>	<u>41,708</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 7,533</u></u>	<u><u>\$ 38,069</u></u>	<u><u>\$ 6,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,255</u></u>

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

**Town of Limon, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances—Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Intergovernmental - State	\$ 20,000	\$ 20,000	\$ 18,502	\$ (1,498)
Interest	<u>300</u>	<u>300</u>	<u>176</u>	<u>(124)</u>
Total revenues	<u>20,300</u>	<u>20,300</u>	<u>18,678</u>	<u>(1,622)</u>
<b>EXPENDITURES:</b>				
Operating				
Recreation	-	-	10,564	(10,564)
Capital Outlay	<u>25,679</u>	<u>25,679</u>	<u>-</u>	<u>25,679</u>
Total expenditures	<u>25,679</u>	<u>25,679</u>	<u>10,564</u>	<u>15,115</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,379)	(5,379)	8,114	13,493
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers (Out)	<u>(11,200)</u>	<u>(11,200)</u>	<u>(9,968)</u>	<u>1,232</u>
<b>NET CHANGE IN FUND BALANCE</b>	(16,579)	(16,579)	(1,854)	14,725
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>39,075</u>	<u>39,075</u>	<u>39,923</u>	<u>848</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 22,496</u>	<u>\$ 22,496</u>	<u>\$ 38,069</u>	<u>\$ 15,573</u>

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

**Town of Limon, Colorado**  
**Cemetery Perpetual Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES:</b>				
Perpetual Care	\$ 1,000	\$ 1,329	\$ 3,075	\$ 1,746
Interest	<u>5</u>	<u>5</u>	<u>8</u>	<u>3</u>
Total revenues	<u>1,005</u>	<u>1,334</u>	<u>3,083</u>	<u>1,749</u>
<b>EXPENDITURES:</b>				
Public Health - Cemetery	<u>600</u>	<u>929</u>	<u>929</u>	<u>-</u>
Total expenditures	<u>600</u>	<u>929</u>	<u>929</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	405	405	2,154	1,749
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,172</u>	<u>2,172</u>	<u>4,499</u>	<u>2,327</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,577</u>	<u>\$ 2,577</u>	<u>\$ 6,653</u>	<u>\$ 4,076</u>

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

**Town of Limon, Colorado**  
**Rural Health Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	\$ -	\$ -	\$ 15,000	\$ 15,000
<b>NET CHANGE IN FUND BALANCE</b>	-	-	15,000	15,000
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>

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

**Town of Limon, Colorado**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Intergovernmental - Local	\$ -	\$ 10,000	\$ 10,332	\$ 332
Donations	-	-	58,163	58,163
Supplemental Appropriations	-	110,000	58,163	(51,837)
TOTAL REVENUES	-	120,000	126,658	6,658
<b>EXPENDITURES</b>				
Capital Outlay	-	120,000	78,248	41,752
TOTAL EXPENDITURES	-	120,000	78,248	41,752
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>	-	-	48,410	48,410
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In (Out)	-	-	5,000	5,000
<b>NET CHANGE IN FUND BALANCE</b>	-	-	53,410	53,410
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	-	12,286	12,286
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ -	\$ 65,696	\$ 65,696

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

**Town of Limon, Colorado**  
**Utility Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
<b>REVENUES:</b>				
Sales, Net Contractual Adjustments and Bad debts	\$ 884,371	\$ 884,371	\$ 762,815	\$ (121,556)
Other user charges	14,400	14,400	21,076	6,676
Interest	26,887	26,887	27,400	513
Note Principal - Frasier	12,568	12,568	12,568	-
DOC maintenance	5,400	5,400	3,000	(2,400)
DOC maintenance expenses from restricted account	5,400	5,400	-	(5,400)
Tap Fees	10,000	10,000	15,568	5,568
Intergovernmental-Federal	18,000	18,000	15,935	(2,065)
Donations	-	-	1,013	1,013
Insurance proceeds	-	-	1,059	1,059
Capital Contributions	177,701	177,701	-	(177,701)
Miscellaneous	500	500	-	(500)
Total revenues	1,155,227	1,155,227	860,434	(294,793)
<b>EXPENDITURES:</b>				
Operating expenses (other than depreciation and amortization)	528,117	528,117	504,688	23,429
Interest expense	199,558	199,558	192,970	6,588
Debt Principal	187,095	187,095	187,758	(663)
Capital expenditures	455,178	455,178	36,936	418,242
DOC maintenance revenue to restricted account	5,400	5,400	3,000	2,400
System maintenance paid from Colorado reserve account	25,000	25,000	-	25,000
Total expenditures	1,400,348	1,400,348	925,352	474,996
Excess (deficiency) of revenues over expenditures	\$ (245,121)	\$ (245,121)	(64,918)	\$ 180,203
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Principal portion of debt service			187,758	
Capital expenditures			36,936	
Less budgetary items shown as Revenue:				
Principal portion of note receivable			(12,568)	
Less: depreciation and amortization			(349,018)	
Change In Net Assets GAAP			\$ (201,810)	

