

Town of Limon, Colorado

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

December 31, 2010 and 2009

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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, 2010, 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, 2010, 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 25, 2011, 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 25, 2011

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2010

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 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 increased by \$627,886 or 4.0% during the year. The governmental net assets increased by \$507,963 or 6.5%, and the business-type net assets increased by \$119,923, or 1.6%.
- The governmental activities revenue changed from \$2,848,209 in 2009 to \$3,784,423 in 2010 for an increase of \$948,523 or 33.3%. This increase is due primarily to large increases in insurance proceeds, federal grants and gravel sales.
- The governmental activities expenditures changed from \$2,777,195 in 2009 to \$3,276,460 in 2010, an increase of \$499,265 or 18.0%. The increase is due primarily to an increase in administrative and Head Start program expenditures in 2010.
- The business-type activities revenue changed from \$1,296,752 in 2009 to \$1,649,302 in 2010, an increase of \$352,550 or 27.2%. This increase is due primarily to a large increase in water sales in 2010.
- The business-type activities expenditures changed from \$1,512,938 in 2009 to \$1,529,379 in 2010, an increase of \$16,441 or 1.1%
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$313,135 or 48.1% in fund balance. This increase is due primarily to a large increases in insurance proceeds, federal grants and gravel sales.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town's basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps 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:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current assets	\$ 1,032,184	\$ 1,028,168	\$ 814,256	\$ 744,915	\$ 1,846,440	\$ 1,773,083
Restricted assets	539,804	246,120	897,128	708,501	1,436,932	954,621
Other non-current assets	338,363	356,444	305,032	325,928	643,395	682,372
Capital assets, net	7,405,499	7,255,042	9,491,807	9,822,372	16,897,306	17,077,414
Total assets	9,315,850	8,885,774	11,508,223	11,601,716	20,824,073	20,487,490
LIABILITIES						
Current liabilities	649,373	646,975	379,575	378,509	1,028,948	1,025,484
Non-current liabilities	382,770	463,055	3,277,383	3,491,865	3,660,153	3,954,920
Total liabilities	1,032,143	1,110,030	3,656,958	3,870,374	4,689,101	4,980,404
NET ASSETS	\$ 8,283,707	\$ 7,775,744	\$ 7,851,265	\$ 7,731,342	\$ 16,134,972	\$ 15,507,086
Net assets consist of:						
Invested in capital assets	\$ 6,942,444	\$ 6,717,273	\$ 6,204,585	\$ 6,316,217	\$ 13,147,029	\$ 13,033,490
Restricted net assets	109,269	115,037	279,129	277,403	388,398	392,440
Unrestricted net assets	1,231,994	943,434	1,367,551	1,137,722	2,599,545	2,081,156
Total net assets	\$ 8,283,707	\$ 7,775,744	\$ 7,851,265	\$ 7,731,342	\$ 16,134,972	\$ 15,507,086

The net assets of the Town’s governmental funds as of December 31, 2010 were \$8,283,707 of which \$1,231,994 was unrestricted and is available for spending at the government’s discretion. The remainder is invested in capital assets, net of related debt of \$6,942,444, reserved for Emergency Reserve of \$104,269 and Bond Reserve of \$5,000.

The General Fund is the main operating fund of the Town. As of December 31, 2010, the General Fund balance was \$963,796, of which \$256,107 was unreserved. Unreserved fund balance represents 11.0% of 2010 General Fund expenditures.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Operating grants and contributions	\$ 1,012,371	\$ 833,351	\$ 42,030	\$ 73,107	\$ 1,054,401	\$ 906,458
Capital grants and contributions	290,665	68,495	-	-	290,665	68,495
Charges for services	852,419	541,604	1,372,713	1,085,683	2,225,132	1,627,287
Total program revenue	<u>2,155,455</u>	<u>1,443,450</u>	<u>1,414,743</u>	<u>1,158,790</u>	<u>3,570,198</u>	<u>2,602,240</u>
General revenues:						
Taxes	1,359,174	1,329,898	-	-	1,359,174	1,329,898
Investment earnings	13,533	22,343	22,158	28,052	35,691	50,395
Insurance proceeds	194,869	-	104,050	1,059	298,919	1,059
Other	61,392	40,209	4,304	15,568	65,696	55,777
Total general revenue	<u>1,628,968</u>	<u>1,392,450</u>	<u>130,512</u>	<u>44,679</u>	<u>1,759,480</u>	<u>1,437,129</u>
Total Revenue	<u>\$ 3,784,423</u>	<u>\$ 2,835,900</u>	<u>\$ 1,545,255</u>	<u>\$ 1,203,469</u>	<u>\$ 5,329,678</u>	<u>\$ 4,039,369</u>
Expenses						
General government	\$ 818,861	\$ 645,224	\$ -	\$ -	\$ 818,861	\$ 645,224
Airport	12,892	16,264	-	-	12,892	16,264
Public safety	374,261	359,199	-	-	374,261	359,199
Highways and streets	530,201	481,500	-	-	530,201	481,500
Public works - sanitation	198,079	187,651	-	-	198,079	187,651
Public health - cemetery	66,897	52,219	-	-	66,897	52,219
Culture and recreation	282,082	276,846	-	-	282,082	276,846
Head Start Program	781,158	644,259	-	-	781,158	644,259
Rural health	-	78,508	-	-	-	78,508
Water	-	-	492,259	502,498	492,259	502,498
Water treatment plant	-	-	232,558	238,604	232,558	238,604
Sewer	-	-	305,097	305,574	305,097	305,574
Municipal recreation area	-	-	200,346	185,898	200,346	185,898
Airport fuel fund	-	-	29,936	26,735	29,936	26,735
Ambulance service fund	-	-	269,183	253,629	269,183	253,629
Interest and fiscal charges	35,413	35,525	-	-	35,413	35,525
Total expenses	<u>\$ 3,099,844</u>	<u>\$ 2,777,195</u>	<u>\$ 1,529,379</u>	<u>\$ 1,512,938</u>	<u>\$ 4,629,223</u>	<u>\$ 4,290,133</u>
Changes in net assets before transfers and special items	684,579	58,705	15,876	(309,469)	700,455	(250,764)
Transfers	(78,857)	(93,283)	78,857	93,283	-	-
Gain (loss) on sale of assets	(97,759)	(2,541)	25,190	-	(72,569)	(2,541)
Change in net assets	507,963	(37,119)	119,923	(216,186)	627,886	(253,305)
Beginning net assets	7,775,744	7,812,863	7,731,342	7,947,528	15,507,086	15,638,322
Ending net assets	<u>\$ 8,283,707</u>	<u>\$ 7,775,744</u>	<u>\$ 7,851,265</u>	<u>\$ 7,731,342</u>	<u>\$16,134,972</u>	<u>\$15,507,086</u>

Governmental Activities revenues in the amount of \$3,784,423 were greater than expenses and transfers of \$3,276,460 by \$507,963. Business-type activities revenues and transfers in the amount of \$1,545,255 were more than expenses of \$1,529,379 by \$119,923.

BUDGETARY HIGHLIGHTS

The budget was amended on December 29, 2010 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 4, 2009. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	Original <u>Budget</u>	New <u>Budget</u>	<u>Increase</u>
GENERAL FUND	\$2,222,211	\$2,422,211	\$200,000
RECREATION AREA FUND	\$ 171,729	\$ 221,729	\$ 50,000
HEAD START FUND	\$ 752,429	\$ 781,158	\$ 28,729
LIMON AMBULANCE SERVICE FUND	\$ 237,980	\$ 282,980	<u>\$ 45,000</u>
			<u>\$323,729</u>

- Changes in the General Fund Budget are attributable to hail damage repairs, pension costs and street projects. This increase in expenditure was offset by increased gravel sales, insurance claim revenue, and permits.
- Changes in the Recreation Area Fund Budget included capital asset improvements and hail damage repairs. This increase was funded through increases in insurance claims and interfund transfers.
- Changes in the Head Start Fund Budget were due to increased program expenditures, which were funded by increased federal grant funds.
- Changes in the Limon Ambulance Service Fund were due to increased equipment purchases and hail damage repair. The increases were offset by increased grant funds, ambulance income, and insurance claims.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2010, Limon investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$16,897,306. 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	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and water and sewer systems	2,631,607	2,574,742	11,976,881	11,949,066	14,608,488	14,523,808
Equipment	2,323,615	2,260,580	1,304,340	1,329,080	3,627,955	3,589,660
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Infrastructure	<u>4,675,571</u>	<u>4,292,821</u>	<u>-</u>	<u>-</u>	<u>4,675,571</u>	<u>4,292,821</u>
Total	\$ 10,909,782	\$ 10,407,132	\$ 14,573,692	\$ 14,570,617	\$ 25,483,474	\$ 24,977,749
Accumulated depreciation	<u>(3,504,283)</u>	<u>(3,152,090)</u>	<u>(5,081,885)</u>	<u>(4,748,245)</u>	<u>(8,586,168)</u>	<u>(7,900,335)</u>
Capital assets, net	<u>\$ 7,405,499</u>	<u>\$ 7,255,042</u>	<u>\$ 9,491,807</u>	<u>\$ 9,822,372</u>	<u>\$ 16,897,306</u>	<u>\$ 17,077,414</u>

This year's major capital asset additions include:

- Tractor, Loader and Rotary Broom - \$51,917.
- Trash Truck - \$89,167.
- Sealant at Airport - \$154,623.

