

Town of Limon, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2018 and 2017

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Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Town of Limon, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension contributions and schedule of changes in net pension liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Limon, Colorado's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and as also not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2019, on our consideration of the Town of Limon, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Limon, Colorado's internal control over financial reporting and compliance.



Littleton, Colorado

July 31, 2019

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2018

In compliance with this reporting requirement, we present this report titled Management's Discussion and Analysis, or MD&A. Please read the MD&A in conjunction with the financial statements and notes to the financial statements, which begin on page 14. The GASB 34 statements are listed and described below with additional information in the accompanying text:

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

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

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$724,330 or 4.38% during the year. The governmental net position increased by \$395,686 or 5.21%, and the business-type net position increased by \$328,644, or 3.67%.
- The governmental activities revenue changed from \$3,386,049 in 2017 to \$4,217,115 in 2018 for an increase of \$831,066 or 19.71%. This increase is due primarily to increases in grants and tax income.
- The governmental activities expenditures changed from \$3,382,276 in 2017 to \$3,821,429 in 2018, an increase of \$438,153 or 11.46%. The increase is due primarily to an increase in general, airport and public safety expenditures.
- The business-type activities revenue changed from \$1,875,103 in 2017 to \$2,153,276 in 2018, an increase of \$278,173 or 13.59%. This increase is due primarily to increased grants and contributions.
- The business-type activities expenditures changed from \$1,770,548 in 2017 to \$1,824,632 in 2018, an increase of \$54,084 or 3.05%. This increase is due primarily to increased sewer expenditures.

- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$159,817 or 15.7% in fund balance. This increase is due primarily to capital outlays and operating transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The Town has two kinds of funds:

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

a detailed short-term view that helps determine the change in financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.

- Proprietary Funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town's Utility, Golf Course, Airport Fuel, and Ambulance Service Funds are proprietary funds, accounting for its water distribution and sewage collection, golfing, airplane fuel sales, and ambulance service activities, respectively.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current assets	\$ 1,319,675	\$ 1,133,409	\$ 1,350,935	\$ 1,192,786	\$ 2,670,610	\$ 2,326,195
Restricted assets	661,865	501,933	1,080,907	970,156	1,742,772	1,472,089
Other non-current assets	120,424	151,259	186,926	226,431	307,350	377,690
Capital assets, net	7,006,342	6,753,182	9,167,612	9,181,163	16,173,954	15,934,345
Total assets	<u>9,108,306</u>	<u>8,539,783</u>	<u>11,786,380</u>	<u>11,570,536</u>	<u>20,894,686</u>	<u>20,110,319</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows - pension	458,249	216,557	-	-	458,249	216,557
Total deferred outflow of resources	<u>458,249</u>	<u>216,557</u>	<u>-</u>	<u>-</u>	<u>458,249</u>	<u>216,557</u>
LIABILITIES						
Current liabilities	451,507	273,889	566,345	394,429	1,017,852	668,318
Non-current liabilities	1,014,699	782,571	2,259,682	2,544,398	3,274,381	3,326,969
Total liabilities	<u>1,466,206</u>	<u>1,056,460</u>	<u>2,826,027</u>	<u>2,938,827</u>	<u>4,292,233</u>	<u>3,995,287</u>
DEFERRED INFLOW OF RESOURCES						
Deferred inflows - pension	153,160	166,433	-	-	153,160	166,433
Deferred property taxes	354,544	336,488	-	-	354,544	336,488
Total deferred inflow of resources	<u>507,704</u>	<u>502,921</u>	<u>-</u>	<u>-</u>	<u>507,704</u>	<u>502,921</u>
NET POSITION	<u>\$ 7,592,645</u>	<u>\$ 7,196,959</u>	<u>\$ 8,960,353</u>	<u>\$ 8,631,709</u>	<u>\$ 16,552,998</u>	<u>\$ 15,828,668</u>
Net Position consist of:						
Invested in capital assets	\$ 6,576,815	\$ 6,269,629	\$ 6,955,202	\$ 6,698,808	\$ 13,532,017	\$ 12,968,437
Restricted net position	661,865	501,933	360,401	377,349	1,022,266	879,282
Unrestricted net position	353,965	425,397	1,644,750	1,555,552	1,998,715	1,980,949
Total net position	<u>\$ 7,592,645</u>	<u>\$ 7,196,959</u>	<u>\$ 8,960,353</u>	<u>\$ 8,631,709</u>	<u>\$ 16,552,998</u>	<u>\$ 15,828,668</u>

The net position of the Town's governmental activities as of December 31, 2018 were \$7,592,645 of which \$353,965 was unrestricted and is available for spending at the government's discretion. The remainder is net investment in capital assets of \$6,576,815, reserved for Emergency Reserve of \$85,518 and Capital Replacement Reserve of \$320,304.

