

TOWN OF LIMON, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2008

Gary L. Woodward

Certified Public Accountant

*Bank Building/P.O. Box 405
Eads, Colorado 81036
gary@garywoodward.com*

*(719)438-5445
Fax 1-877-427-9966
www.garywoodward.com*

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Limon, Colorado as of and for the year ended December 31, 2008, which collectively comprises the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Limon, Colorado as of December 31, 2008, 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*, I have also issued my report dated July 8, 2009, on my consideration of Town of Limon's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope my 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 on 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 my audit.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basis financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Limon, Colorado basic financial statements. The combining and individual nonmajor fund financial statements and schedules, along with the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements of Town of Limon, Colorado. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Town of Limon, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gary L. Woodward, CPA

Eads, Colorado
July 8, 2009

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TOWN OF LIMON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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For the December 31, 2008 financial statements, the Town is in the fifth year of reporting a major new reporting format in compliance with the Governmental Accounting Standards Board Statement Number 34 also known as GASB34.

In compliance with this reporting requirement, we present this report titled Management's Discussion and Analysis, or MD&A. Please read the MD&A in conjunction with the financial statements and notes to the financial statements, which begin on page 16. The GASB34 statements are listed and described below with additional information in the accompanying text:

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

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

FINANCIAL HIGHLIGHTS

- The Town's total net assets increased by \$122,069 or 0.78% during the year. The governmental net assets increased by \$131,655 or 1.71%, and the business-type net assets decreased by \$9,586, or 0.12%.
- The governmental activities revenue changed from \$6,113,095 in 2007 to \$3,168,755 in 2008 for a decrease of \$2,944,340 or 48.16%. This decrease is due primarily to unusually large 2007 Capital Grants and Contributions associated with the development of and subsequent contribution of street improvements to the Town of Limon in the Marketplace Business Center.
- The governmental activities expenditures changed from \$2,936,738 in 2007 to \$3,037,100 in 2008 an increase of \$100,362 or 3.42%.
- The business-type activities revenue changed from \$2,526,479 in 2007 to \$1,543,739 in 2008 a decrease of \$982,740 or 38.90%. This decrease is due primarily to unusually large 2007 Capital Grants and Contributions associated with the development of and subsequent

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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contribution of sewer and water improvements to the Town of Limon in the Marketplace Business Center.

- The business-type activities expenditures changed from \$1,490,457 in 2007 to \$1,553,325 in 2008 an increase of \$62,868 or 4.22%
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$13,239 or 2.22% in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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.

**TOWN OF LIMON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current assets	\$ 953,566	\$ 941,392	\$ 591,514	\$ 768,787	\$ 1,545,080	\$ 1,710,179
Restricted Assets	216,242	378,615	1,069,593	840,560	1,285,835	1,219,175
Other Non-current Assets	396,385	374,364	365,991	346,282	762,376	720,646
Capital assets-net	7,298,116	7,393,794	10,305,612	10,134,410	17,603,728	17,528,204
Total assets	8,864,309	9,088,165	12,332,710	12,090,039	21,197,019	21,178,204
Current Liabilities	573,904	736,533	385,555	391,503	959,459	1,128,036
Non-current Liabilities	609,197	538,769	3,990,041	3,751,008	4,599,238	4,289,777
Total liabilities	1,183,101	1,275,302	4,375,596	4,142,511	5,558,697	5,417,813
Net assets	\$ 7,681,208	\$ 7,812,863	\$ 7,957,114	\$ 7,947,528	\$ 15,638,322	\$ 15,760,391
Net assets consist of:						
Invested in capital assets	6,621,062	6,786,597	6,322,631	6,361,088	12,943,693	13,147,685
Restricted net assets	98,462	102,438	344,685	345,028	443,147	447,466
Unrestricted net assets	961,684	923,828	1,289,798	1,241,412	2,251,482	2,165,240
Net assets	\$ 7,681,208	\$ 7,812,863	\$ 7,957,114	\$ 7,947,528	\$ 15,638,322	\$ 15,760,391

The net assets of the Town's governmental funds as of December 31, 2008 were \$7,812,863 of which \$923,828 was unrestricted and is available for spending at the government's discretion. The remainder is invested in capital assets, net of related debt \$6,786,597, reserved for Emergency Reserve \$97,438 and Bond Reserve \$5,000.

The General Fund is the main operating fund of the Town. As of December 31, 2008, the General Fund balance was \$609,968 of which \$160,051 was unreserved. Unreserved fund balance represents 7.58% of 2008 General Fund expenditures.

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

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	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Program revenues:						
Operating Grants and Contributions	\$ 986,436	\$ 806,496	\$ 51,609	\$ 50,806	\$ 1,038,045	\$ 857,302
Capital Grants and Contributions	3,069,709	407,652	883,594	57,709	3,953,303	465,361
Charges for services	546,033	509,991	1,458,264	1,298,830	2,004,297	1,808,821
Total Program Revenue	4,602,178	1,724,139	2,393,467	1,407,345	6,995,645	3,131,484
General Revenues:						
Taxes	1,442,205	1,360,005			1,442,205	1,360,005
Investment earnings	27,584	17,769	47,123	46,243	74,707	64,012
Insurance Proceeds	11,522	13,247	11,646	12,500	23,168	25,747
Other	29,606	53,574			29,606	53,574
Total General Revenue	1,510,917	1,444,595	58,769	58,743	1,569,686	1,503,338
Total Revenue	\$ 6,113,095	\$ 3,168,734	\$ 2,452,236	\$ 1,466,088	\$ 8,565,331	\$ 4,634,822
Expenses						
General government	579,031	438,322			579,031	438,322
Airport	18,779	18,801			18,779	18,801
Public safety	565,245	364,232			565,245	364,232
Highways and streets	174,545	781,536			174,545	781,536
Public Works - Sanitation	418,093	189,841			418,093	189,841
Public Health - Cemetery	42,272	43,356			42,272	43,356
Culture and recreation	239,658	263,820			239,658	263,820
Head Start Program	604,467	605,857			604,467	605,857
Economic Development	87,000	47,578			87,000	47,578
Rural Health	88,645	166,635			88,645	166,635
Water			462,511	488,270	462,511	488,270
Water Treatment Plant			248,382	240,046	248,382	240,046
Sewer			294,163	326,794	294,163	326,794
Municipal Recreation Area			191,935	197,424	191,935	197,424
Airport Fuel Fund			47,742	41,777	47,742	41,777
Ambulance Service Fund			245,724	259,014	245,724	259,014
Interest and fiscal charges	44,760	39,471			44,760	39,471
Total expenses	2,862,495	2,959,449	1,490,457	1,553,325	4,352,952	4,512,774
Change in net assets before transfers and special items	3,250,600	209,285	961,779	(87,237)	4,212,379	122,048
Transfers	(74,243)	(77,651)	74,243	77,651		-
Gain(loss) on sale of assets	(268,257)	21			(268,257)	21
Change in net assets	2,908,100	131,655	1,036,022	(9,586)	3,944,122	122,069
Beginning net assets	4,773,108	7,681,208	6,921,092	7,957,114	11,694,200	15,638,322
Ending net assets	\$ 7,681,208	\$ 7,812,863	\$ 7,957,114	\$ 7,947,528	\$ 15,638,322	\$ 15,760,391

Governmental Activities revenues in the amount of \$3,168,755 were greater than expenses and transfers of \$3,037,100 by \$131,655. Business-type activities revenues and transfers in the amount of \$1,543,739 were less than expenses of \$1,553,325 by \$9,586.

TOWN OF LIMON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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BUDGETARY HIGHLIGHTS

The budget was amended on December 30, 2008 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 6, 2007. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	Original Budget	New Budget	Increase
GENERAL FUND	\$1,921,738	\$2,200,000	\$278,262
UTILITY FUND	\$952,461	\$1,000,000	\$47,539
RECREATION AREA FUND	\$201,113	\$223,000	\$21,887
HEAD START FUND	\$602,968	\$607,618	\$4,650
LIMON AMBULANCE SERVICE FUND	\$236,043	\$400,000	\$163,957
EMPLOYEES PENSION FUND	\$55,000	\$225,000	\$170,000
RURAL HEALTH FUNDING PARTNERSHIP	\$0	\$350,000	<u>\$350,000</u>
			<u><u>\$1,036,295</u></u>

- Changes in the General Fund Budget are attributable to a purchase of a street sweeper, rail transfer facility study, increased street repairs, trash roll-off service, library building repairs, police vehicle repairs and pension. This increase in expenditure was offset by increased gravel sales, sales tax revenues, insurance claim revenue, and donation for rail transfer facility study.
- Changes in the Utility Fund Budget include equipment repairs, maintenance to system, DOC maintenance expenditures and water projects.
- Changes in the Recreation Area Fund Budget include new equipment, pro shop cost of goods and increased operating costs.
- Changes in the Head Start Fund Budget include expenditures of increased federal grant funds.
- Changes in the Limon Ambulance Service Fund were due to increased equipment purchases.
- Changes in the Employees Pension Fund Budget include employee separations.