Long-term Debt

As of December 31, 2010 the Town had \$3,960,715 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue bonds	\$ 110,000	\$ 160,000	\$ -	\$ -	\$ 110,000	\$ 160,000
Special assessment bonds	309,000	324,000	-	-	309,000	324,000
Capital leases	44,055	53,769	-	-	44,055	53,769
Bonds payable:						
2004 Water Revenue	-	-	1,920,000	1,975,000	1,920,000	1,975,000
2001 Water G.O.	-	-	315,000	360,000	315,000	360,000
2000 Water Revenue	-	-	834,153	904,568	834,153	904,568
Loans payable:						
Colorado Water Conservation Board	-	-	276,710	300,151	276,710	300,151
Capital lease	-	-	109,944	134,230	109,944	134,230
Colorado maintenance fee	-	-	41,853	36,059	41,853	36,059
Total	<u>\$ 463,055</u>	<u>\$ 537,769</u>	<u>\$ 3,497,660</u>	<u>\$ 3,710,008</u>	<u>\$ 3,960,715</u>	<u>\$ 4,247,777</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2011 is \$814,416, which is \$15,902 less than 2010 actual.
- The property tax revenue budgeted for 2011 is \$333,759, which is \$3,465 more than 2010 actual.
- Governmental funds revenues were budgeted at \$3,118,001, which is a decrease of 17.9% from the 2010 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2011 budgeted direct pass-through amounts are \$636,257, which is a decrease of \$144,901 from the 2010 actual amounts of \$781,158. The 2011 budgeted expenditures for governmental activities are projected to be \$3,340,590, which is a 2.3% decrease from the 2010 actual.
- Proprietary funds revenues were budgeted at \$1,749,000, which is an increase of 11.4% from the 2010 actual revenues. Budgeted expenditures of \$2,045,181 represent an increase from 2010 actual expenditures of 33.7%.

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, 2010

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
Current Assets:			
Cash and Cash Equivalents	\$ 314,041	\$ 586,030	\$ 900,071
Investments	34,610	-	34,610
Current Portion Note Receivable	-	13,773	13,773
Accounts Receivable	170,363	265,208	435,571
Allowance for Doubtful Accounts	(6,538)	(98,458)	(104,996)
Intergovernmental Receivable	142,801	-	142,801
Accrued Interest Receivable	-	3,723	3,723
Special Assessment Receivable, Current Portion	14,924	-	14,924
Property Taxes Receivable	333,759	-	333,759
Inventory and Supplies	26,515	43,980	70,495
Prepaid Expenses	1,709	-	1,709
Total Current Assets	<u>1,032,184</u>	<u>814,256</u>	<u>1,846,440</u>
Restricted Assets:			
Emergency Reserve	104,269	-	104,269
Debt Reserves	26,127	126,537	152,664
Water Plant Reserve	-	209,129	209,129
Water Revenue Bonds	-	168,584	168,584
Sewer Line Maint. Reserve	-	41,684	41,684
Equipment Reserve	409,408	351,194	760,602
Total Restricted Assets	<u>539,804</u>	<u>897,128</u>	<u>1,436,932</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	308,094	-	308,094
Notes Receivable, Net of Current Portion	-	240,787	240,787
Bond Issue Costs	61,299	119,199	180,498
Accumulated Amortization	(31,030)	(54,954)	(85,984)
Capital Assets			
Land	1,278,989	243,476	1,522,465
Buildings and Water and Sewer Systems	2,631,607	11,976,881	14,608,488
Equipment	2,323,615	1,304,340	3,627,955
Infrastructure	4,675,571	-	4,675,571
Other Capital Assets	-	1,048,995	1,048,995
Accumulation Depreciation	(3,504,283)	(5,081,885)	(8,586,168)
Total Non-Current Assets	<u>7,743,862</u>	<u>9,796,839</u>	<u>17,540,701</u>
TOTAL ASSETS	<u>9,315,850</u>	<u>11,508,223</u>	<u>20,824,073</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	114,265	-	114,265
Current Portion of Long Term Debt	80,285	220,276	300,561
Accounts Payable	111,321	52,948	164,269
Accrued Interest Payable	-	45,419	45,419
Compensated Absences	9,743	3,714	13,457
Contingent Construction	-	57,218	57,218
Deferred Revenue - Property Taxes	333,759	-	333,759
Total Current Liabilities	<u>649,373</u>	<u>379,575</u>	<u>1,028,948</u>
Non-Current Liabilities:			
Long Term Debt	382,770	3,277,383	3,660,153
Total Non-Current Liabilities	<u>382,770</u>	<u>3,277,383</u>	<u>3,660,153</u>
TOTAL LIABILITIES	<u>1,032,143</u>	<u>3,656,958</u>	<u>4,689,101</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,942,444	6,204,585	13,147,029
Restricted for:			
Emergency Reserve	104,269	70,000	174,269
Bond Reserve	5,000	209,129	214,129
Unrestricted:	1,231,994	1,367,551	2,599,545
TOTAL NET ASSETS	<u>\$ 8,283,707</u>	<u>\$ 7,851,265</u>	<u>\$ 16,134,972</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, 2010

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 818,861	\$ 245,788	\$ 2,500	\$ -
Airport	12,892	4,749	-	290,665
Public Works -Streets	530,201	310,834	206,196	-
Public Works - Sanitation	198,079	223,925	-	-
Public Safety - Police	374,261	840	5,670	-
Public Health - Cemetery	66,897	5,900	-	-
Recreation	282,082	60,383	16,847	-
Head Start Program	781,158	-	781,158	-
Interest and related costs	35,413	-	-	-
Total Governmental Activities	3,099,844	852,419	1,012,371	290,665
Business-Type Activities:				
Water	492,259	549,740	-	-
Water Treatment Plant	232,558	201,373	14,867	-
Sewer	305,097	175,167	-	-
Ambulance Service Fund	269,183	288,825	20,155	-
Recreation and Airport Fuel Funds	230,282	157,608	7,008	-
Total Business-Type Activities	1,529,379	1,372,713	42,030	-
Total Primary Government	\$ 4,629,223	\$ 2,225,132	\$ 1,054,401	\$ 290,665

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

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>
\$ (570,573)	\$ -	\$ (570,573)
282,522	-	282,522
(13,171)	-	(13,171)
25,846	-	25,846
(367,751)	-	(367,751)
(60,997)	-	(60,997)
(204,852)	-	(204,852)
-	-	-
<u>(35,413)</u>	<u>-</u>	<u>(35,413)</u>
<u>(944,389)</u>	<u>-</u>	<u>(944,389)</u>
-	57,481	57,481
-	(16,318)	(16,318)
-	(129,930)	(129,930)
-	39,797	39,797
<u>-</u>	<u>(65,666)</u>	<u>(65,666)</u>
<u>-</u>	<u>(114,636)</u>	<u>(114,636)</u>
\$ <u>(944,389)</u>	\$ <u>(114,636)</u>	\$ <u>(1,059,025)</u>
\$ 337,224	\$ -	\$ 337,224
92,247	-	92,247
830,318	-	830,318
48,809	-	48,809
2,718	-	2,718
8,091	-	8,091
39,767	-	39,767
13,533	22,158	35,691
-	4,304	4,304
194,869	104,050	298,919
(97,759)	25,190	(72,569)
(78,857)	78,857	-
<u>61,392</u>	<u>-</u>	<u>61,392</u>
<u>1,452,352</u>	<u>234,559</u>	<u>1,686,911</u>
<u>507,963</u>	<u>119,923</u>	<u>627,886</u>
<u>7,775,744</u>	<u>7,731,342</u>	<u>15,507,086</u>
\$ <u>8,283,707</u>	\$ <u>7,851,265</u>	\$ <u>16,134,972</u>