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



**Town of Limon, Colorado**  
**Ambulance Service Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
<b>REVENUES:</b>				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
Sales, Net Contractual Adjustments and Bad Debts \$320,808	\$ 226,000	\$ 226,000	\$ 145,500	\$ (80,500)
Interest	3,300	3,300	164	(3,136)
Donations	100	100	19,360	19,260
Intergovernmental - Local	4,700	4,700	11,902	7,202
Intergovernmental - Federal			17,520	17,520
Miscellaneous	4,500	4,500	1,800	(2,700)
Transfer From Other Funds	22,167	22,167	7,088	(15,079)
Supplemental Appropriation	<u>-</u>	<u>50,408</u>	<u>-</u>	<u>(50,408)</u>
 Total revenues	 <u>260,767</u>	 <u>311,175</u>	 <u>203,334</u>	 <u>(107,841)</u>
 <b>EXPENDITURES:</b>				
Operating				
Salaries and Benefits	70,958	70,958	66,283	4,675
Maintenance	16,300	16,300	13,177	3,123
Insurance	5,585	5,585	1,053	4,532
Utilities	9,465	9,465	4,753	4,712
Other Expenses	78,169	78,169	98,718	(20,549)
Principal Payment	23,572	23,572	23,572	-
Interest Expense	7,735	7,735	7,346	389
Capital Outlay	24,000	24,000	48,201	(24,201)
Supplemental Appropriation	<u>-</u>	<u>50,408</u>	<u>-</u>	<u>50,408</u>
 Total expenditures	 <u>235,784</u>	 <u>286,192</u>	 <u>263,103</u>	 <u>23,089</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$ 24,983</u>	 <u>\$ 24,983</u>	 (59,769)	 <u>\$ (84,752)</u>
 <b>RECONCILIATION TO GAAP BASIS</b>				
Add: Principal portion of debt service			23,572	
Add: Capital Outlay			48,201	
Less: Loss on Sale of Asset			(5,000)	
Less Amortization			(1,550)	
Less Depreciation			<u>(55,749)</u>	
 Change In Net Assets GAAP			 <u>\$ (50,295)</u>	

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

# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2009

ASSETS	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>Current assets:</b>			
Cash	\$ 25,378	\$ 5,342	\$ 30,720
Inventories	1,806	2,566	4,372
Accounts Receivable	<u>-</u>	<u>210</u>	<u>210</u>
<b>Total current assets</b>	<u>27,184</u>	<u>8,118</u>	<u>35,302</u>
<b>Non-Current Assets:</b>			
Capital Assets:			
Land	11,000	-	11,000
Recreation Area Facilities	237,911	-	237,911
Equipment	125,546	-	125,546
Accumulated Depreciation	<u>(232,117)</u>	<u>-</u>	<u>(232,117)</u>
<b>Total Non-Current Assets</b>	<u>142,340</u>	<u>-</u>	<u>142,340</u>
<b>TOTAL ASSETS</b>	<u>169,524</u>	<u>8,118</u>	<u>177,642</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts Payable	3,629	770	4,399
Due to other funds	2,324	-	2,324
Compensated absences	<u>505</u>	<u>-</u>	<u>505</u>
<b>TOTAL LIABILITIES</b>	<u>6,458</u>	<u>770</u>	<u>7,228</u>
<b>NET ASSETS</b>			
Investment in fixed assets, net of related debt	142,340		142,340
Unrestricted	<u>20,726</u>	<u>7,348</u>	<u>28,074</u>
<b>TOTAL NET ASSETS</b>	<u>163,066</u>	<u>7,348</u>	<u>170,414</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 169,524</u>	<u>\$ 8,118</u>	<u>\$ 177,642</u>