TOWN OF LIMON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- Changes in the Rural Health Funding Partnership Fund Budget include increase grant expenditures offset by grant revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2008, Limon investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$17,528,204. 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	
	2007	2008	2007	2008	2007	2008
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and Water & Sewer Systems	2,332,586	2,496,494	11,851,741	11,913,582	14,184,327	14,410,076
Equipment	1,856,705	2,142,247	1,170,094	1,325,659	3,026,799	3,467,906
Other Capital Assets			1,048,995	1,048,995	1,048,995	1,048,995
Infrastructure	4,256,882	4,256,882			4,256,882	4,256,882
Total	\$ 9,725,162	\$ 10,174,612	\$14,314,306	\$14,531,712	\$24,039,468	\$24,706,324
Accumulated Depreciation	(2,427,046)	(2,780,818)	(4,008,694)	(4,397,302)	(6,435,740)	(7,178,120)
Capital Assets, Net	<u>\$ 7,298,116</u>	<u>\$ 7,393,794</u>	<u>\$10,305,612</u>	<u>\$10,134,410</u>	<u>\$17,603,728</u>	<u>\$17,528,204</u>

This year's major capital asset additions include:

- Used street sweeper \$65,000.
- Improvements to Town's railroad depot museum \$137,250.
- Computers, software, and other equipment for the medical clinic purchased with grant funds \$191,197.
- Playground equipment \$41,445.
- Water and sewer system improvements \$42,134.
- New ambulance \$135,981.
- Recreation area tractor and aerator \$22,294.

**TOWN OF LIMON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Long-term Debt

As of December 31, 2008 the Town had \$4,580,535 in outstanding debt.

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenue Bonds	\$ 250,000	\$ 205,000			\$ 250,000	\$ 205,000
Special Assessment Bonds	355,000	339,000			355,000	339,000
Capital Leases	72,054	63,197			72,054	63,197
Bonds Payable:						
2004 Water Revenue			2,080,000	2,030,000	2,080,000	2,030,000
2001 Water G.O.			445,000	405,000	445,000	405,000
2000 Water Revenue			1,034,566	969,567	1,034,566	969,567
1974 Mun. Rec. Area			64,000	55,000	64,000	55,000
Loans Payable:						
Colorado Water						
Conservation Board			345,006	322,910	345,006	322,910
Capital Lease			179,946	157,802	179,946	157,802
Colorado Maintenance Fee			49,761	33,059	49,761	33,059
	<u>\$ 677,054</u>	<u>\$ 607,197</u>	<u>\$ 4,198,279</u>	<u>\$ 3,973,338</u>	<u>\$ 4,875,333</u>	<u>\$ 4,580,535</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2009 is \$805,005 that is \$71,266 less than 2008 actual.
- The property tax revenue budgeted for 2009 is \$322,429 that is \$11,501 more than 2008 actual.
- Governmental funds revenues were budgeted at \$2,612,056, which is a decrease of 18.57% from the 2008 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2009 budgeted direct pass-through amounts are \$602,968, which is a decrease of \$284,005 from the 2008 actual amounts of \$886,973. The 2009 budgeted expenditures for governmental activities are projected to be \$2,670,299, which is a 17.13% decrease from the 2008 actual.
- Proprietary funds revenues were budgeted at \$1,655,570, which is an increase of 4.52% from the 2008 actual revenues. Budgeted expenditures of \$1,859,430 represent an increase from 2008 actual expenditures of 15.38%.

TOWN OF LIMON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008

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.

TOWN OF LIMON, COLORADO
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current Assets:			
Cash and Cash Equivalents	\$ 70,285	\$ 468,329	\$ 538,614
Investments	19,449		19,449
Current Portion Note Receivable		12,588	12,588
Accounts Receivable	202,929	339,223	542,152
Allowance for Doubtful Accounts	(6,933)	(109,222)	(116,155)
Intergovernmental Receivable	249,622		249,622
Accrued Interest Receivable		2,268	2,268
Special Assessment Receivable, Current Portion	12,309		12,309
Property Taxes Receivable	322,429		322,429
Inventory	63,095	51,601	114,696
Prepaid Expenses	8,207	4,000	12,207
Total Current Assets	<u>941,392</u>	<u>768,787</u>	<u>1,710,179</u>
Restricted Assets:			
Emergency Reserve	97,438		97,438
Loan & Bond Reserves	45,991		45,991
Bond & Emergency Reserve		434,870	434,870
Water Plant Reserve		33,828	33,828
Water Revenue Bonds		166,957	166,957
Sewer Line Maint. Reserve		33,339	33,339
Special Green Fee Fund		23,727	23,727
Equipment Reserve	235,186	147,839	383,025
Total Restricted Assets	<u>378,615</u>	<u>840,560</u>	<u>1,219,175</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	336,179		336,179
Notes Receivable, Net of Current Portion		267,792	267,792
Bond Issue Costs	61,299	119,199	180,498
Accumulated Amortization	(23,114)	(40,709)	(63,823)
Capital Assets			
Land	1,278,989	243,476	1,522,465
Buildings and water and sewer systems	2,496,494	11,913,582	14,410,076
Equipment	2,142,247	1,325,659	3,467,906
Infrastructure	4,256,882		4,256,882
Other capital assets		1,048,995	1,048,995
Accumulation Depreciation	(2,780,818)	(4,397,302)	(7,178,120)
Total Non-Current Assets	<u>7,768,158</u>	<u>10,480,692</u>	<u>18,248,850</u>
TOTAL ASSETS	<u>9,088,165</u>	<u>12,090,039</u>	<u>21,178,204</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	250,659	2,195	252,854
Current Portion of Long Term Debt	68,428	222,330	290,758
Accounts Payable	88,815	53,971	142,786
Accrued Interest Payable		52,227	52,227
Compensated Absences	6,202	3,562	9,764
Contingent Construction		57,218	57,218
Deferred Revenue - Property Taxes	322,429		322,429
Total Current Liabilities	<u>736,533</u>	<u>391,503</u>	<u>1,128,036</u>
Non-Current Liabilities:			
Long Term Debt	538,769	3,751,008	4,289,777
Total Non-Current Liabilities	<u>538,769</u>	<u>3,751,008</u>	<u>4,289,777</u>
TOTAL LIABILITIES	<u>1,275,302</u>	<u>4,142,511</u>	<u>5,417,813</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,786,597	6,361,088	13,147,685
Restricted for:			
Emergency Reserve	97,438	70,000	167,438
Bond Reserve	5,000	275,028	280,028
Unrestricted:	923,828	1,241,412	2,165,240
TOTAL NET ASSETS	<u>\$ 7,812,863</u>	<u>\$ 7,947,528</u>	<u>\$ 15,760,391</u>

The accompanying accountant's report and notes are integral parts of the financial statements

**TOWN OF LIMON, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 438,322	\$ 116,157	\$ 3,813	
Airport	18,801	4,544		\$ 126,536
Public Works -Streets	781,536	119,861	143,184	
Public Works - Sanitation	189,841	210,194		
Public Safety - Police and Fire	364,232	160		
Public Health - Cemetery	43,356	5,776		
Culture and recreation	263,820	53,299	53,642	
Head Start Program	605,857		605,857	
Economic Development	47,578			
Rural Health	166,635			281,116
Interest on Long Term Debt	39,471			
Total Governmental Activities	<u>2,959,449</u>	<u>509,991</u>	<u>806,496</u>	<u>407,652</u>
Business-Type Activities:				
Water	488,270	463,566		
Water Treatment Plant	240,046	205,901	17,004	
Sewer	326,794	203,236		3,060
Municipal Recreation Area	197,424	128,935	24,138	
Airport Fuel Fund	41,777	39,317	500	
Ambulance Service Fund	259,014	257,875	9,164	54,649
Total Business-Type Activities	<u>1,553,325</u>	<u>1,298,830</u>	<u>50,806</u>	<u>57,709</u>
Total Primary Government	<u>\$ 4,512,774</u>	<u>\$ 1,808,821</u>	<u>\$ 857,302</u>	<u>\$ 465,361</u>

Property Taxes
Franchise Taxes
Sales Taxes
Motor Vehicle
Severance Tax
Cigarette Tax
Use Tax
Interest Income
Insurance Proceeds
Special item -gain(loss) on sale of assets
Transfers
Other
Total general revenues
Change in net assets
Net assets beginning
Net assets ending

The accompanying accountant's report and notes are integral parts of the financial statements

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

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (318,352)		\$ (318,352)
112,279		112,279
(518,491)		(518,491)
20,353		20,353
(364,072)		(364,072)
(37,580)		(37,580)
(156,879)		(156,879)
-		-
(47,578)		(47,578)
114,481		114,481
(39,471)		(39,471)
<u>(1,235,310)</u>	<u>-</u>	<u>(1,235,310)</u>
	(24,704)	(24,704)
	(17,141)	(17,141)
	(120,498)	(120,498)
	(44,351)	(44,351)
	(1,960)	(1,960)
	62,674	62,674
<u>-</u>	<u>(145,980)</u>	<u>(145,980)</u>
<u>\$ (1,235,310)</u>	<u>\$ (145,980)</u>	<u>\$ (1,381,290)</u>
\$ 310,928		\$ 310,928
91,940		91,940
876,271		876,271
54,935		54,935
7,925		7,925
9,234		9,234
8,772		8,772
17,769	\$ 46,243	64,012
13,247	12,500	25,747
21	-	21
(77,651)	77,651	-
53,574		53,574
<u>1,366,965</u>	<u>136,394</u>	<u>1,503,359</u>
131,655	(9,586)	122,069
<u>7,681,208</u>	<u>7,957,114</u>	<u>15,638,322</u>
<u>\$ 7,812,863</u>	<u>\$ 7,947,528</u>	<u>\$ 15,760,391</u>