Town of Limon, Colorado
Balance Sheet
Governmental Funds
December 31, 2010

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 273,049	\$ -	\$ 40,992	\$ 314,041
Investments	34,610	-	-	34,610
Accounts Receivable	93,934	24,700	51,729	170,363
Allowance for Doubtful Accounts	(6,538)	-	-	(6,538)
Intergovernmental Receivable	79,071	63,730	-	142,801
Special Assessment Receivable	323,018	-	-	323,018
Property Tax Receivable	333,759	-	-	333,759
Inventories	26,515	-	-	26,515
Prepaid Expenses	1,709	-	-	1,709
Restricted Cash				
Capital Replacement Reserve	409,408	-	-	409,408
Debt Reserves	26,127	-	-	26,127
Emergency Reserve	104,269	-	-	104,269
Total Assets	<u>\$ 1,698,931</u>	<u>\$ 88,430</u>	<u>\$ 92,721</u>	<u>\$ 1,880,082</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	\$ -	\$ 88,430	\$ 25,835	\$ 114,265
Accounts Payable	83,844	-	27,477	111,321
Deferred Revenue Special Assessment	317,532	-	-	317,532
Deferred Revenues Taxes	333,759	-	-	333,759
Total Liabilities	<u>735,135</u>	<u>88,430</u>	<u>53,312</u>	<u>876,877</u>
 FUND BALANCES				
Reserved for:				
Inventories	\$ 26,515	\$ -	\$ -	\$ 26,515
Prepaid Expenses	1,709	-	-	1,709
Equipment Replacement	409,408	-	-	409,408
Emergency Reserve	104,269	-	-	104,269
Unreserved-Designated for Subsequent				
Year Budget, reported in:				
General Fund	202,494	-	-	202,494
Special Revenue Funds	-	-	14,450	14,450
Unreserved-Undesignated, reported in:				
General Fund	219,401	-	-	219,401
Capital Projects Fund	-	-	57	57
Special Revenue Funds	-	-	24,902	24,902
Total Fund Balances	<u>963,796</u>	<u>-</u>	<u>39,409</u>	<u>1,003,205</u>
Total Liabilities and Fund Balances	<u>\$ 1,698,931</u>	<u>\$ 88,430</u>	<u>\$ 92,721</u>	<u>\$ 1,880,082</u>

Town of Limon, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
December 31, 2010

Total Fund Balances - Total Governmental Funds \$ 1,003,205

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

Governmental Capital assets	10,909,782
Accumulated Depreciation	(3,504,283)

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:

Revenue Bonds	(110,000)
Special Assessment Bonds	(309,000)
Capital Lease	(44,055)
Compensated Absences	(9,743)

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

Special Assessment Receivable	323,018
Special Assessment - Allowance for Doubtful Accounts	(5,486)
Bond issue costs to be amortized over the life of the debt.	61,299
Accumulated amortization on bond issue costs.	<u>(31,030)</u>

Net Assets of Governmental Activities **\$ 8,283,707**

Town of Limon, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2010

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES:				
Taxes	\$ 1,359,174	\$ -	\$ -	\$ 1,359,174
Fines, Licenses and Permits	141,614	-	-	141,614
Intergovernmental:				
Local	171,547	-	300,059	471,606
Federal	4,000	781,158	-	785,158
Charges for Services	722,365	-	1,600	723,965
Interest	13,296	-	237	13,533
Donations and Grants	38,819	-	7,453	46,272
Insurance Proceeds	194,869	-	-	194,869
Miscellaneous	61,392	-	-	61,392
TOTAL REVENUES	<u>2,707,076</u>	<u>781,158</u>	<u>309,349</u>	<u>3,797,583</u>
EXPENDITURES:				
Current:				
Administration	557,632	-	-	557,632
Airport	9,946	-	-	9,946
Public Works - Streets	486,539	-	-	486,539
Public Works - Sanitation	185,174	-	-	185,174
Public Safety - Police	344,574	-	-	344,574
Public Health - Cemetery	65,627	-	568	66,195
Recreation	238,364	-	2,884	241,248
Head Start Program	-	781,158	-	781,158
Capital Outlay	333,612	-	308,188	641,800
Debt Service:				
Principal - Lease Purchase	9,714	-	-	9,714
Principal - Bonded Debt	63,000	-	-	63,000
Interest	31,456	-	-	31,456
TOTAL EXPENDITURES	<u>2,325,638</u>	<u>781,158</u>	<u>311,640</u>	<u>3,418,436</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	381,438	-	(2,291)	379,147
OTHER FINANCING				
SOURCES (USES)				
Operating Transfer In (Out)	<u>(68,303)</u>	<u>-</u>	<u>(10,554)</u>	<u>(78,857)</u>
NET CHANGE IN FUND BALANCE	313,135	-	(12,845)	300,290
FUND BALANCES, BEGINNING	<u>650,661</u>	<u>-</u>	<u>52,254</u>	<u>702,915</u>
FUND BALANCES, ENDING	<u>\$ 963,796</u>	<u>\$ -</u>	<u>\$ 39,409</u>	<u>\$ 1,003,205</u>

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, 2010

Net change in fund balances - total governmental funds \$ 300,290

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 capital outlays of \$641,800 exceeded depreciation of \$393,586 in the current year. 250,419

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 9,714

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 63,000

This is the current-period increase in the liability for compensated absences (584)

Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities. (13,160)

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	(139,152)
Accumulated depreciation of assets disposed	41,393
Net loss on disposal of assets	<u>(97,759)</u>

Change in net assets of governmental activities \$ 507,963

Town of Limon, Colorado

Proprietary Funds Statement of Net Assets December 31, 2010

ASSETS	UTILITY	AMBULANCE	NON-MAJOR	TOTALS
Current Assets:	FUND	SERVICE	FUNDS	TOTALS
Cash	\$ 460,447	\$ 113,800	\$ 11,783	\$ 586,030
Current Portion of Note Receivable	13,773	-	-	13,773
Accounts Receivable	57,228	207,633	347	265,208
Allowances For Doubtful Accounts	(3,383)	(95,075)	-	(98,458)
Accrued Interest Receivable	3,723	-	-	3,723
Inventories	37,642	-	6,338	43,980
Total Current Assets	<u>569,430</u>	<u>226,358</u>	<u>18,468</u>	<u>814,256</u>
Restricted Assets:				
Water Plant Reserve	209,129	-	-	209,129
Water Revenue Bonds	168,584	-	-	168,584
Sewer Line Maint. Reserve	41,684	-	-	41,684
Bond & Emergency Reserve Funds	126,537	-	-	126,537
Equipment Reserve	212,838	78,246	60,110	351,194
Total Restricted Assets	<u>758,772</u>	<u>78,246</u>	<u>60,110</u>	<u>897,128</u>
Non-Current Assets:				
Notes Receivable, Net of Current Portion	240,787	-	-	240,787
Bond Issue Costs	103,699	15,500	-	119,199
Accumulated Amortization	(45,137)	(9,817)	-	(54,954)
Capital Assets:				
Water System	7,822,109	-	-	7,822,109
Sewer System and Plant	3,692,329	-	-	3,692,329
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	11,000	243,476
Buildings	-	209,470	-	209,470
Recreation Area Facilities	-	-	252,973	252,973
Equipment	566,480	609,307	128,553	1,304,340
Accumulated Depreciation	(4,418,727)	(416,011)	(247,147)	(5,081,885)
Total Non-Current Assets	<u>9,197,979</u>	<u>453,481</u>	<u>145,379</u>	<u>9,796,839</u>
TOTAL ASSETS	<u>10,526,181</u>	<u>758,085</u>	<u>223,957</u>	<u>11,508,223</u>
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	194,561	25,715	-	220,276
Accounts Payable	28,459	19,392	5,097	52,948
Accrued Interest Payable	43,602	1,817	-	45,419
Compensated Absences	2,539	564	611	3,714
Contingent Construction	57,218	-	-	57,218
Total Current Liabilities	<u>326,379</u>	<u>47,488</u>	<u>5,708</u>	<u>379,575</u>
Non-Current Liabilities:				
Deposit - State of Colo. For Sewer Line Maintenance	41,853	-	-	41,853
Long-Term Debt - Net of Current Portion	3,151,301	84,229	-	3,235,530
Total Non-Current Liabilities	<u>3,193,154</u>	<u>84,229</u>	<u>-</u>	<u>3,277,383</u>
TOTAL LIABILITIES	<u>3,519,533</u>	<u>131,717</u>	<u>5,708</u>	<u>3,656,958</u>
NET ASSETS				
Investment in Fixed Assets, Net of Related Debt	5,721,352	337,854	145,379	6,204,585
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	209,129	-	-	209,129
Unrestricted	1,006,167	288,514	72,870	1,367,551
TOTAL NET ASSETS	<u>\$ 7,006,648</u>	<u>\$ 626,368</u>	<u>\$ 218,249</u>	<u>\$ 7,851,265</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, 2010