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

**Town of Limon, Colorado**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended December 31, 2009**

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>OPERATING REVENUES</b>			
Sales	\$ 117,034	\$ 27,462	\$ 144,496
Other User Charges	7,452	-	7,452
Miscellaneous	<u>2,544</u>	<u>-</u>	<u>2,544</u>
Total Operating Revenues	<u>127,030</u>	<u>27,462</u>	<u>154,492</u>
<b>OPERATING EXPENSES</b>			
Cost of Resale Items	13,449	22,876	36,325
Maintenance	7,006	290	7,296
Insurance	3,307	1,336	4,643
Utilities	17,866	-	17,866
Testing	-	370	370
Salaries and Benefits	104,447	-	104,447
Other Expenses	19,462	1,863	21,325
Depreciation	<u>17,700</u>	<u>-</u>	<u>17,700</u>
Total Operating Expenses	<u>183,237</u>	<u>26,735</u>	<u>209,972</u>
Income (Loss) From Operations	<u>(56,207)</u>	<u>727</u>	<u>(55,480)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Revenue	488	-	488
Donations	7,377	-	7,377
Interest Expense	<u>(2,661)</u>	<u>-</u>	<u>(2,661)</u>
Total Non-Operating Revenues (Expenses)	<u>5,204</u>	<u>-</u>	<u>5,204</u>
Net Income Before Contributions and Transfers	(51,003)	727	(50,276)
Transfers In (Out)	<u>86,195</u>	<u>-</u>	<u>86,195</u>
<b>CHANGE IN NET ASSETS</b>	<u>35,192</u>	<u>727</u>	<u>35,919</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>127,874</u>	<u>6,621</u>	<u>134,495</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 163,066</u>	<u>\$ 7,348</u>	<u>\$ 170,414</u>

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

**Town of Limon, Colorado**  
**Airport Fuel Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>POSITIVE (NEGATIVE)</b>
<b>REVENUES:</b>				
Sales	<u>\$ 49,280</u>	<u>\$ 49,280</u>	<u>\$ 27,462</u>	<u>\$ (21,818)</u>
Total revenues	<u>49,280</u>	<u>49,280</u>	<u>27,462</u>	<u>(21,818)</u>
<b>EXPENDITURES:</b>				
Operating expenses	<u>39,660</u>	<u>39,660</u>	<u>26,735</u>	<u>12,925</u>
Total expenditures	<u>39,660</u>	<u>39,660</u>	<u>26,735</u>	<u>12,925</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 9,620</u>	<u>\$ 9,620</u>	<u>\$ 727</u>	<u>\$ (8,893)</u>

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

**Town of Limon, Colorado**  
**Municipal Recreation Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Sales	\$ 121,500	\$ 121,500	\$ 117,034	\$ (4,466)
Other User Charges	8,130	8,130	7,452	(678)
Interest	525	525	488	(37)
Donations	10,000	10,000	7,377	(2,623)
Miscellaneous	2,432	2,432	2,544	112
Transfers from other funds	47,409	47,409	86,195	38,786
Supplemental Appropriation	<u>-</u>	<u>72,306</u>	<u>-</u>	<u>(72,306)</u>
Total revenues	<u>189,996</u>	<u>262,302</u>	<u>221,090</u>	<u>(41,212)</u>
<b>EXPENDITURES:</b>				
Salaries and Benefits	102,110	102,110	104,447	(2,337)
Cost of Resale Items	16,671	16,671	13,449	3,222
Maintenance	4,650	4,650	7,006	(2,356)
Insurance	2,839	2,839	3,307	(468)
Utilities	19,018	19,018	17,866	1,152
Other Expenses	17,400	17,400	19,462	(2,062)
Interest Expense	3,550	3,550	2,661	889
Bond Payments	10,000	10,000	55,000	(45,000)
Capital expenditures	7,100	7,100	25,521	(18,421)
Supplemental Appropriation	<u>-</u>	<u>72,306</u>	<u>-</u>	<u>72,306</u>
Total expenditures	<u>183,338</u>	<u>255,644</u>	<u>248,719</u>	<u>6,925</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 6,658</u>	<u>\$ 6,658</u>	(27,629)	<u>\$ (34,287)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Principal portion of debt service			55,000	
Capital expenditures			25,521	
Less depreciation and amortization			<u>(17,700)</u>	
Change In Net Assets GAAP			<u>\$ 35,192</u>	