TOWN OF LIMON, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 42,389		\$ 27,896	\$ 70,285
Investments	19,449			19,449
Accounts Receivable	92,706	\$ 35,090	75,133	202,929
Allowance for Doubtful Accounts	(6,933)			(6,933)
Intergovernmental Receivable	68,819	77,152	103,651	249,622
Special Assessment Receivable	348,488			348,488
Property Tax Receivable	322,429			322,429
Inventories	63,095			63,095
Prepaid Expenses	8,207			8,207
Restricted Cash				
Equipment Reserve	235,186			235,186
Emergency Reserve	97,438			97,438
Loan & Bond Reserves	45,991			45,991
	<u>\$ 1,337,264</u>	<u>\$ 112,242</u>	<u>\$ 206,680</u>	<u>\$ 1,656,186</u>
Total Assets				
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft		\$ 112,242	\$ 138,417	\$ 250,659
Accounts Payable	\$ 58,258		26,555	84,813
Due To Other Funds	4,002			4,002
Deferred Revenue Special Assessment	342,607			342,607
Deferred Revenues Taxes	322,429			322,429
	<u>727,296</u>	<u>112,242</u>	<u>164,972</u>	<u>1,004,510</u>
Total Liabilities				
 FUND BALANCES				
Reserved for:				
Encumbrance			1,291	1,291
Inventories	63,095			63,095
Prepaid Expenses	8,207			8,207
Equipment Replacement	235,186			235,186
Emergency Reserve	97,438			97,438
Loan & Bond Reserves	45,991			45,991
Unreserved-Designated for Subsequent				
Year Budget, reported in:				
General Fund	42,069			42,069
Special Revenue Funds			16,579	16,579
Unreserved-Undesignated, reported in:				
General Fund	117,982			117,982
Capital Projects Fund			10,995	10,995
Special Revenue Funds			12,843	12,843
	<u>609,968</u>	<u>112,242</u>	<u>41,708</u>	<u>651,676</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 1,337,264</u>	<u>\$ 112,242</u>	<u>\$ 206,680</u>	<u>\$ 1,656,186</u>

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

Total Fund Balances - Total Governmental Funds	\$	651,676
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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		10,174,612
Accumulated Depreciation		(2,780,818)

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		(205,000)
Special Assessment Bonds		(339,000)
Capital Lease		(63,197)
Compensated Absences		(6,202)

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

Special Assessment Receivable		348,488
Special Assessment - Allowance for Doubtful Accounts		(5,881)

Bond issue costs to be amortized over the life of the debt.		61,299
Accumulated amortization on bond issue costs.		(23,114)

Net Assets of Governmental Activities	\$	<u>7,812,863</u>
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**TOWN OF LIMON, COLORADO
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES:				
Taxes	\$ 1,360,005			\$ 1,360,005
Fines, Licenses and Permits	47,213			47,213
Intergovernmental:				
Local	143,184		\$ 375,401	518,585
Federal	4,043	\$ 605,857		609,900
Charges for Services	478,253		1,401	479,654
Interest	17,284		485	17,769
Donated	6,328		79,335	85,663
Miscellaneous	53,574		-	53,574
TOTAL REVENUES	<u>2,109,884</u>	<u>605,857</u>	<u>456,622</u>	<u>3,172,363</u>
EXPENDITURES:				
Current:				
Administration	411,065			411,065
Airport	16,113		163	16,276
Public Works - Streets	579,385			579,385
Public Works - Sanitation	170,965			170,965
Public Safety - Police & Fire	337,033			337,033
Public Health - Cemetery	41,934		720	42,654
Culture & Recreation	231,501		6,261	237,762
Head Start Program		605,857		605,857
Economic Development - Rail Study	47,578			47,578
Rural Health			104,919	104,919
Capital Outlay	91,658		369,892	461,550
Debt Service:				
Principal - Lease Purchase	8,857			8,857
Principal - Bonded Debt	61,000			61,000
Interest	39,471			39,471
TOTAL EXPENDITURES	<u>2,036,560</u>	<u>605,857</u>	<u>481,955</u>	<u>3,124,372</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,324	-	(25,333)	47,991
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	1,800			1,800
Insurance Proceeds	13,247			13,247
Operating Transfer In (Out)	(75,132)		(2,519)	(77,651)
NET CHANGE IN FUND BALANCE	13,239	-	(27,852)	(14,613)
FUND BALANCES, BEGINNING	<u>596,729</u>		<u>69,560</u>	<u>666,289</u>
FUND BALANCES, ENDING	<u>\$ 609,968</u>	<u>\$ -</u>	<u>\$ 41,708</u>	<u>\$ 651,676</u>

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances - total governmental funds	\$ (14,613)
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 \$461,550 exceeded depreciation \$364,093 in the current period.	97,457
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	8,857
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	61,000
This is the current-period decrease in the liability for compensated absences	1,389
Special assessment revenues in the governmental funds that provide current financial resources, but have been included in the statement of activities in prior years.	(16,876)
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)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Current year provision for bad debt on special assessment receivable.	177
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	(12,100)
Accumulated depreciation of assets disposed	10,321
Change in net assets of governmental activitie	<u><u>\$ 131,655</u></u>

TOWN OF LIMON, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

ASSETS	UTILITY FUND	MUNICIPAL RECREATION AREA	AIRPORT FUEL FUND	AMBULANCE SERVICE FUND	TOTALS
Current Assets:					
Cash	\$ 391,581	\$ 3,859		\$ 72,889	\$ 468,329
Current Portion of Note Receivable	12,588				12,588
Accounts Receivable	60,558		1,263	277,402	339,223
Allowances For Doubtful Accounts	(8,857)			(100,365)	(109,222)
Accrued Interest Receivable	2,268				2,268
Inventories	40,182	2,726	8,693		51,601
Prepaid Expense				4,000	4,000
Total Current Assets	498,320	6,585	9,956	253,926	768,787
Restricted Assets:					
Water Plant Reserve	33,828				33,828
Water Revenue Bonds	166,957				166,957
Sewer Line Maint. Reserve	33,339				33,339
Bond & Emergency Reserve Funds	410,776	24,094			434,870
Special Green Fee Fund		23,727			23,727
Equipment Reserve	147,839				147,839
Total Restricted Assets	792,739	47,821	-	-	840,560
Non-Current Assets:					
Notes Receivable, Net of Current Portion	267,792				267,792
Bond Issue Costs	103,699			15,500	119,199
Accumulated Amortization	(33,992)			(6,717)	(40,709)
Capital Assets:					
Water System	7,820,430				7,820,430
Sewer System and Plant	3,681,769				3,681,769
Water Rights	1,048,995				1,048,995
Land	187,444	11,000		45,032	243,476
Buildings				191,010	191,010
Recreation Area Facilities		220,373			220,373
Equipment	540,669	122,683		662,307	1,325,659
Accumulated Depreciation	(3,779,728)	(219,537)		(398,037)	(4,397,302)
Total Non-Current Assets	9,837,078	134,519	-	509,095	10,480,692
TOTAL ASSETS	11,128,137	188,925	9,956	763,021	12,090,039
LIABILITIES					
Current Liabilities:					
Pooled Cash Overdraft			2,195		2,195
Current Portion of Long-Term Debt	187,758	11,000		23,572	222,330
Accounts Payable	33,196	4,936	1,140	13,033	52,305
Accrued Interest Payable	49,620			2,607	52,227
Due to Other Funds	1,057	609			1,666
Compensated Absences	3,056	506			3,562
Contingent Construction	57,218				57,218
Total Current Liabilities	331,905	17,051	3,335	39,212	391,503
Non-Current Liabilities:					
Deposit - State of Colo. For Sewer Line Maintenance	33,059				33,059
Long-Term Debt - Net of Current Portion	3,539,719	44,000		134,230	3,717,949
Total Non-Current Liabilities	3,572,778	44,000	-	134,230	3,751,008
TOTAL LIABILITIES	3,904,683	61,051	3,335	173,442	4,142,511
NET ASSETS					
Investment in Fixed Assets, Net of Related Debt Restricted for Emergency Reserve	5,939,059	79,519		342,510	6,361,088
Restricted for Bond Reserve	70,000				70,000
Unrestricted	261,828	13,200			275,028
	952,567	35,155	6,621	247,069	1,241,412
TOTAL NET ASSETS	\$ 7,223,454	\$ 127,874	\$ 6,621	\$ 589,579	\$ 7,947,528

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	UTILITY FUND			TOTAL
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	
OPERATING REVENUES				
Sales	\$ 448,712	\$ 205,901	\$ 167,936	\$ 822,549
Less, Contractual Adjustments and Bad Debts	174		28	202
Net Sales	448,538	205,901	167,908	822,347
Other User Charges	14,636		35,328	49,964
Miscellaneous	392			392
Total Operating Revenues	463,566	205,901	203,236	872,703
OPERATING EXPENSES				
Cost of Resale Items				
Maintenance	23,730	6,104	32,258	62,092
Insurance	1,901	7,604	5,703	15,208
Utilities	33,859	30,505	53,615	117,979
Testing	1,611		16,814	18,425
Salaries and Benefits	86,933	40,473	99,350	226,756
Other Expenses	15,173	8,781	15,960	39,914
Administration	20,361	2,000	4,049	26,410
Amortization	5,572			5,572
Depreciation	156,179	86,237	99,045	341,461
Total Operating Expenses	345,319	181,704	326,794	853,817
Income (Loss) From Operations	118,247	24,197	(123,558)	18,886
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	19,015	25,377		44,392
Donations				
Intergovernmental - Local				-
Intergovernmental - Federal		17,004		17,004
Insurance Proceeds				-
Interest Expense	(142,951)	(58,342)		(201,293)
Total Non-Operating Revenues (Expenses)	(123,936)	(15,961)	-	(139,897)
Net Income Before Contributions and Transfers	(5,689)	8,236	(123,558)	(121,011)
Capital Contributions			3,060	3,060
Transfers In (Out)				
CHANGE IN NET ASSETS	\$ (5,689)	\$ 8,236	\$ (120,498)	(117,951)
NET ASSETS, BEGINNING OF YEAR				7,341,405
NET ASSETS, END OF YEAR				\$ 7,223,454

The accompanying accountant's report and notes are integral parts of the financial statements.