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
OPERATING REVENUES				
Sales	\$ 544,142	\$ 201,373	\$ 174,344	\$ 919,859
Less, Contractual Adjustments and Bad Debts	<u>233</u>	<u>-</u>	<u>62</u>	<u>295</u>
Net Sales	543,909	201,373	174,282	919,564
Other User Charges	5,371	-	885	6,256
Miscellaneous	<u>460</u>	<u>-</u>	<u>-</u>	<u>460</u>
Total Operating Revenues	<u>549,740</u>	<u>201,373</u>	<u>175,167</u>	<u>926,280</u>
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	19,391	7,214	24,487	51,092
Insurance	3,410	6,657	4,993	15,060
Utilities	37,279	32,564	48,151	117,994
Testing	2,236	-	9,592	11,828
Salaries and Benefits	97,100	36,752	99,737	233,589
Other Expenses	16,232	10,309	10,388	36,929
Administration	22,323	2,000	8,925	33,248
Amortization	5,572	-	-	5,572
Depreciation	<u>157,130</u>	<u>84,825</u>	<u>98,824</u>	<u>340,779</u>
Total Operating Expenses	<u>360,673</u>	<u>180,321</u>	<u>305,097</u>	<u>846,091</u>
Income (Loss) From Operations	<u>189,067</u>	<u>21,052</u>	<u>(129,930)</u>	<u>80,189</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	15,072	6,439	-	21,511
Donations	-	-	-	-
Tap fees	3,284	-	1,020	4,304
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	14,867	-	14,867
Insurance Proceeds	-	-	47,956	47,956
Gain on Asset Disposal	-	-	-	-
Interest Expense	<u>(131,586)</u>	<u>(52,237)</u>	<u>-</u>	<u>(183,823)</u>
Total Non-Operating Revenues (Expenses)	<u>(113,230)</u>	<u>(30,931)</u>	<u>48,976</u>	<u>(95,185)</u>
Net Income Before Contributions and Transfers	75,837	(9,879)	(80,954)	(14,996)
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ 75,837</u>	<u>\$ (9,879)</u>	<u>\$ (80,954)</u>	<u>(14,996)</u>
NET ASSETS, BEGINNING OF YEAR				<u>7,021,644</u>
NET ASSETS, END OF YEAR				<u>\$ 7,006,648</u>

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 491,387	\$ 147,095	\$ 1,558,341
<u>208,680</u>	<u>-</u>	<u>208,975</u>
282,707	147,095	1,349,366
-	7,745	14,001
<u>6,118</u>	<u>2,768</u>	<u>9,346</u>
<u>288,825</u>	<u>157,608</u>	<u>1,372,713</u>
-	43,029	43,029
16,395	10,078	77,565
5,493	4,190	24,743
7,518	18,954	144,466
-	350	12,178
70,761	108,780	413,130
105,842	25,659	168,430
-	-	33,248
1,550	-	7,122
<u>55,445</u>	<u>19,242</u>	<u>415,466</u>
<u>263,004</u>	<u>230,282</u>	<u>1,339,377</u>
<u>25,821</u>	<u>(72,674)</u>	<u>33,336</u>
475	172	22,158
1,031	7,008	8,039
-	-	4,304
19,124	-	19,124
-	-	14,867
7,880	48,214	104,050
25,190	-	25,190
<u>(6,179)</u>	<u>-</u>	<u>(190,002)</u>
<u>47,521</u>	<u>55,394</u>	<u>7,730</u>
73,342	(17,280)	41,066
<u>13,742</u>	<u>65,115</u>	<u>78,857</u>
<u>87,084</u>	<u>47,835</u>	<u>119,923</u>
<u>539,284</u>	<u>170,414</u>	<u>7,731,342</u>
<u>\$ 626,368</u>	<u>\$ 218,249</u>	<u>\$ 7,851,265</u>

Town of Limon, Colorado

Proprietary Funds Statement of Cash Flows

For the Year Ended December 31, 2010

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 923,963	\$ 242,901	\$ 157,471	\$ 1,324,335
Payments to Suppliers for Goods and Services	(258,676)	(127,103)	(105,852)	(491,631)
Payments to Employees	(233,873)	(70,197)	(108,674)	(412,744)
Net Cash Provided (Used) By Operating Activities	431,414	45,601	(57,055)	419,960
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	1,031	7,008	8,039
Intergovernmental Grants	14,867	19,124	-	33,991
Insurance Proceeds	47,956	7,880	48,214	104,050
Transfer From Other Fund	-	13,742	65,115	78,857
Net Cash Provided By Non-Capital Financing Activities	62,823	41,777	120,337	224,937
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	5,794	-	-	5,794
Tap Fees	4,304	-	-	4,304
Transfer To Restricted Assets	(50,271)	(78,246)	(60,110)	(188,627)
Sale of Capital Assets	-	39,000	-	39,000
Purchase of Capital Assets	(46,340)	(30,090)	(22,281)	(98,711)
Interest Paid	(186,916)	(6,580)	-	(193,496)
Debt Principal Payments	(193,857)	(24,286)	-	(218,143)
Note - Frazier Farms	13,252	-	-	13,252
Net Cash (Used) By Capital and Financing Activities	(454,034)	(100,202)	(82,391)	(636,627)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	19,961	475	172	20,608
Net Cash Provided By Investing Activities	19,961	475	172	20,608
Net Increase (Decrease) in Cash and Cash Equivalents	60,164	(12,349)	(18,937)	28,878
CASH AND CASH EQUIVALENTS				
Beginning of Year	400,283	126,149	30,720	557,152
End of Year	\$ 460,447	\$ 113,800	\$ 11,783	\$ 586,030
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities				
Net Operating Income (Loss)	\$ 80,189	\$ 25,821	\$ (72,674)	\$ 33,336
Depreciation	340,779	55,445	19,242	415,466
Amortization	5,573	1,550	-	7,123
(Increase) Decrease in Accounts Receivable, Net	(2,317)	(45,924)	(137)	(48,378)
(Increase) Decrease in Inventory	9,952	-	(1,966)	7,986
(Increase) Decrease in Prepaid Expense	-	2,000	-	2,000
Increase (Decrease) in Accounts Payable	2,476	6,145	698	9,319
Increase (Decrease) in Due to Other Funds	(4,954)	-	(2,324)	(7,278)
Increase (Decrease) in Compensated Absences	(284)	564	106	386
Net Cash Provided (Used) By Operating Activities	\$ 431,414	\$ 45,601	\$ (57,055)	\$ 419,960
Noncash capital financing activities:				
Interest subsidy	\$ 14,867			\$ 14,867

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

Town of Limon, Colorado
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 52,520
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	700,359
International Stocks	5,186
Mutual Funds	332,180
Money Markets and Other	<u>42,596</u>
 TOTAL ASSETS	 <u>1,132,841</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES:	 <u>-</u>
 TOTAL LIABILITIES	 <u>-</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,132,841</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, 2010

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 47,378
Employer Contribution	32,000
Interest Income	461
Investment Income, Net of Expenses	103,514
Total Additions	183,353
 DEDUCTIONS:	
Benefit Payments	2,848
Administrative Expenses	4,263
Total Deductions	7,111
 CHANGE IN PLAN NET ASSETS	176,242
 PLAN NET ASSETS, BEGINNING OF YEAR	956,599
 PLAN NET ASSETS, END OF YEAR	\$ 1,132,841

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2010

1. Summary of Significant Accounting Policies

The Town of Limon operates under a council-mayor form of government and maintains accounting policies to conform to generally accepted accounting principles as applicable to governments. 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, 2010

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Government-wide and Fund Financial Statements

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

1. Summary of Significant Accounting Policies (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be 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, 2010

1. Summary of Significant Accounting Policies (continued)

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

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

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, 2010

1. Summary of Significant Accounting Policies (continued)

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, 2010, the Board approved a resolution appropriating additional sums of money for the year 2010. 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, 2010

1. Summary of Significant Accounting Policies (continued)

For 2010 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 2010 was 17.686.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

1. Summary of Significant Accounting Policies (continued)

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	\$ 26,515
Utility - Treatment supplies, meters and parts	37,642
Municipal Recreation Area - Merchandise & Concessions	1,322
Airport Fuel Fund - Airplane fuel	<u>5,016</u>
Total Inventories	<u>\$ 70,495</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, 2010.

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.