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

**Town of Limon, Colorado**  
**Employees' Pension Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Assets—Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Employee Contribution	\$ 41,645	\$ 41,645	\$ 43,893	\$ 2,248
Employer Contribution	-	-	40,337	40,337
Interest Income	150	150	365	215
Investment Income				
Net of Expenses	<u>20,000</u>	<u>20,000</u>	<u>131,481</u>	<u>111,481</u>
Total Revenues	<u>61,795</u>	<u>61,795</u>	<u>216,076</u>	<u>154,281</u>
<b>EXPENDITURES:</b>				
Benefit Payments	50,000	50,000	479	49,521
Administrative Expenses	<u>5,000</u>	<u>5,000</u>	<u>5,951</u>	<u>(951)</u>
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>6,430</u>	<u>48,570</u>
<b>CHANGE IN NET ASSETS</b>	6,795	6,795	209,646	202,851
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>889,182</u>	<u>889,182</u>	<u>746,953</u>	<u>(142,229)</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 895,977</u>	<u>\$ 895,977</u>	<u>\$ 956,599</u>	<u>\$ 60,622</u>

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: LIMON
		YEAR ENDING : December 2009
This Information From The Records Of (example - City of _ or County of _): TOWN OF LIMON	Prepared By:	David Copsey, CPA For Town of Limon

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	35,939
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	440,788
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	20,801
2. General fund appropriations	124,193	b. Snow and ice removal	9,115
3. Other local imposts (from page 2)	385,802	c. Other	50,817
4. Miscellaneous local receipts (from page 2)	169,108	d. Total (a. through c.)	80,733
5. Transfers from toll facilities		4. General administration & miscellaneous	19,293
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	181,880
a. Bonds - Original Issues		6. Total (1 through 5)	758,633
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	20,900
7. Total (1 through 6)	679,103	b. Redemption	15,000
<b>B. Private Contributions</b>	53,374	c. Total (a. + b.)	35,900
<b>C. Receipts from State government</b> (from page 2)	74,578	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	3,094
<b>E. Total receipts (A.7 + B + C + D)</b>	807,055	b. Redemption	9,428
		c. Total (a. + b.)	12,522
		3. Total (1.c + 2.c)	48,422
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	807,055

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	339,000		15,000	324,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	63,197		9,428	53,769

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		807,055	807,055		0

**Notes and Comments:**

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

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2009

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	93,973	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	57,687
1. Sales Taxes	152,047	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	139,782	g. Other Misc Gravel Sales	14,400
6. Total (1. through 5.)	291,829	h. Other Franchise fees	97,021
c. Total (a. + b.)	385,802	i. Total (a. through h.)	169,108
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	65,930	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	8,648	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,648	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	74,578	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		35,939	35,939
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	35,939	35,939
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	35,939	35,939
			(Carry forward to page 1)

Notes and Comments:





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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2009, and have issued our report thereon dated July 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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



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## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Town of Limon, Colorado in a separate letter dated July 26, 2010

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



Littleton, Colorado

July 26, 2010



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

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

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

**Compliance**

We have audited the compliance of the Town of Limon, Colorado with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Town of Limon, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Limon, Colorado's management. Our responsibility is to express an opinion on Town of Limon, Colorado's compliance based on our audit.

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

In our opinion, the Town of Limon, Colorado complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009.



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## **Internal Control Over Compliance**

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

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

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

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

*Haynie & Co.*

Littleton, Colorado

July 26, 2010

**Town of Limon, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2009**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Health and Human Services: Direct program:			
Administration for Children and Families Head Start (provided to a sub-recipient)	93.600	N/A	\$ 632,614
ARRA - Administration for Children and Families Head Start (provided to a sub-recipient)	93.600	N/A	<u>11,645</u>
Subtotal Head Start			644,259
Environmental Protection Agency Pass-through program from: Colorado Water Resources Authority: Capitalization Grant for Drinking Water State Revolving Fund Interest earnings subsidy	66.468		15,935
U.S. Department of Transportation Pass-through program from Colorado Department of Transportation and East Central Council of Governments - Formula Grant for Other Than Urbanized Areas	20.509		3,863
U.S. Department of Justice Direct program: Bulletproof Vest Partnership	16.607		285
U.S. Department of Commerce Pass-through program from: State of Colorado Public Safety Interoperable Communications Grant Program	11.555		<u>17,520</u>
Total Expenditures of Federal Awards			<u>\$ 681,862</u>

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

**Town of Limon, Colorado**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2009**

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**Schedule of Findings and Questioned Costs for the Year Ended December 31, 2009**

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**1. Summary of Auditor's Results**

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

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

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

Material noncompliance noted: **None**

***Federal Awards:***

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

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

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

Audit findings required to be reported in accordance with Circular A-133, Section .510(a): **None**

*The following programs are considered to be major:*

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

Dollar threshold used to distinguish Type A and Type B programs: **\$300,000**

Risk type qualification: **Low-risk**

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

None

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

None

**4. Summary Schedule of Prior Audit Findings**

None