<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUND</u>	<u>AMBULANCE SERVICE FUND</u>	<u>TOTALS</u>
\$119,405	\$ 39,317	\$ 429,200	\$ 1,410,471
		175,171	175,373
<u>119,405</u>	<u>39,317</u>	<u>254,029</u>	<u>1,235,098</u>
8,166			58,130
<u>1,364</u>		<u>3,846</u>	<u>5,602</u>
<u>128,935</u>	<u>39,317</u>	<u>257,875</u>	<u>1,298,830</u>
14,686	36,209		50,895
6,053	2,463	13,100	83,708
3,168		975	19,351
18,324		7,721	144,024
	425		18,850
116,328		75,775	418,859
20,123	2,680	99,595	162,312
			26,410
		1,550	7,122
<u>15,542</u>		<u>51,844</u>	<u>408,847</u>
<u>194,224</u>	<u>41,777</u>	<u>250,560</u>	<u>1,340,378</u>
<u>(65,289)</u>	<u>(2,460)</u>	<u>7,315</u>	<u>(41,548)</u>
586		1,265	46,243
24,138	500	1,705	26,343
		62,108	62,108
			17,004
12,500			12,500
<u>(3,200)</u>		<u>(8,454)</u>	<u>(212,947)</u>
<u>34,024</u>	<u>500</u>	<u>56,624</u>	<u>(48,749)</u>
(31,265)	(1,960)	63,939	(90,297)
			3,060
<u>57,651</u>		<u>20,000</u>	<u>77,651</u>
26,386	(1,960)	83,939	(9,586)
<u>101,488</u>	<u>8,581</u>	<u>505,640</u>	<u>7,957,114</u>
<u>\$127,874</u>	<u>\$ 6,621</u>	<u>\$ 589,579</u>	<u>\$ 7,947,528</u>

**TOWN OF LIMON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>UTILITY FUND</u>	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>AMBULANCE SERVICE FUND</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts From Customers	\$ 879,445	\$ 128,935	\$ 38,054	\$ 194,931	\$ 1,241,365
Payments to Suppliers for Goods and Services	(270,680)	(63,547)	(47,350)	(122,597)	(504,174)
Payments to Employees	(223,853)	(116,179)		(75,386)	(415,418)
Net Cash Provided (Used) By Operating Activities	<u>384,912</u>	<u>(50,791)</u>	<u>(9,296)</u>	<u>(3,052)</u>	<u>321,773</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Donations		24,138	500	1,705	26,343
Intergovernmental Grants		-		7,459	7,459
Insurance Proceeds	-	12,500	-		12,500
Transfer From (To) Other Fund		57,651		20,000	77,651
Loan from cash management pool			2,195		2,195
Net Cash Provided By Non-Capital Financing Activities	<u>-</u>	<u>94,289</u>	<u>2,695</u>	<u>29,164</u>	<u>126,148</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:					
State of Colorado - Sewer Line Maintenance	5,789				5,789
Tap Fees	3,060				3,060
Intergovernmental Grants				54,649	54,649
Sewer Line Maintenance Paid Colo. Reserve Account	(22,491)				(22,491)
Transfer From (To) Restricted Assets	169,111	(6,006)		65,928	229,033
Purchase of Assets	(61,305)	(26,612)		(149,728)	(237,645)
Interest Paid	(187,044)	(3,200)		(8,819)	(199,063)
Debt Principal Payments	(177,095)	(9,000)		(22,144)	(208,239)
Note - Frazier Farms	11,919				11,919
Net Cash (Used) By Capital and Financing Activities	<u>(258,056)</u>	<u>(44,818)</u>	<u>-</u>	<u>(60,114)</u>	<u>(362,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Redemption (Purchase) of Investments				17,419	17,419
Interest Revenue	45,344	586		2,007	47,937
Net Cash Provided By Investing Activities	<u>45,344</u>	<u>586</u>	<u>-</u>	<u>19,426</u>	<u>65,356</u>
Net Increase (Decrease) in Cash and Cash Equivalents	172,200	(734)	(6,601)	(14,576)	150,289
CASH AND CASH EQUIVALENTS					
Beginning of Year	<u>219,381</u>	<u>4,593</u>	<u>6,601</u>	<u>87,465</u>	<u>318,040</u>
End of Year	<u>\$ 391,581</u>	<u>\$ 3,859</u>	<u>\$ -</u>	<u>\$ 72,889</u>	<u>\$ 468,329</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities					
Net Operating Income (Loss)	\$ 18,886	\$ (65,289)	\$ (2,460)	\$ 7,315	\$ (41,548)
Depreciation	341,461	15,542		51,844	408,847
Amortization	5,572			1,550	7,122
(Increase) Decrease in Accounts Receivable, Net	6,742		(1,263)	(62,944)	(57,465)
(Increase) Decrease in Inventory	6,718	(460)	3,778		10,036
(Increase) Decrease in Prepaid Expense				2,000	2,000
Increase (Decrease) in Accounts Payable	5,186	(195)	(9,351)	(2,630)	(6,990)
Increase (Decrease) in Due to Other Funds	(31)	10	-	(187)	(208)
Increase (Decrease) in Compensated Absences	378	(399)			(21)
Net Cash Provided (Used) By Operating Activities	<u>\$ 384,912</u>	<u>\$ (50,791)</u>	<u>\$ (9,296)</u>	<u>\$ (3,052)</u>	<u>\$ 321,773</u>
Noncash capital financing activities:					
Interest subsidy	\$ 17,004				\$ 17,004

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

	EMPLOYEE'S PENSION PLAN
ASSETS:	
Cash	\$ 25,959
Due From Other Funds	5,668
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	259,253
International Stocks	6
Mutual Funds	456,067
TOTAL ASSETS	746,953
 LIABILITIES AND NET ASSETS	
LIABILITIES:	
TOTAL LIABILITIES	-
 NET ASSETS	\$ 746,953

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	EMPLOYEE'S PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 39,036
Employer Contribution	5,668
Interest Income	178
Investment Income (Loss), Net of Expenses	(243,544)
Total Additions	(198,662)
 DEDUCTIONS:	
Benefit Payments	195,478
Administrative Expenses	7,190
Total Deductions	202,668
 CHANGE IN PLAN NET ASSETS	(401,330)
 PLAN NET ASSETS, BEGINNING OF YEAR	1,148,283
PLAN NET ASSETS, END OF YEAR	\$ 746,953

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

(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.

A. 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.

B. 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.

C. 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
DECEMBER 31, 2008

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

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

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

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

Additionally, the Town reports the following fiduciary fund types:

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

D. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

E. 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.

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

TOWN OF LIMON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

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.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed fixed assets are recorded at their estimated fair value on the date received.

As a Phase 3 government, as defined in GASB 34, the Town has elected to not report major general infrastructure retroactively; therefore, the government-wide financial statements do not reflect infrastructure assets completed prior to January 1, 2004.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

G. 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.

H. Budget and Budgetary Accounting

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

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

Public hearings are conducted to obtain taxpayer comments.

Prior to January 1, the budget is legally enacted through the passage of an ordinance. Amendments can be made until year end. On December 30, 2008, the Board approved a resolution appropriating additional sums of money for the year 2008. The original and amended appropriation amounts are presented in the budgetary data in the financial statements.

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

For 2008 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.

I. Encumbrances

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

TOWN OF LIMON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

J. 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.

K. 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 of \$1,000 of assessed value. The mill levy for 2008 was 17.686.

L. Inventories

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

General Fund - Dumpsters and polycarts	
held for resale and street supplies	\$ 63,095
Utility - Treatment supplies, meters and parts	40,182
Municipal Recreation Area - Merchandise & Concessions	2,726
Airport Fuel Fund - Airplane fuel	<u>8,693</u>
Total Inventories	<u>\$114,696</u>

M. 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

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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, 2008.

N. Compliance with Colorado Contraband Forfeiture Act

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

O. 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.

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, 2008, none of the Town's deposits are deemed to be exposed to custodial credit risk.

The Town's deposits as of December 31, 2008 are shown below.

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

The Town's cash deposits at December 31, 2008 was \$1,550,343 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 \$507 and the remaining \$1,549,836 is explained below:

Cash balances and certificates of deposit:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	\$ 704,240	\$ 704,240
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	<u>872,934</u>	<u>845,596</u>
Total cash and certificates of deposit	<u>\$1,577,174</u>	<u>\$1,549,836</u>

The difference between the bank balance and carrying balance is \$27,338, which were outstanding items that had not cleared the banks as of December 31, 2008.

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;

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust", "Jefftrust" and "CSafe".

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

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

1. A plan administered by a qualified insurance company;
2. Establish a trust with a bank or trust company;
3. Belong to Colorado's Public Employees Retirement Association (PERA);
4. Invest in the same manner as PERA is authorized. It is authorized to make a broad range of investments, with these limitations on common or preferred stock:
 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 Employee's Pension Plan investments at December 31, 2008 are reported at fair market value. The Employees' Pension Plan investments are shown below:

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

	Fair Market Value	Maturity	Credit Rating	Rating Agency
Stocks, bonds and mutual funds:				
Domestic Stocks	259,253	n/a	Not Rated	n/a
International Stocks	6	n/a	Not Rated	n/a
Mutual Funds	175,878	n/a	4 Star	Morningstar
Mutual Funds	124,926	n/a	3 Star	Morningstar
Mutual Funds	65,803	n/a	2 Star	Morningstar
Money Market Mutual Funds	89,460	n/a	Not Rated	n/a
Total Investments	<u>\$ 715,326</u>			

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

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

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

Cash and Cash Equivalents	\$ 538,614
Pooled Cash Overdraft	(252,854)
Investments	19,449
Restricted Cash	1,219,175
Fiduciary Funds – Cash	25,959
Fiduciary Funds – Investments	<u>715,326</u>
Total	<u>\$2,265,669</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, 2008 of \$97,438 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, 2008 is \$5,000. Reserves are held in bank savings accounts.