2. Cash and Investments

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

2. Cash and Investments (continued)

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

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2010, none of the Town's deposits are deemed to be exposed to custodial credit risk.

The Town's deposits as of December 31, 2010 are shown below.

The Town's cash deposits at December 31, 2010 was \$2,257,348 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 \$113 and the remaining \$2,257,235 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 766,998	\$ 766,998
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	1,527,785	1,490,350
Total cash and certificates of deposit	\$ 2,294,783	\$ 2,257,348

The difference between the bank balance and carrying balance is \$37,435, which were outstanding items that had not cleared the banks as of December 31, 2010.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

2. Cash and Investments (continued)

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

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

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

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

1. A plan administered by a qualified insurance company;
2. Establish a trust with a bank or trust company;
3. Belong to Colorado's Public Employees Retirement Association (PERA);

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

2. Cash and Investments (continued)

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, 2010 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	\$ 700,359	n/a	Not Rated	n/a
International Stocks	5,186	n/a	Not Rated	n/a
Mutual Funds	332,180	n/a	3-4 Stars	Morningstar
Money Market and Other	42,596	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,080,321</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, 2010

2. Cash and Investments (continued)

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

Cash and Cash Equivalents	\$ 900,071
Pooled Cash Overdraft	(114,265)
Investments	34,610
Restricted Cash	1,436,932
Fiduciary Funds – Cash	52,520
Fiduciary Funds – Investments	<u>1,080,321</u>
Total	<u>\$ 3,390,189</u>

3. Restricted Assets

Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2010 of \$104,269 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, 2010 is \$5,000. Reserves are held in bank savings accounts.

General Fund – equipment replacement reserves. Accumulation at December 31, 2010 is \$409,408. 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, 2010 is \$209,129. 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 \$168,584 at December 31, 2010.

Utility Fund – reserve for Emergency Reserve and repayment of 2000 and 2004 revenue bonds. There is no required accumulation for the 2000 bond reserve. The required accumulation for the 2004 bond reserve is the amount of the subsequent year's debt service obligation at a minimum. Reserves in the amount of \$126,537, as of December 31, 2010 are held in a bank savings account and certificates of deposit.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

3. Restricted Assets (continued)

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$41,684, as of December 31, 2010, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2010 is \$212,838. Reserve is held in a bank savings account.

Municipal Recreation Area Fund – accumulation of special green fees, which is spent on golf course improvements and equipment. The amount accumulated of \$60,110, as of December 31, 2010, is in a bank savings account and certificate of deposit.

4. Note Receivable and Special Assessment Receivable

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, 2010

5. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2009	Additions	Conveyances or Retirements	Balance December 31, 2010
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	2,574,742	56,865	-	2,631,607
Equipment	2,260,580	202,187	(139,152)	2,323,615
Infrastructure	4,292,821	382,750	-	4,675,571
Total depreciable assets	<u>9,128,143</u>	<u>641,802</u>	<u>(139,152)</u>	<u>9,630,793</u>
Total capital assets	<u>10,407,132</u>	<u>641,802</u>	<u>(139,152)</u>	<u>10,909,782</u>
Less accumulated depreciation for:				
Buildings	(1,281,587)	(68,386)	-	(1,349,973)
Equipment	(1,445,233)	(168,971)	41,393	(1,572,811)
Infrastructure	(425,270)	(156,229)	-	(581,499)
Total accumulated depreciation	<u>(3,152,090)</u>	<u>(393,586)</u>	<u>41,393</u>	<u>(3,504,283)</u>
Depreciable assets, net	<u>5,976,053</u>	<u>248,216</u>	<u>(97,759)</u>	<u>6,126,510</u>
Governmental activities assets, net	<u>\$ 7,255,042</u>	<u>\$ 248,216</u>	<u>\$ (97,759)</u>	<u>\$ 7,405,499</u>

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

General government	\$ 28,113
Airport	2,946
Public safety - police	29,687
Highways and streets	199,891
Public works - sanitation	12,905
Public health - cemetery	702
Culture and recreation	40,834
Rural health	<u>78,508</u>
Total governmental activities depreciation expense	<u>\$ 393,586</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

5. Capital Assets (continued)

	Balance December 31, 2009	Additions	Conveyances or Retirements	Balance December 31, 2010
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	243,476	-	-	243,476
Total non-depreciable assets	<u>1,292,471</u>	<u>-</u>	<u>-</u>	<u>1,292,471</u>
Depreciable assets:				
Water system, plant & equipment	8,266,357	34,845	(7,444)	8,293,758
Sewer system, plant & equipment	3,783,108	11,494	(7,444)	3,787,158
Rec area facilities & equipment	363,457	22,282	(4,212)	381,527
Ambulance building & equipment	865,224	32,508	(78,954)	818,778
	<u>13,278,146</u>	<u>101,129</u>	<u>(98,054)</u>	<u>13,281,221</u>
Total capital assets	<u>14,570,617</u>	<u>101,129</u>	<u>(98,054)</u>	<u>14,573,692</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(2,714,831)	(241,954)	7,444	(2,949,341)
Sewer system, plant & equipment	(1,378,003)	(98,825)	7,444	(1,469,384)
Rec area facilities & equipment	(232,117)	(19,242)	4,212	(247,147)
Ambulance building & equipment	(423,294)	(55,445)	62,726	(416,013)
Total accumulated depreciation	<u>(4,748,245)</u>	<u>(415,466)</u>	<u>81,826</u>	<u>(5,081,885)</u>
Depreciable assets, net	<u>8,529,901</u>	<u>(314,337)</u>	<u>(16,228)</u>	<u>8,199,336</u>
Business-type activities assets, net	<u>\$ 9,822,372</u>	<u>\$ (314,337)</u>	<u>\$ (16,228)</u>	<u>\$ 9,491,807</u>

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

Water	\$ 157,129
Water treatment	84,825
Sewer	98,825
Municipal recreation	19,242
Ambulance	<u>55,445</u>
Total business-type activities depreciation expense	<u>\$ 415,466</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

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, 2010, the date of the latest actuarial valuation:

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

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

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

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

Annual required contribution	\$ 32,000
Contributions made	\$ (32,000)
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, 2010

6. Retirement Plan (continued)

The annual required contribution for the current year was determined as part of the January 1, 2010 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>
1/1/2006	\$ 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%
1/1/2010	\$ 939,547	\$ 1,171,182	\$ 231,635	80.2%

Five-year Trend information:

<u>For Each Year Ended</u>	<u>Employer Annual Required Contribution and Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/2006	\$ 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%	\$ -
12/31/2010	\$ 32,000	\$ 32,000	100.0%	\$ -

7. Contingency—Constitutional Amendment

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

7. Contingency—Constitutional Amendment (continued)

The Town has reserved \$104,269 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the Tabor amendment.

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

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

8. Capital Lease

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, 2010:

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

8. Capital Lease (continued)

	Governmental Activities	Business-Type Activities
2011	\$ 12,441	\$ 31,105
2012	12,509	31,273
2013	12,262	30,658
2014	12,344	30,664
Total minimum lease payments	49,556	123,700
Less, amount representing Interest	(5,501)	(13,756)
Present value of net minimum lease payments	\$ 44,055	\$ 109,944

The current portion of the present value of the net minimum lease payments is \$10,285 for Governmental Activities and \$25,715 for Business-Type Activities.

9. Long-Term Debt

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

The Town has one general obligation bond issue outstanding at December 31, 2010, with interest from 4.8% to 5.6%, which is expected to be paid from Utility Fund Water revenues.

During 2010 a principal payment of \$45,000 was made. Additionally, interest payments of \$19,150 were made, which are included as a direct expense under Water in the Statement of Activities.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

9. Long-Term Debt (continued)

Annual debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	55,000	6,385	61,385
2016	60,000	3,360	63,360
	<u>\$ 315,000</u>	<u>\$ 62,611</u>	<u>\$ 377,611</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, 2010 are as follows:

The Revenue Bonds are payable from Governmental Activities revenue together with interest of 5.625%.