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

General Fund – equipment replacement reserves. Accumulation at December 31, 2008 is \$235,186. 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, 2008 is \$33,828. 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 \$166,957 at December 31, 2008.

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 at December 31, 2008 is \$228,000. Emergency Reserve required accumulation is 3% of annual expenditures in the Utility Fund. Reserves are held in a bank savings account and certificates of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee eventually will be returned to the State if the maintenance is less than the accumulated amount. The amount accumulated is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2008 is \$147,839. Reserve is held in a bank savings account.

Municipal Recreation Area Fund – accumulation of special green fees, which is spent on specific items approved by the women's and men's golf associations. The amount accumulated is in a bank savings account and certificate of deposit.

Municipal Recreation Area Fund – reserve for repayment of the 1974 revenue bonds. Total required accumulation at December 31, 2008 is \$13,200. Reserve is held in a bank savings account.

(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.

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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

(5) Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities:	Dec. 31, 2007	Additions	Transfers Deletions	Dec. 31, 2008
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	\$ 2,332,586	\$ 163,908	\$ -	\$ 2,496,494
Equipment	1,856,705	297,642	(12,100)	2,142,247
Infrastructure	4,256,882	-	-	4,256,882
Total depreciable assets	<u>\$ 8,446,173</u>	<u>\$ 461,550</u>	<u>\$ (12,100)</u>	<u>\$ 8,895,623</u>
Total capital assets	<u>\$ 9,725,162</u>	<u>\$ 461,550</u>	<u>\$ (12,100)</u>	<u>\$ 10,174,612</u>
Less accumulated depreciation for:				
Buildings	\$ (1,161,119)	\$ (56,078)	\$ -	\$ (1,217,197)
Equipment	(1,144,464)	(156,411)	10,321	(1,290,554)
Infrastructure	(121,463)	(151,604)	-	(273,067)
Total accumulated depreciation	<u>\$ (2,427,046)</u>	<u>\$ (364,093)</u>	<u>\$ 10,321</u>	<u>\$ (2,780,818)</u>
Depreciable Assets, Net	<u>\$ 6,019,127</u>	<u>\$ 97,457</u>	<u>\$ (1,779)</u>	<u>\$ 6,114,805</u>
Governmental Activities Assets, Net	<u><u>\$ 7,298,116</u></u>	<u><u>\$ 97,457</u></u>	<u><u>\$ (1,779)</u></u>	<u><u>\$ 7,393,794</u></u>

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

General government	\$ 25,638
Airport	2,525
Public safety – Police and Fire	27,462
Highways and Streets	200,274
Public Works – Sanitation	19,228
Public Health – Cemetery	702
Culture & Recreation	26,548
Rural Health	<u>61,716</u>
Total Governmental Activities	
Depreciation Expense	<u>\$ 364,093</u>

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

	<u>Dec. 31, 2007</u>	<u>Additions</u>	<u>Transfers</u> <u>Deletions</u>	<u>Dec. 31, 2008</u>
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	\$ 8,218,915	\$ 50,276	\$ (4,255)	\$ 8,264,936
Sewer System, Plant & Equipment	3,767,726	11,029	(823)	3,777,932
Rec Area Facilities & Equipment	331,605	26,612	(15,161)	343,056
Ambulance Building & Equipment	703,589	149,728	-	853,317
Total depreciable assets	<u>\$ 13,021,835</u>	<u>\$ 237,645</u>	<u>\$ (20,239)</u>	<u>\$ 13,239,241</u>
Total capital assets	<u>\$ 14,314,306</u>	<u>\$ 237,645</u>	<u>\$ (20,239)</u>	<u>\$ 14,531,712</u>
Less accumulated depreciation for:				
Water System, Plant & Equipment	\$ (2,259,342)	\$ (242,416)	\$ 4,255	\$ (2,497,503)
Sewer System, Plant & Equipment	(1,184,003)	(99,045)	823	(1,282,225)
Rec Area Facilities & Equipment	(219,156)	(15,542)	15,161	(219,537)
Ambulance Building & Equipment	(346,193)	(51,844)	-	(398,037)
Total accumulated depreciation	<u>\$ (4,008,694)</u>	<u>\$ (408,847)</u>	<u>\$ 20,239</u>	<u>\$ (4,397,302)</u>
Depreciable Assets, Net	<u>\$ 9,013,141</u>	<u>\$ (171,202)</u>	<u>\$ -</u>	<u>\$ 8,841,939</u>
Business-Type Activities Assets, Net	<u><u>\$ 10,305,612</u></u>	<u><u>\$ (171,202)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,134,410</u></u>

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

Water	\$ 156,179
Water Treatment	86,237
Sewer	99,045
Municipal Recreation	15,542
Ambulance	<u>51,844</u>
Total Business-Type Depreciation Expense	<u>\$ 408,847</u>

TOWN OF LIMON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

(6) Retirement Plans

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

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 Council 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 all types of Town employees.

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

Retirees and beneficiaries currently receiving benefits	0
Terminated plan members entitled to, but not yet receiving benefits	1
Active Plan Members	<u>23</u>
Total	<u>24</u>

Funding Policy. Plan members are required to contribute 4% of compensation up to \$550 per month and 6% of compensation 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	\$5,668
Annual pension cost	\$5,668
Contributions made	\$5,668
Net pension obligation beginning of year	0
Net pension obligation end of year	0

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

The annual required contribution for the current year was determined as part of the January 1, 2008 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).

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability or (Funding Excess) (b-a)	Funded Ratio (a)/(b)
1-1-03	656,618	796,299	139,681	82.4%
1-1-04	805,602	925,883	120,281	87.0%
1-1-05	926,995	957,178	30,183	96.8%
1-1-06	982,742	1,034,687	51,945	95.0%
1-1-07	1,073,261	1,108,776	35,515	96.8%
1-1-08	1,117,242	1,128,134	10,892	99.0%

Six-year Trend Information:

For Each Year ended	Employer Annual Required Contribution and Pension Cost	Employer Contribution	Percentage Contributed	Net Pension Obligation
12-31-03	19,976	19,976	100%	0
12-31-04	16,886	16,886	100%	0
12-31-05	7,210	7,210	100%	0
12-31-06	9,274	9,274	100%	0
12-31-07	6,095	6,095	100%	0
12-31-08	5,668	5,668	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.

The Town has reserved \$97,438 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the Tabor amendment.

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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, 2008:

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Years Ended December 31,	Governmental Activities	Business-Type Activities
2009	12,522	31,307
2010	12,346	30,866
2011	12,441	31,105
2012	12,509	31,273
2013	12,262	30,658
2014	12,344	30,664
Total Minimum Lease Payments	74,424	185,873
Less, Amount Representing Interest	(11,227)	(28,071)
Present Value of Net Minimum Lease Payments	<u>\$63,197</u>	<u>\$157,802</u>

The current portion of the present value of the net minimum lease payments is \$9,428 for Governmental Activities and \$23,572 for Business-Type Activities.

(9) Operating Leases

Leases that do not meet the criteria for capitalization are classified as operating leases. Total rental expenses for all operating leases reported in Governmental Activities was \$4,125 in 2008. Future minimum lease payments as of December 31, 2008, under operating leases that have initial or remaining lease terms of more than one year are as follows:

Years Ended December 31,	Activities
2009	4,500
2010	1,125
Total Minimum Lease Payments	<u>\$ 5,625</u>

(10) 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

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

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, 2008, which is expected to be paid from Utility Fund Water revenues together with interest from 4.8% to 5.6%.

During 2008 a principal payment of \$40,000 was made on the bond and interest payments of \$22,530 were made which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2009	\$ 45,000	\$ 21,310	\$ 66,310
2010	45,000	19,150	64,150
2011	45,000	16,900	61,900
2012	50,000	14,605	64,605
2013	50,000	12,005	62,005
2014-2016	170,000	19,100	189,100
	\$ 405,000	\$ 103,070	\$ 508,070

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, 2008 are as follows:

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

During 2008 a principal payment of \$45,000 was made on the bond and interest payments of \$14,063 were made which are included under governmental activities in the Statement of Activities.

Annual debt service requirements to maturity are as follows:

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

	Principal	Interest	Total
2009	\$ 45,000	\$ 11,531	\$ 56,531
2010	50,000	9,000	59,000
2011	55,000	6,187	61,187
2012	55,000	3,094	58,094
	\$ 205,000	\$ 29,812	\$ 234,812

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

During 2008 a principal payment of \$50,000 was made on the bond and interest payments of \$110,734 were made which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2009	\$ 55,000	\$ 108,310	\$ 163,310
2010	55,000	105,175	160,175
2011	55,000	101,875	156,875
2012	60,000	99,483	159,483
2013	65,000	96,783	161,783
2014-2018	465,000	431,913	896,913
2019-2023	1,275,000	255,475	1,530,475
	\$ 2,030,000	\$ 1,199,014	\$ 3,229,014

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 2008 principal payments of \$64,999 were made on the bond and interest payments of \$41,338 were made in addition to the federal subsidy interest amount of \$17,004 for a total of \$58,342 which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

Annual debt service requirements are as follows:

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

	Principal	Interest Before Federal Subsidy	Total	Federal Interest Subsidy	Total After Federal Subsidy
2009	\$ 64,999	\$ 56,589	\$ 121,588	\$ 15,935	\$ 105,653
2010	70,415	53,589	124,004	14,867	109,137
2011	70,415	50,339	120,754	13,710	107,044
2012	75,832	47,835	123,667	12,552	111,115
2013	75,832	44,765	120,597	11,306	109,291
2014-2018	417,076	168,414	585,490	37,212	548,278
2019-2020	194,998	20,462	215,460	4,896	210,564
	<u>\$ 969,567</u>	<u>\$ 441,993</u>	<u>\$ 1,411,560</u>	<u>\$ 110,478</u>	<u>\$ 1,301,082</u>

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

During 2008 a principal payment of \$9,000 was made on the bond and an interest payment of \$3,200 was made which is included as a direct expense under Municipal Recreation Area in the Statement of Activities.

Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
2009	\$ 11,000	\$ 2,750	\$ 13,750
2010	11,000	2,200	13,200
2011	11,000	1,650	12,650
2012	11,000	1,100	12,100
2013	11,000	550	11,550
	<u>\$ 55,000</u>	<u>\$ 8,250</u>	<u>\$ 63,250</u>

A loan from 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 2008 a principal payment of \$22,096 was made on the loan and an interest payment of \$9,686 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:

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

	Principal	Interest	Total
2009	22,759	9,686	32,445
2010	23,441	9,004	32,445
2011	24,145	8,300	32,445
2012	24,869	7,576	32,445
2013	25,615	6,830	32,445
2014-2018	140,071	22,154	162,225
2019-2020	62,010	2,803	64,813
	\$ 322,910	\$ 66,353	\$ 389,263

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 2008 a principal payment of \$4,000 was made on the bond and an interest payment of \$5,605 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.

	Principal	Interest	Total
2009	\$ 4,000	\$ 5,369	\$ 9,369
2010	4,000	5,133	9,133
2011	4,000	4,897	8,897
2012	4,000	4,661	8,661
2013	4,000	4,425	8,425
2014-2018	27,000	17,936	44,936
2019-2023	28,000	9,027	37,027
2024	16,000	472	16,472
	\$ 91,000	\$ 51,920	\$ 142,920

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

TOWN OF LIMON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

owners together with interest at 6.2%. Monies will be collected and bonds paid from the General Fund.

During 2008, a principal payment of \$12,000 was made on the bond and interest payments of \$16,275 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
2009	\$ 10,000	\$ 15,376	\$ 25,376
2010	11,000	14,756	25,756
2011	11,000	14,074	25,074
2012	12,000	13,392	25,392
2013	13,000	12,648	25,648
2014-2018	77,000	50,096	127,096
2019-2023	105,000	23,188	128,188
2024	9,000	558	9,558
	\$ 248,000	\$ 144,088	\$ 392,088

Payable from Utility Fund Restricted Cash:

The accumulation of a monthly fee from the State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will eventually be returned to the State if the maintenance is less than the accumulated amount.

Changes in Long-Term Liabilities during 2008 are as follows:

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

	Balance Dec. 31, 2007	Additions	Payments	Balance Dec. 31, 2008	Due Within One Year
Governmental Activities:					
Revenue Bonds	\$ 250,000	\$ -	\$ (45,000)	\$ 205,000	\$ 45,000
Special Assessment Bonds	355,000	-	(16,000)	339,000	14,000
Capital Lease	72,054	-	(8,857)	63,197	9,428
	<u>677,054</u>	<u>-</u>	<u>(69,857)</u>	<u>607,197</u>	<u>68,428</u>
Business-Type Activities:					
Bonds Payable:					
2004 Water Revenue	\$ 2,080,000	\$ -	\$ (50,000)	\$ 2,030,000	\$ 55,000
2001 Water G.O.	445,000	-	(40,000)	405,000	45,000
2000 Water Revenue	1,034,566	-	(64,999)	969,567	64,999
1974 Mun. Rec. Area	64,000	-	(9,000)	55,000	11,000
Loans Payable:					
Colorado Water					
Conservation Board	345,006	-	(22,096)	322,910	22,759
Capital Lease	179,946	-	(22,144)	157,802	23,572
Colorado Maintenance Fee	49,761	5,789	(22,491)	33,059	-
	<u>4,198,279</u>	<u>5,789</u>	<u>(230,730)</u>	<u>3,973,338</u>	<u>222,330</u>
Total Long-Term Liabilities	<u>\$ 4,875,333</u>	<u>\$ 5,789</u>	<u>\$ (300,587)</u>	<u>\$ 4,580,535</u>	<u>\$ 290,758</u>

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

Legal Debt Limit - The legal debt limit as defined by Colorado State Statutes, for General Obligation Bonds issued by the Town is as follows at December 31, 2008:

Actual Property Value (taxable)	\$110,972,394
	x 3%
	<u>3,329,172</u>

General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,329,172</u>

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

TOWN OF LIMON, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

(11) 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 \$3,432 in year 2008.

Property, Casualty, Errors and Omissions and Liability Insurance

The Town is exposed to various risks of loss related to property, casualty, errors and omissions and liability losses. In 1986 due to the excessive cost of this insurance, the Town joined together with other cities and towns in the State of Colorado to form the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for members. The Town pays an annual contribution to CIRSA for its insurance coverage. The member agreement provides that the pool will be self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for member's claims in excess of a specified self insurance retention, which is determined each policy year.

During 2008 the Town paid \$63,008 for insurance coverage to the pool and 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 1989 the Town, due to the excessive cost of workers compensation insurance coverage, the Town joined together with other cities and towns in the State of Colorado to form the Colorado Intergovernmental Risk Sharing Agency, Workers Compensation Pool (CIRSA), a public entity risk pool currently operating as a carrier risk management and insurance program for members. The Town pays an annual contribution to CIRSA for its workers compensation 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 claims in excess of a specified self insurance retention, which is determined each policy year.

During 2008 the Town paid \$57,238 for workers compensation coverage to the pool and is included in the operating expense of the general and enterprise funds.

TOWN OF LIMON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

(12) 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 2008:

Payments from the General and Enterprise Funds to the Employees' Pension Plan totaling \$44,704 are included as operating revenue and expenditures of each respective fund.

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 48,000
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Transfer from General Fund to Ambulance Service Fund for general purposes	20,000
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Transfer from General Fund to Capital Projects Fund for airport taxiway construction	<u>7,132</u>
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Total General Fund Transfers	<u>\$ 75,132</u>
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Transfer from Conservation Trust Fund to Municipal Recreation Area Fund for improvements.	\$ 9,651
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Transfer from Conservation Trust Fund to Capital Projects Fund for Depot Improvements	<u>13,000</u>
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Total Conservation Trust Fund Transfers	<u>\$ 22,651</u>
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Amounts due to/from other funds at December 31, 2008:

Due to the Employees' Pension Plan by the General and Proprietary Fund Types for the Town's 2008 retirement contribution	<u>\$ 5,668</u>
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TOWN OF LIMON, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

(13) 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 broke down into two elements: an obligation to complete certain improvements with an estimated cost of \$41,622, which were completed by the Town in 2001, and 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.

(14) 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 is willing and able to perform his duties.

(15) 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.

(16) Construction Commitments

At December 31, 2008, the town had the following remaining contract commitment:

	<u>Total Contract</u>	<u>Paid to 12-31-08</u>	<u>Remainder</u>
Contractor-improvements to Town's railroad depot museum	\$144,804	\$135,092	\$9,712

(17) Fund Deficit

The Rural Health Fund as of December 31, 2008 had a deficit fund balance in the amount of \$15,000. This may be a violation of Colorado Revised Statutes.

**TOWN OF LIMON, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 1,349,133	\$ 1,349,133	\$ 1,360,005	\$ 10,872
Fines, Licenses and Permits	42,620	42,620	47,213	4,593
Intergovernmental - Local	143,390	143,390	143,184	(206)
Intergovernmental - Federal	220	220	4,043	3,823
Charges for Services	375,426	375,426	478,253	102,827
Interest	26,735	26,735	17,284	(9,451)
Donated	2,500	2,500	6,328	3,828
Miscellaneous	32,200	32,200	53,574	21,374
Supplemental Appropriation	-	182,000	-	(182,000)
TOTAL REVENUES	<u>1,972,224</u>	<u>2,154,224</u>	<u>2,109,884</u>	<u>(44,340)</u>
EXPENDITURES				
Current:				
General Government	423,247	423,247	411,065	12,182
Airport	12,694	12,694	16,113	(3,419)
Public Works - Streets	516,503	516,503	579,385	(62,882)
Public Works - Sanitation	150,468	150,468	170,965	(20,497)
Public Safety	329,338	329,338	337,033	(7,695)
Public Health - Cemetery	48,344	48,344	41,934	6,410
Culture & Recreation	226,782	226,782	231,501	(4,719)
Economic Development			47,578	(47,578)
Capital Outlay	22,150	22,150	91,658	(69,508)
Debt Service:				
Principal - Lease Purchases	8,571	8,571	8,857	(286)
Principal - Bonded Debt	53,000	53,000	61,000	(8,000)
Interest	45,412	45,412	39,471	5,941
Supplemental Appropriation	-	278,262	-	278,262
TOTAL EXPENDITURES	<u>1,836,509</u>	<u>2,114,771</u>	<u>2,036,560</u>	<u>78,211</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	135,715	39,453	73,324	33,871
OTHER FINANCIAL SOURCES (USES)				
Sale of Fixed Assets			1,800	1,800
Insurance Proceeds			13,247	13,247
Operating Transfers (Out)	(85,229)	(85,229)	(75,132)	10,097
NET CHANGE IN FUND BALANCE	50,486	(45,776)	13,239	59,015
FUND BALANCES, BEGINNING OF YEAR	<u>546,381</u>	<u>546,381</u>	<u>596,729</u>	<u>50,348</u>
FUND BALANCES, END OF YEAR	<u>\$ 596,867</u>	<u>\$ 500,605</u>	<u>\$ 609,968</u>	<u>\$ 109,363</u>

The accompanying accountant's report and notes are integral parts of the 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, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental - Federal	\$ 602,968	\$ 602,968	\$ 605,857	\$ 2,889
Supplemental Appropriation	-	4,650	-	(4,650)
Total revenues	<u>602,968</u>	<u>607,618</u>	<u>605,857</u>	<u>(1,761)</u>
EXPENDITURES:				
Head Start Program	602,968	602,968	605,857	(2,889)
Supplemental Appropriation	-	4,650	-	4,650
Total expenditures	<u>602,968</u>	<u>607,618</u>	<u>605,857</u>	<u>1,761</u>
NET CHANGE IN FUND BALANCE	None	None	None	None
FUND BALANCE, BEGINNING OF YEAR	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
FUND BALANCE, END OF YEAR	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

The accompanying accountant's report and notes are integral parts of the financial statements.