During 2010 a principal payment of \$50,000 was made. Additionally, interest payments of \$9,000 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>
2011	\$ 55,000	\$ 6,187	\$ 61,187
2012	55,000	3,094	58,094
	<u>\$ 110,000</u>	<u>\$ 9,281</u>	<u>\$ 119,281</u>

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

During 2010 a principal payment of \$55,000 was made. Additionally, interest payments of \$105,175 were made, which are included as a direct expense under Water in the Statement of Activities.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

9. Long-Term Debt (continued)

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	70,000	90,640	160,640
2016-2020	615,000	380,063	995,063
2021-2023	990,000	122,925	1,112,925
	<u>\$ 1,920,000</u>	<u>\$ 985,529</u>	<u>\$ 2,905,529</u>

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

During 2010 principal payments of \$70,415 and interest payments of \$38,722 were made in addition to the federal subsidy interest amount of \$14,867 for a total of \$53,589 which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest Before Federal Subsidy</u>	<u>Total</u>	<u>Federal Interest Subsidy</u>	<u>Total After Federal Subsidy</u>
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	81,249	37,710	118,959	8,814	110,145
2016-2020	454,993	109,924	564,917	23,234	541,683
	<u>\$ 834,153</u>	<u>\$ 331,813</u>	<u>\$ 1,165,966</u>	<u>\$ 79,676</u>	<u>\$ 1,086,290</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

9. Long-Term Debt (continued)

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

During 2010 a principal payment of \$23,441 was made. Additionally, 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	27,175	5,270	32,445
2016-2020	<u>148,523</u>	<u>13,625</u>	<u>162,148</u>
	<u>\$ 276,710</u>	<u>\$ 47,663</u>	<u>\$ 324,373</u>

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

During 2010 a principal payment of \$4,000 was made. Additionally, an interest payment of \$5,133 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, 2010

9. Long-Term Debt (continued)

Annual debt service requirements on the bonds are as follows:

	Principal	Interest	Total
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	5,000	3,894	8,894
2016-2020	30,000	14,691	44,691
2021-2024	31,000	4,661	35,661
	\$ 83,000	\$ 41,418	\$ 124,418

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 2010, a principal payment of \$11,000 was made. Additionally, interest payments of \$14,632 were made, which are included under governmental activities in the Statement of Activities.

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

	Principal	Interest	Total
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	15,000	13,640	28,640
2016-2020	86,000	53,630	139,630
2021-2024	119,000	23,064	142,064
	\$ 270,000	\$ 141,794	\$ 411,794

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

9. Long-Term Debt (continued)

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

Total changes in Long-Term Liabilities during 2010 are as follows:

	Balance December 31, 2009	Additions	Payments	Balance December 31, 2010	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 160,000	\$ -	\$ (50,000)	\$ 110,000	\$ 55,000
Special assessment bonds	324,000	-	(15,000)	309,000	15,000
Capital lease	53,769	-	(9,714)	44,055	10,285
	<u>537,769</u>	<u>-</u>	<u>(74,714)</u>	<u>463,055</u>	<u>80,285</u>
Business-type activities:					
Bonds payable:					
2004 Water Revenue	\$ 1,975,000	\$ -	\$ (55,000)	\$ 1,920,000	\$ 55,000
2001 G.O.	360,000	-	(45,000)	315,000	45,000
2000 Water Revenue	904,568	-	(70,416)	834,152	70,415
Loans payable:					
Colorado Water					
Conservation Board	300,151	-	(23,441)	276,710	24,145
Capital lease	134,230	-	(24,286)	109,944	25,715
Colorado Maintenance Fee	36,059	5,794	-	41,853	-
	<u>3,710,008</u>	<u>5,794</u>	<u>(218,143)</u>	<u>3,497,659</u>	<u>220,275</u>
Total long-term liabilities	<u>\$ 4,247,777</u>	<u>\$ 5,794</u>	<u>\$ (292,857)</u>	<u>\$ 3,960,714</u>	<u>\$ 300,560</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

9. Long-Term Debt (continued)

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, 2010:

Actual Property Value (taxable)	\$ 108,291,666	
	<u>x</u>	<u>3%</u>
		3,248,750
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation		<u>-</u>
Available Debt Margin		<u>\$ 3,248,750</u>

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

10. Risk Management

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

The Town carries commercial insurance for risks described below and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The pools have certain deductibles, which resulted in an out of pocket cost to the Town of \$7,020 in 2010.

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, 2010

10. Risk Management (continued)

During 2010 the Town paid \$55,372 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 2010 the Town paid \$30,166 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

11. Interfund Transactions

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

The Town had the following interfund transactions during 2010:

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 54,561
Transfer from General Fund to Ambulance Service Fund for general purposes.	<u>13,742</u>
Total General Fund transfers	<u>\$ 68,303</u>
Transfer from Conservation Trust Fund to Municipal Recreation Area Fund for improvements.	<u>\$ 10,554</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2010

12. Contingent Construction Payable

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

13. Employment Agreements

During 2003, the Town entered into employment agreements with four members of management. The agreements cover a variety of matters, including lump sum payment of three months' salary and three months' benefits, in the event the Board does not reappoint the employee after a regular municipal election, and he or she is willing and able to perform his or her duties. As of December 31, 2010, three of these individuals were employed, by appointment, by the Town. The fourth individual is now an at-will employee.

14. Water Rights Lease

On June 2, 2004, the Town purchased land, improvements, and water rights for \$689,454. The Town resold the real property to 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

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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,168,519	\$ 1,168,519	\$ 1,359,174	\$ 190,655
Fines, Licenses and Permits	119,020	119,020	141,614	22,594
Intergovernmental - Local	167,652	167,652	171,547	3,895
Intergovernmental - Federal	2,800	2,800	4,000	1,200
Charges for Services	551,927	551,927	722,365	170,438
Interest	20,575	20,575	13,296	(7,279)
Donations and Grants	20,000	20,000	38,819	18,819
Insurance Claims	-	-	194,869	194,869
Miscellaneous	30,000	30,000	61,392	31,392
Supplemental Appropriation	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
TOTAL REVENUES	<u>2,080,493</u>	<u>2,280,493</u>	<u>2,707,076</u>	<u>426,583</u>
EXPENDITURES				
Current:				
General Government	500,110	500,110	557,632	(57,522)
Airport	12,660	12,660	9,946	2,714
Public Works - Streets	325,305	325,305	486,539	(161,234)
Public Works - Sanitation	184,238	184,238	185,174	(936)
Public Safety	341,820	341,820	344,574	(2,754)
Public Health - Cemetery	62,396	62,396	65,627	(3,231)
Recreation	234,575	234,575	238,364	(3,789)
Capital Outlay	407,931	407,931	333,612	74,319
Debt Service:				
Principal - Lease Purchases	9,714	9,714	9,714	-
Principal - Bonded Debt	65,000	65,000	63,000	2,000
Interest	34,187	34,187	31,456	2,731
Supplemental Appropriation	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
TOTAL EXPENDITURES	<u>2,177,936</u>	<u>2,377,936</u>	<u>2,325,638</u>	<u>52,298</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,443)	(97,443)	381,438	478,881
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers (Out)	<u>(44,274)</u>	<u>(44,274)</u>	<u>(68,303)</u>	<u>(24,029)</u>
NET CHANGE IN FUND BALANCE	(141,717)	(141,717)	313,135	454,852
FUND BALANCES, BEGINNING OF YEAR	<u>730,561</u>	<u>730,561</u>	<u>650,661</u>	<u>(79,900)</u>
FUND BALANCES, END OF YEAR	<u>\$ 588,844</u>	<u>\$ 588,844</u>	<u>\$ 963,796</u>	<u>\$ 374,952</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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental - Federal	\$ 752,429	\$ 752,429	\$ 781,158	\$ 28,729
Supplemental Appropriation	<u>-</u>	<u>28,729</u>	<u>-</u>	<u>(28,729)</u>
Total Revenues	<u>752,429</u>	<u>781,158</u>	<u>781,158</u>	<u>-</u>
EXPENDITURES:				
Head Start Program	<u>752,429</u>	<u>781,158</u>	<u>781,158</u>	<u>-</u>
Total Expenditures	<u>752,429</u>	<u>781,158</u>	<u>781,158</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2010

	CAPITAL PROJECTS	CONSER- VATION TRUST FUND	CEMETERY PERPET- UAL CARE	RURAL HEALTH FUND	TOTALS
ASSETS:					
Cash	\$ 1,090	\$ 32,213	\$ 7,689	\$ -	\$ 40,992
Accounts Receivable	25,894	-		25,835	51,729
Intergovernmental Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 26,984</u>	<u>\$ 32,213</u>	<u>\$ 7,689</u>	<u>\$ 25,835</u>	<u>\$ 92,721</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Pooled Cash Overdraft	\$ -	\$ -	\$ -	\$ 25,835	\$ 25,835
Accounts Payable	<u>26,927</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>27,477</u>
TOTAL LIABILITIES	<u>26,927</u>	<u>550</u>	<u>-</u>	<u>25,835</u>	<u>53,312</u>
 FUND BALANCES					
Unreserved Fund Balance:					
Undesignated	<u>57</u>	<u>31,663</u>	<u>7,689</u>	<u>-</u>	<u>39,409</u>
TOTAL FUND BALANCES	<u>57</u>	<u>31,663</u>	<u>7,689</u>	<u>-</u>	<u>39,409</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 26,984</u>	 <u>\$ 32,213</u>	 <u>\$ 7,689</u>	 <u>\$ 25,835</u>	 <u>\$ 92,721</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, 2010