**TOWN OF LIMON, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>CAPITAL PROJECTS</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>RURAL HEALTH FUND</u>	<u>TOTALS</u>
ASSETS:					
Cash		\$ 23,397	\$ 4,499		\$ 27,896
Accounts Receivable	\$ 17,230			\$ 57,903	75,133
Intergovernmental Receivable	8,614	26,830		68,207	103,651
TOTAL ASSETS	<u>\$ 25,844</u>	<u>\$ 50,227</u>	<u>\$ 4,499</u>	<u>\$ 126,110</u>	<u>\$ 206,680</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Pooled Cash Overdraft	\$ 13,558	\$ 10,304		\$ 114,555	\$ 138,417
Accounts Payable				26,555	26,555
TOTAL LIABILITIES	<u>13,558</u>	<u>10,304</u>	<u>-</u>	<u>141,110</u>	<u>164,972</u>
 FUND BALANCES					
Reserved for Encumbrance	1,291				1,291
Unreserved Fund Balance:					
Designated for Subsequent Year Budget		16,579			16,579
Undesignated	10,995	23,344	4,499	(15,000)	23,838
TOTAL FUND BALANCES	<u>12,286</u>	<u>39,923</u>	<u>4,499</u>	<u>(15,000)</u>	<u>41,708</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,844</u>	<u>\$ 50,227</u>	<u>\$ 4,499</u>	<u>\$ 126,110</u>	<u>\$ 206,680</u>

The accompanying accountant's report and notes are integral parts of the 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, 2008

	<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		\$ 477	\$ 8		\$ 485
Intergovernmental - Local	\$ 47,201	47,084		\$ 281,116	375,401
Perpetual Care			1,401		1,401
Donations	79,335				79,335
	<u>126,536</u>	<u>47,561</u>	<u>1,409</u>	<u>281,116</u>	<u>456,622</u>
TOTAL REVENUES					
EXPENDITURES:					
Current:					
Airport	163				163
Public Health - Cemetery			720		720
Recreation		6,261			6,261
Rural Health				104,919	104,919
Capital Outlay	<u>137,250</u>	<u>41,445</u>		<u>191,197</u>	<u>369,892</u>
	<u>137,413</u>	<u>47,706</u>	<u>720</u>	<u>296,116</u>	<u>481,955</u>
TOTAL EXPENDITURES					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,877)	(145)	689	(15,000)	(25,333)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In (Out)	<u>20,132</u>	<u>(22,651)</u>			<u>(2,519)</u>
NET CHANGE IN FUND BALANCE	9,255	(22,796)	689	(15,000)	(27,852)
FUND BALANCE, BEGINNING OF YEAR	<u>3,031</u>	<u>62,719</u>	<u>3,810</u>	<u>-</u>	<u>69,560</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,286</u>	<u>\$ 39,923</u>	<u>\$ 4,499</u>	<u>\$ (15,000)</u>	<u>\$ 41,708</u>

The accompanying accountant's report and notes are integral parts of the 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, 2008**

	<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	\$ 65,000	\$ 65,000	\$ 47,084	\$ (17,916)
Interest	300	300	477	177
Total revenues	<u>65,300</u>	<u>65,300</u>	<u>47,561</u>	<u>(17,739)</u>
EXPENDITURES:				
Operating				
Recreation	-	-	6,261	(6,261)
Capital Outlay	60,500	60,500	41,445	19,055
Total expenditures	<u>60,500</u>	<u>60,500</u>	<u>47,706</u>	<u>12,794</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,800	4,800	(145)	(4,945)
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(26,700)</u>	<u>(26,700)</u>	<u>(22,651)</u>	<u>4,049</u>
NET CHANGE IN FUND BALANCE	(21,900)	(21,900)	(22,796)	(896)
FUND BALANCE, BEGINNING OF YEAR	<u>52,262</u>	<u>52,262</u>	<u>62,719</u>	<u>10,457</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 30,362</u></u>	<u><u>\$ 30,362</u></u>	<u><u>\$ 39,923</u></u>	<u><u>\$ 9,561</u></u>

The accompanying accountant's report and notes are integral parts of the 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, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Perpetual Care	\$ 1,000	\$ 1,000	\$ 1,401	\$ 401
Interest	<u>5</u>	<u>5</u>	<u>8</u>	<u>3</u>
Total revenues	<u>1,005</u>	<u>1,005</u>	<u>1,409</u>	<u>404</u>
EXPENDITURES:				
Public Health - Cemetery	<u>1,500</u>	<u>1,500</u>	<u>720</u>	<u>780</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>720</u>	<u>780</u>
NET CHANGE IN FUND BALANCE	(495)	(495)	689	1,184
FUND BALANCE, BEGINNING OF YEAR	<u>3,610</u>	<u>3,610</u>	<u>3,810</u>	<u>200</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,115</u></u>	<u><u>\$ 3,115</u></u>	<u><u>\$ 4,499</u></u>	<u><u>\$ 1,384</u></u>

The accompanying accountant's report and notes are integral parts of the 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, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental - State	\$ -	\$ -	\$ 281,116	\$ 281,116
Supplemental Appropriation	-	350,000	-	(350,000)
	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Total revenues	<u>-</u>	<u>350,000</u>	<u>281,116</u>	<u>(68,884)</u>
EXPENDITURES:				
Operating:				
Rural Health	-	-	104,919	(104,919)
Capital	-	-	191,197	(191,197)
Supplemental Appropriation	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>
Total expenditures	<u>-</u>	<u>350,000</u>	<u>296,116</u>	<u>53,884</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>

The accompanying accountant's report and notes are integral parts of the 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, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental - Local	\$ 8,333	\$ 8,333	\$ 47,201	\$ 38,868
Intergovernmental - Federal	150,000	150,000		(150,000)
Donations	150,000	150,000	79,335	(70,665)
TOTAL REVENUES	308,333	308,333	126,536	(181,797)
EXPENDITURES				
Airport			163	(163)
Capital Outlay	339,666	339,666	137,250	202,416
TOTAL EXPENDITURES	339,666	339,666	137,413	202,253
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,333)	(31,333)	(10,877)	20,456
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	31,333	31,333	20,132	(11,201)
NET CHANGE IN FUND BALANCE	-	-	9,255	9,255
FUND BALANCE, BEGINNING OF YEAR	-	-	3,031	3,031
FUND BALANCE, END OF YEAR	-	-	12,286	12,286

The accompanying accountant's report and notes are integral parts of the 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, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales, Net Contractual Adjustments and Bad debts	\$ 963,282	\$ 963,282	\$ 822,347	\$ (140,935)
Other user charges	14,800	14,800	49,964	35,164
Interest	27,920	27,920	44,392	16,472
Note Principal - Frasier	15,536	15,536	11,919	(3,617)
DOC maintenance	5,400	5,400	5,789	389
DOC maintenance expenses from restricted account	5,400	5,400	22,491	17,091
Intergovernmental-Federal	18,000	18,000	17,004	(996)
Capital Contributions	10,000	10,000	3,060	(6,940)
Miscellaneous	1,000	1,000	392	(608)
Total revenues	<u>1,061,338</u>	<u>1,061,338</u>	<u>977,358</u>	<u>(83,980)</u>
EXPENDITURES:				
Operating expenses (other than depreciation and amortization)	543,307	543,307	506,784	36,523
Interest expense	204,672	204,672	201,293	3,379
Debt Principal	176,451	176,451	177,095	(644)
Capital expenditures	17,232	17,232	61,305	(44,073)
DOC maintenance revenue to restricted account	5,400	5,400	5,789	(389)
System maintenance paid from Colorado reserve account	5,400	5,400	22,491	(17,091)
Supplemental Appropriation	-	47,538	-	47,538
Total expenditures	<u>952,462</u>	<u>1,000,000</u>	<u>974,757</u>	<u>25,243</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 108,876</u>	<u>\$ 61,338</u>	2,601	<u>\$ (58,737)</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal portion of debt service			177,095	
Capital expenditures			61,305	
Less budgetary items shown as Revenue:				
Principal portion of note receivable			(11,919)	
Less: depreciation and amortization			<u>(347,033)</u>	
Change In Net Assets GAAP			<u>\$ (117,951)</u>	

The accompanying accountant's report and notes are integral parts of the 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, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Sales	\$ 120,480	\$ 120,480	\$ 119,405	\$ (1,075)
Other User Charges	8,030	8,030	8,166	136
Interest	400	400	586	186
Donations	11,432	11,432	24,138	12,706
Miscellaneous	2,500	2,500	1,364	(1,136)
Insurance claim			12,500	12,500
Transfers from other funds	62,503	62,503	57,651	(4,852)
Supplemental Appropriation		21,887	-	(21,887)
	<u>205,345</u>	<u>227,232</u>	<u>223,810</u>	<u>(3,422)</u>
EXPENDITURES:				
Salaries and Benefits	113,390	113,390	116,328	(2,938)
Cost of Resale Items	12,950	12,950	14,686	(1,736)
Maintenance	12,950	12,950	6,053	6,897
Insurance	3,168	3,168	3,168	-
Utilities	17,449	17,449	18,324	(875)
Other Expenses	22,256	22,256	20,123	2,133
Interest Expense	3,650	3,650	3,200	450
Bond Payments	9,000	9,000	9,000	-
Capital expenditures	6,300	6,300	26,612	(20,312)
Supplemental Appropriation	-	21,887	-	21,887
	<u>201,113</u>	<u>223,000</u>	<u>217,494</u>	<u>5,506</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 4,232</u>	<u>\$ 4,232</u>	6,316	<u>\$ 2,084</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal portion of debt service			9,000	
Capital expenditures			26,612	
Less depreciation and amortization			<u>(15,542)</u>	
Change In Net Assets GAAP			<u>\$ 26,386</u>	

The accompanying accountant's report and notes are integral parts of the 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, 2008

	<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	\$ 39,317	\$ (9,963)
Donations	-	-	500	500
	<u>49,280</u>	<u>49,280</u>	<u>39,817</u>	<u>(9,463)</u>
EXPENDITURES:				
Operating expenses	39,660	39,660	41,777	(2,117)
Transfer to Capital Project	5,000	5,000	-	5,000
	<u>44,660</u>	<u>44,660</u>	<u>41,777</u>	<u>2,883</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 4,620</u>	<u>\$ 4,620</u>	(1,960)	<u>\$ (6,580)</u>
RECONCILIATION TO GAAP BASIS				
			<u> </u>	
Change In Net Assets GAAP			<u>\$ (1,960)</u>	

The accompanying accountant's report and notes are integral parts of the 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, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
REVENUES:				POSITIVE
				(NEGATIVE)
Sales, Net Contractual Adjustments and Bad Debts \$200,409	\$ 216,000	\$ 216,000	\$ 254,029	\$ 38,029
Interest	3,300	3,300	1,265	(2,035)
Donations	600	600	1,705	1,105
Intergovernmental - Local	4,700	4,700	62,108	57,408
Miscellaneous	4,000	4,000	3,846	(154)
Transfer From Other Funds	26,393	26,393	20,000	(6,393)
Supplemental Appropriation		90,957	-	(90,957)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	254,993	345,950	342,953	(2,997)
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Operating				
Salaries and Benefits	75,468	75,468	75,775	(307)
Maintenance	15,100	15,100	13,100	2,000
Insurance	6,178	6,178	975	5,203
Utilities	9,465	9,465	7,721	1,744
Other Expenses	97,869	97,869	99,595	(1,726)
Principal Payment	22,143	22,143	22,144	(1)
Interest Expense	8,820	8,820	8,454	366
Capital Outlay	1,000	1,000	149,728	(148,728)
Supplemental Appropriation	-	163,957		163,957
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	236,043	400,000	377,492	22,508
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	<u>\$18,950</u>	<u>(\$54,050)</u>	(34,539)	<u>\$19,511</u>
	<hr/>	<hr/>		<hr/>
RECONCILIATION TO GAAP BASIS				
Add: Principal portion of debt service			22,144	
Add: Capital Outlay			149,728	
Less Amortization			(1,550)	
Less Depreciation			(51,844)	
			<hr/>	
Change In Net Assets GAAP			<u>\$83,939</u>	

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
EMPLOYEE'S PENSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Employee Contribution	\$ 34,888	\$ 34,888	\$ 39,036	\$ 4,148
Employer Contribution	5,784	5,784	5,668	(116)
Interest Income	150	150	178	28
Investment Income				
Net of Expenses	<u>20,000</u>	<u>20,000</u>	<u>(243,544)</u>	<u>(263,544)</u>
Total Revenues	<u>60,822</u>	<u>60,822</u>	<u>(198,662)</u>	<u>(259,484)</u>
EXPENDITURES:				
Benefit Payments	50,000	50,000	195,478	(145,478)
Administrative Expenses	5,000	5,000	7,190	(2,190)
Supplemental Appropriation	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>170,000</u>
Total Expenditures	<u>55,000</u>	<u>225,000</u>	<u>202,668</u>	<u>22,332</u>
CHANGE IN NET ASSETS	5,822	(164,178)	(401,330)	(237,152)
NET ASSETS, BEGINNING OF YEAR	<u>1,159,756</u>	<u>1,159,756</u>	<u>1,148,283</u>	<u>(11,473)</u>
NET ASSETS, END OF YEAR	<u>\$ 1,165,578</u>	<u>\$ 995,578</u>	<u>\$ 746,953</u>	<u>\$ (248,625)</u>

The accompanying accountant's report and notes are integral parts of the 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 2008
This Information From The Records Of (example - City of _ or County of) TOWN OF LIMON	Prepared By: Phone:	Joe Kiely, Town Administrator 719-775-2346

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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	480,742
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	28,493
2. General fund appropriations	134,206	b. Snow and ice removal	13,811
3. Other local imposts (from page 2)	406,420	c. Other	98,328
4. Miscellaneous local receipts (from page 2)	202,071	d. Total (a. through c.)	140,632
5. Transfers from toll facilities		4. General administration & miscellaneous	23,011
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	161,045
a. Bonds - Original Issues		6. Total (1 through 5)	805,430
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	21,880
7. Total (1 through 6)	742,697	b. Redemption	16,000
B. Private Contributions	42,561	c. Total (a. + b.)	37,880
C. Receipts from State government (from page 2)	70,437	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	3,528
E. Total receipts (A.7 + B + C + D)	855,695	b. Redemption	8,857
		c. Total (a. + b.)	12,385
		3. Total (1.c + 2.c)	50,265
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	855,695

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	855,695	855,695	0	0

Notes and Comments:

Other Road & Street Services Consists of:	
Street Lighting (besides for Traffic Light)	48,578
Portion of Used Street Sweeper cost not attributable to maintenance operations	48,750
Cost of New Mower for roadside mowing	1,000
	<u>98,328</u>

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2008	
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	90,222	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	26,839
1. Sales Taxes	188,515	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	127,683	g. Other: Gravel	83,292
6. Total (1. through 5.)	316,198	h. Other: Franchise	91,940
c. Total (a. + b.)	406,420	i. Total (a. through h.)	202,071
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	61,985	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	8,452	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,452	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	70,437	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
Notes and Comments:			

**TOWN OF LIMON, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<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	\$605,857
Environmental Protection Agency Pass-through program from:			
Colorado Water Resources Authority:			
Capitalization Grant for Drinking Water State Revolving Fund			
Interest earnings subsidy	66.468		17,004
Pass-through program from Colorado Department of Transportation and East Central Council of Governments - Formula Grant for Other Than Urbanized Areas	 20.509		 4,043
Total Expenditures of Federal Awards			<u><u>\$626,904</u></u>

The accompanying accountant's report and notes are integral parts of the financial statements.

TOWN OF LIMON, COLORADO
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Town of Limon and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B-SUBRECIPIENTS

The Town of Limon provided federal awards to Limon Child Development Center a subrecipient as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Head Start Program	93.600	<u>\$605,857</u>

NOTE C-NONCASH AWARDS

The Town has received the following federal financial assistance in the form of loan subsidies which is included in the schedule of expenditures of federal awards and in the financial statements:

Environmental Protection Agency Pass-through program from: Colorado Water Resource Authority Capitalization Grant for Drinking Water - State Revolving Fund	<u>\$ 17,004</u>
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Gary L. Woodward

Certified Public Accountant

Bank Building/P.O. Box 405
Eads, Colorado 81036
gary@garywoodward.com

(719)438-5445
Fax 1-877-427-9966
www.garywoodward.com

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
Limon, Colorado

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Limon, Colorado as of and for the year ended December 31, 2008, which collectively comprise Town of Limon's basic financial statements and have issued my report thereon dated July 8, 2009. I conducted my 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 my audit, I considered Town of Limon's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Limon's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Town of Limon's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Town of Limon's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of Town of Limon's financial statements that is more than inconsequential will not be prevented or detected by Town of Limon's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Town of Limon's internal control.

My 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 that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Limon's financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the board of directors, management, 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.

Gary L. Woodward, CPA

Eads, Colorado
July 8, 2009

Gary L. Woodward

Certified Public Accountant

Bank Building/P.O. Box 405
Eads, Colorado 81036
gary@garywoodward.com

(719)438-5445
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www.garywoodward.com

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

I have audited the compliance of 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, 2008. Town of Limon'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 Town of Limon's management. My responsibility is to express an opinion on Town of Limon's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Town of Limon's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Town of Limon's compliance with those requirements.

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In my opinion, Town of Limon, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of Town of Limon 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 my audit, I considered Town of Limon's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Town of Limon's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should no be used by anyone other than these specified parties.

Gary L. Woodward, CPA

Eads, Colorado
July 8, 2009

TOWN OF LIMON, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

A. Summary of Audit Results

- 1) The auditor's report expresses an unqualified opinion on the financial statements of Town of Limon.
- 2) No significant deficiencies related to the audit of the financial statements are reported in the Report on Compliance & On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
- 3) No instances of noncompliance material to the financial statements of Town of Limon were disclosed during the audit.
- 4) No significant deficiencies relating to the audit of major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance with OMB Circular A-133.
- 5) The auditor's report on compliance for the major federal award programs for Town of Limon expresses an unqualified opinion on all major federal programs.
- 6) There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- 7) The programs tested as a major program were: U.S. Department of Health and Human Services – Head Start, CFDA 93.600.
- 8) The threshold used for distinguishing between Type A and B programs was \$300,000.
- 9) Town of Limon was determined to be low-risk auditee.

B. Finding – Financial Statement Audit

None

C. Findings and Questioned Costs – Reportable Conditions

None