	<u>CAPITAL PROJECTS</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>RURAL HEALTH FUND</u>	<u>TOTALS</u>
REVENUES:					
Interest	\$ -	\$ 233	\$ 4	\$ -	\$ 237
Intergovernmental - Local	283,212	16,847	-	-	300,059
Perpetual Care	-	-	1,600	-	1,600
Donations and Grants	<u>7,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,453</u>
TOTAL REVENUES	<u>290,665</u>	<u>17,080</u>	<u>1,604</u>	<u>-</u>	<u>309,349</u>
EXPENDITURES:					
Current:					
Public Health - Cemetery	-	-	568	-	568
Recreation	-	2,884	-	-	2,884
Capital Outlay	<u>298,140</u>	<u>10,048</u>	<u>-</u>	<u>-</u>	<u>308,188</u>
TOTAL EXPENDITURES	<u>298,140</u>	<u>12,932</u>	<u>568</u>	<u>-</u>	<u>311,640</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,475)	4,148	1,036	-	(2,291)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In (Out)	<u>-</u>	<u>(10,554)</u>	<u>-</u>	<u>-</u>	<u>(10,554)</u>
NET CHANGE IN FUND BALANCE	(7,475)	(6,406)	1,036	-	(12,845)
FUND BALANCE, BEGINNING OF YEAR	<u>7,532</u>	<u>38,069</u>	<u>6,653</u>	<u>-</u>	<u>52,254</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 57</u></u>	<u><u>\$ 31,663</u></u>	<u><u>\$ 7,689</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,409</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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental - State	\$ 16,000	\$ 16,000	\$ 16,847	\$ 847
Interest	<u>300</u>	<u>300</u>	<u>233</u>	<u>(67)</u>
Total Revenues	<u>16,300</u>	<u>16,300</u>	<u>17,080</u>	<u>780</u>
EXPENDITURES:				
Operating				
Recreation	-	-	2,884	(2,884)
Capital Outlay	<u>25,750</u>	<u>25,750</u>	<u>10,048</u>	<u>15,702</u>
Total Expenditures	<u>25,750</u>	<u>25,750</u>	<u>12,932</u>	<u>12,818</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,450)	(9,450)	4,148	13,598
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(10,554)</u>	<u>(5,554)</u>
NET CHANGE IN FUND BALANCE	(14,450)	(14,450)	(6,406)	8,044
FUND BALANCE, BEGINNING OF YEAR	<u>39,566</u>	<u>39,566</u>	<u>38,069</u>	<u>(1,497)</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,116</u>	<u>\$ 25,116</u>	<u>\$ 31,663</u>	<u>\$ 6,547</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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Perpetual Care	\$ 1,000	\$ 1,000	\$ 1,600	\$ 600
Interest	<u>5</u>	<u>5</u>	<u>4</u>	<u>(1)</u>
Total Revenues	<u>1,005</u>	<u>1,005</u>	<u>1,604</u>	<u>599</u>
EXPENDITURES:				
Public Health - Cemetery	<u>600</u>	<u>600</u>	<u>568</u>	<u>32</u>
Total Expenditures	<u>600</u>	<u>600</u>	<u>568</u>	<u>32</u>
NET CHANGE IN FUND BALANCE	405	405	1,036	631
FUND BALANCE, BEGINNING OF YEAR	<u>3,885</u>	<u>3,885</u>	<u>6,653</u>	<u>2,768</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,290</u>	<u>\$ 4,290</u>	<u>\$ 7,689</u>	<u>\$ 3,399</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, 2010

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

The accompanying notes are an integral 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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental - Local	\$ -	\$ -	\$ 283,212	\$ 283,212
Donations and Grants	<u>461,842</u>	<u>461,842</u>	<u>7,453</u>	<u>(454,389)</u>
TOTAL REVENUES	<u>461,842</u>	<u>461,842</u>	<u>290,665</u>	<u>(171,177)</u>
EXPENDITURES				
Capital Outlay	<u>473,684</u>	<u>473,684</u>	<u>298,140</u>	<u>175,544</u>
TOTAL EXPENDITURES	<u>473,684</u>	<u>473,684</u>	<u>298,140</u>	<u>175,544</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,842)	(11,842)	(7,475)	4,367
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>11,842</u>	<u>11,842</u>	<u>-</u>	<u>(11,842)</u>
NET CHANGE IN FUND BALANCE	-	-	(7,475)	(7,475)
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>7,532</u>	<u>7,532</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 57</u>

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

Town of Limon, Colorado
Utility Fund
Schedule of Revenues, Expenditures
And Changes in Net Assets—Budget and Actual
For the Year Ended December 31, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales, Net Contractual Adjustments and Bad debts	\$ 799,989	\$ 799,989	\$ 919,564	\$ 119,575
Other User Charges	13,400	13,400	6,256	(7,144)
Interest	22,203	22,203	21,511	(692)
Note Principal - Frasier	13,252	13,252	13,252	-
DOC Maintenance	5,400	5,400	5,794	394
DOC Maintenance Expenses from Restricted Account	5,400	5,400	-	(5,400)
Tap Fees	68,839	68,839	4,304	(64,535)
Intergovernmental-Federal	14,867	14,867	14,867	-
Insurance Proceeds	-	-	47,956	47,956
Capital Contributions	-	-	-	-
Miscellaneous	500	500	460	(40)
Total Revenues	<u>943,850</u>	<u>943,850</u>	<u>1,033,964</u>	<u>90,114</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	799,158	799,158	499,740	299,418
Interest Expense	183,586	183,586	183,823	(237)
Debt Principal	193,856	193,856	193,857	(1)
Capital Expenditures	13,600	13,600	46,340	(32,740)
DOC Maintenance Revenue to Restricted Account	5,400	5,400	5,794	(394)
System Maintenance Paid from Colorado Reserve Account	5,400	5,400	-	5,400
Total Expenditures	<u>1,201,000</u>	<u>1,201,000</u>	<u>929,554</u>	<u>271,446</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (257,150)</u>	<u>\$ (257,150)</u>	104,410	<u>\$ 361,560</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			193,857	
Capital Expenditures			46,340	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(13,252)	
Less: Depreciation and Amortization			<u>(346,351)</u>	
Change in Net Assets GAAP			<u>\$ (14,996)</u>	

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

Town of Limon, Colorado
Ambulance Service Fund
Schedule of Revenues, Expenditures
And Changes in Net Assets—Budget and Actual
For the Year Ended December 31, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
REVENUES:				POSITIVE
				(NEGATIVE)
Sales, Net Contractual Adjustments and Bad Debts \$320,808	\$ 208,000	\$ 208,000	\$ 282,707	\$ 74,707
Interest	250	250	475	225
Donations	2,000	2,000	1,031	(969)
Intergovernmental - Local	2,500	2,500	19,124	16,624
Insurance Proceeds	-	-	7,880	7,880
Miscellaneous	2,250	2,250	6,118	3,868
Transfer From Other Funds	12,817	12,817	13,742	925
Supplemental Appropriation	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
Total Revenues	<u>227,817</u>	<u>272,817</u>	<u>331,077</u>	<u>58,260</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	67,268	67,268	70,761	(3,493)
Maintenance	10,000	10,000	16,395	(6,395)
Insurance	5,993	5,993	5,493	500
Utilities	7,000	7,000	7,518	(518)
Other Expenses	115,853	115,853	105,842	10,011
Principal Payment	24,286	24,286	24,286	-
Interest Expense	6,580	6,580	6,179	401
Capital Outlay	1,000	1,000	32,508	(31,508)
Supplemental Appropriation	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Expenditures	<u>237,980</u>	<u>282,980</u>	<u>268,982</u>	<u>13,998</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (10,163)</u>	<u>\$ (10,163)</u>	62,095	<u>\$ 72,258</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			24,286	
Add: Capital Outlay			32,508	
Add: Gain on Sale of Asset			25,190	
Less Amortization			(1,550)	
Less Depreciation			<u>(55,445)</u>	
Change In Net Assets GAAP			<u>\$ 87,084</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2010

ASSETS	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
Current assets:			
Cash	\$ 8,716	\$ 3,067	\$ 11,783
Inventories	1,322	5,016	6,338
Accounts Receivable	<u>220</u>	<u>127</u>	<u>347</u>
Total current assets	<u>10,258</u>	<u>8,210</u>	<u>18,468</u>
Restricted assets:			
Equipment Reserve	<u>60,110</u>	<u>-</u>	<u>60,110</u>
Total restricted assets	<u>60,110</u>	<u>-</u>	<u>60,110</u>
Non-Current Assets:			
Capital Assets:			
Land	11,000	-	11,000
Recreation Area Facilities	252,973	-	252,973
Equipment	128,553	-	128,553
Accumulated Depreciation	<u>(247,147)</u>	<u>-</u>	<u>(247,147)</u>
Total Non-Current Assets	<u>145,379</u>	<u>-</u>	<u>145,379</u>
TOTAL ASSETS	<u>215,747</u>	<u>8,210</u>	<u>223,957</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current liabilities:			
Accounts Payable	4,357	740	5,097
Compensated Absences	<u>611</u>	<u>-</u>	<u>611</u>
TOTAL LIABILITIES	<u>4,968</u>	<u>740</u>	<u>5,708</u>
NET ASSETS			
Investment in Fixed Assets, Net of Related Debt	145,379	-	145,379
Unrestricted	<u>65,400</u>	<u>7,470</u>	<u>72,870</u>
TOTAL NET ASSETS	<u>210,779</u>	<u>7,470</u>	<u>218,249</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 215,747</u>	<u>\$ 8,210</u>	<u>\$ 223,957</u>

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

Town of Limon, Colorado
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2010

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
OPERATING REVENUES			
Sales	\$ 117,037	\$ 30,058	\$ 147,095
Other User Charges	7,745	-	7,745
Miscellaneous	<u>2,768</u>	<u>-</u>	<u>2,768</u>
Total Operating Revenues	<u>127,550</u>	<u>30,058</u>	<u>157,608</u>
OPERATING EXPENSES			
Cost of Resale Items	17,225	25,804	43,029
Maintenance	9,810	268	10,078
Insurance	2,774	1,416	4,190
Utilities	18,954	-	18,954
Testing	-	350	350
Salaries and Benefits	108,780	-	108,780
Other Expenses	23,561	2,098	25,659
Depreciation	<u>19,242</u>	<u>-</u>	<u>19,242</u>
Total Operating Expenses	<u>200,346</u>	<u>29,936</u>	<u>230,282</u>
Income (Loss) From Operations	<u>(72,796)</u>	<u>122</u>	<u>(72,674)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	172	-	172
Donations	7,008	-	7,008
Insurance Proceeds	48,214	-	48,214
Interest Expense	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>55,394</u>	<u>-</u>	<u>55,394</u>
Net Income Before Contributions and Transfers	(17,402)	122	(17,280)
Transfers In (Out)	<u>65,115</u>	<u>-</u>	<u>65,115</u>
CHANGE IN NET ASSETS	<u>47,713</u>	<u>122</u>	<u>47,835</u>
NET ASSETS, BEGINNING OF YEAR	<u>163,066</u>	<u>7,348</u>	<u>170,414</u>
NET ASSETS, END OF YEAR	<u>\$ 210,779</u>	<u>\$ 7,470</u>	<u>\$ 218,249</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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales	\$ 49,280	\$ 49,280	\$ 30,058	\$ (19,222)
Total Revenues	<u>49,280</u>	<u>49,280</u>	<u>30,058</u>	<u>(19,222)</u>
EXPENDITURES:				
Operating Expenses	<u>43,160</u>	<u>43,160</u>	<u>29,936</u>	<u>13,224</u>
Total Expenditures	<u>43,160</u>	<u>43,160</u>	<u>29,936</u>	<u>13,224</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 6,120</u>	<u>\$ 6,120</u>	<u>\$ 122</u>	<u>\$ (5,998)</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, 2010

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Sales	\$ 118,522	\$ 118,522	\$ 117,037	\$ (1,485)
Other User Charges	8,130	8,130	7,745	(385)
Interest	525	525	172	(353)
Donations	6,932	6,932	7,008	76
Insurance Proceeds	-	-	48,214	48,214
Miscellaneous	8,724	8,724	2,768	(5,956)
Transfers from Other Funds	27,115	27,115	65,115	38,000
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total Revenues	<u>169,948</u>	<u>219,948</u>	<u>248,059</u>	<u>28,111</u>
EXPENDITURES:				
Salaries and Benefits	104,737	104,737	108,780	(4,043)
Cost of Resale Items	14,800	14,800	17,225	(2,425)
Maintenance	5,200	5,200	9,810	(4,610)
Insurance	2,774	2,774	2,774	-
Utilities	19,068	19,068	18,954	114
Other Expenses	17,650	17,650	23,561	(5,911)
Capital Expenditures	7,500	7,500	22,282	(14,782)
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>171,729</u>	<u>221,729</u>	<u>203,386</u>	<u>18,343</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ (1,781)</u>	<u>\$ (1,781)</u>	44,673	<u>\$ 46,454</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Capital Expenditures			22,282	
Less: Depreciation and Amortization			<u>(19,242)</u>	
Change In Net Assets GAAP			<u>\$ 47,713</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, 2010

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Employee Contribution	\$ 41,645	\$ 41,645	\$ 47,378	\$ 5,733
Employer Contribution	-	-	32,000	32,000
Interest Income	150	150	461	311
Investment Income				
Net of Expenses	<u>20,000</u>	<u>20,000</u>	<u>103,514</u>	<u>83,514</u>
Total Revenues	<u>61,795</u>	<u>61,795</u>	<u>183,353</u>	<u>121,558</u>
EXPENDITURES:				
Benefit Payments	50,000	50,000	2,848	47,152
Administrative Expenses	<u>5,000</u>	<u>5,000</u>	<u>4,263</u>	<u>737</u>
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>7,111</u>	<u>47,889</u>
CHANGE IN NET ASSETS	6,795	6,795	176,242	169,447
NET ASSETS, BEGINNING OF YEAR	<u>877,560</u>	<u>877,560</u>	<u>956,599</u>	<u>79,039</u>
NET ASSETS, END OF YEAR	<u>\$ 884,355</u>	<u>\$ 884,355</u>	<u>\$ 1,132,841</u>	<u>\$ 248,486</u>

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: LIMON
		YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of _): TOWN OF LIMON	Prepared By:	David Copsey, CPA For Town of Limon

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	136,526
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	383,668
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	21,214
2. General fund appropriations	140,974	b. Snow and ice removal	9,297
3. Other local imposts (from page 2)	234,687	c. Other	51,775
4. Miscellaneous local receipts (from page 2)	401,768	d. Total (a. through c.)	82,286
5. Transfers from toll facilities		4. General administration & miscellaneous	18,553
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	186,196
a. Bonds - Original Issues		6. Total (1 through 5)	807,229
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	19,824
7. Total (1 through 6)	777,429	b. Redemption	13,000
B. Private Contributions	36,477	c. Total (a. + b.)	32,824
C. Receipts from State government (from page 2)	83,073	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	2,632
E. Total receipts (A.7 + B + C + D)	896,979	b. Redemption	9,714
		c. Total (a. + b.)	12,346
		3. Total (1.c + 2.c)	45,170
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	852,399

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	324,000		13,000	311,000
1. Bonds (Refunding Portion)				
B. Notes (Total)	53,769		9,714	44,055

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		896,979	852,399	44,580	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 2010

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	97,404	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	45,222
1. Sales Taxes		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	137,283	g. Other Misc Gravel Sales	264,299
6. Total (1. through 5.)	137,283	h. Other Franchise fees	92,247
c. Total (a. + b.)	234,687	i. Total (a. through h.)	401,768
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	74,143	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	8,930	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.)	8,930	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	83,073	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		136,526	136,526
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	136,526	136,526
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	136,526	136,526
			(Carry forward to page 1)

Notes and Comments:



Certified Public Accountants (a professional corporation)
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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2010, and have issued our report thereon dated July 25, 2011. 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 25, 2011

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 25, 2011



Certified Public Accountants (a professional corporation)
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INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133

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

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, 2010. 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, 2010.



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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 25, 2011

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

<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	\$ 764,816
ARRA - Administration for Children and Families Head Start (provided to a sub-recipient)	93.600	N/A	<u>16,342</u>
Subtotal Head Start			781,158
Environmental Protection Agency Pass-through program from: Colorado Water Resources Authority: Capitalization Grant for Drinking Water State Revolving Fund Interest earnings subsidy	66.468		14,867
U.S. Department of Transportation Airport Improvement Program	20.106	N/A	<u>283,212</u>
Total Expenditures of Federal Awards			<u>\$ 1,079,237</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, 2010

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2010

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:

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

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

Risk type qualification: **Low-risk**

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

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None