The General Fund is the main operating fund of the Town. As of December 31, 2018, the General Fund balance was \$1,179,257, of which \$126,663 was unassigned. Unassigned fund balance represents 5.0% of 2018 General Fund expenditures.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Operating grants and contributions	\$ 1,384,155	\$ 1,077,542	\$ 235,374	\$ 145,715	\$ 1,619,529	\$ 1,223,257
Capital grants and contributions	408,946	16,380	81,530	66,268	490,476	82,648
Charges for services	544,217	602,861	1,717,375	1,543,649	2,261,592	2,146,510
Total program revenue	<u>2,337,318</u>	<u>1,696,783</u>	<u>2,034,279</u>	<u>1,755,632</u>	<u>4,371,597</u>	<u>3,452,415</u>
General revenues:						
Taxes	1,825,817	1,648,176	-	-	1,825,817	1,648,176
Investment earnings	13,570	4,725	12,065	12,146	25,635	16,871
Insurance proceeds	5,159	8,963	-	4,502	5,159	13,465
Other	35,251	27,402	-	-	35,251	27,402
Total general revenue	<u>1,879,797</u>	<u>1,689,266</u>	<u>12,065</u>	<u>16,648</u>	<u>1,891,862</u>	<u>1,705,914</u>
Total Revenue	<u>\$ 4,217,115</u>	<u>\$ 3,386,049</u>	<u>\$ 2,046,344</u>	<u>\$ 1,772,280</u>	<u>\$ 6,263,459</u>	<u>\$ 5,158,329</u>
Expenses						
General government	\$ 858,430	\$ 882,365	\$ -	\$ -	\$ 858,430	\$ 882,365
Airport	51,661	44,021	-	-	51,661	44,021
Public safety	470,294	422,268	-	-	470,294	422,268
Highways and streets	590,174	487,938	-	-	590,174	487,938
Public works - sanitation	256,534	217,353	-	-	256,534	217,353
Public health - cemetery	84,079	113,266	-	-	84,079	113,266
Culture and recreation	438,397	419,215	-	-	438,397	419,215
Head Start Program	947,634	673,360	-	-	947,634	673,360
Water	-	-	485,123	510,489	485,123	510,489
Water treatment plant	-	-	241,249	246,838	241,249	246,838
Sewer	-	-	359,492	342,387	359,492	342,387
Municipal recreation area	-	-	204,978	198,528	204,978	198,528
Airport fuel fund	-	-	28,137	25,160	28,137	25,160
Ambulance service fund	-	-	505,653	447,146	505,653	447,146
Interest and fiscal charges	17,294	19,667	-	-	17,294	19,667
Total expenses	<u>3,714,497</u>	<u>3,279,453</u>	<u>1,824,632</u>	<u>1,770,548</u>	<u>5,539,129</u>	<u>5,050,001</u>
Changes in net position before transfers and special items	502,618	106,596	221,712	1,732	724,330	108,328
Transfers	(106,932)	(102,823)	106,932	102,823	-	-
Change in net position	<u>395,686</u>	<u>3,773</u>	<u>328,644</u>	<u>104,555</u>	<u>724,330</u>	<u>108,328</u>
Beginning net position (restated)	<u>7,196,959</u>	<u>7,193,186</u>	<u>8,631,709</u>	<u>8,527,154</u>	<u>16,158,921</u>	<u>16,050,593</u>
Ending net position	<u><u>7,592,645</u></u>	<u><u>7,196,959</u></u>	<u><u>8,960,353</u></u>	<u><u>8,631,709</u></u>	<u><u>16,883,251</u></u>	<u><u>16,158,921</u></u>

Governmental Activities revenues in the amount of \$4,217,115 were more than expenses and transfers of \$3,821,429 by \$395,686. Business-type activities revenues and transfers in the amount of \$2,153,276 were more than expenses of \$1,824,632 by \$328,644.

BUDGETARY HIGHLIGHTS

The budget was amended on December 19, 2018 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 1, 2017. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Increase</u>
General Fund	\$ 2,652,165	\$ 2,717,165	\$ 65,000
Head Start Fund	936,960	947,634	10,674
Employees' Pension Trust	336,487	516,487	180,000
Ambulance Fund	538,215	583,215	45,000
			<u>\$ 300,674</u>

- Changes in the General Fund, Head Start Fund Budget, and Ambulance Fund were due to increased salaries and personnel expenses. The increase was funded by unexpected revenue.
- Changes in the Employee Pension Fund were due primarily to benefit payments. The increase was funded by carryover of 2017 unappropriated fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of December 31, 2018, Limon's investment in capital assets for its governmental and business type activities, net of accumulated depreciation, was \$15,934,983. 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,248,511	\$ 1,223,226	\$ 241,797	\$ 241,797	\$ 1,490,308	\$ 1,465,023
Buildings and water and sewer systems	2,978,519	2,885,780	14,007,085	13,745,101	16,985,604	16,630,881
Equipment	3,015,216	2,938,111	1,969,791	1,959,182	4,985,007	4,897,293
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	-	-	-	13,240	-	13,240
Infrastructure	5,433,857	5,022,645	-	-	5,433,857	5,022,645
Total	<u>\$ 12,676,103</u>	<u>\$ 12,069,762</u>	<u>\$ 17,267,668</u>	<u>\$ 17,008,315</u>	<u>\$ 29,943,771</u>	<u>\$ 29,078,077</u>
Accumulated depreciation	<u>(5,669,761)</u>	<u>(5,315,942)</u>	<u>(8,100,056)</u>	<u>(7,353,020)</u>	<u>(13,769,817)</u>	<u>(12,668,962)</u>
Capital assets, net	<u>\$ 7,006,342</u>	<u>\$ 6,753,820</u>	<u>\$ 9,167,612</u>	<u>\$ 9,655,295</u>	<u>\$ 16,173,954</u>	<u>\$ 16,409,115</u>

This year's major capital asset additions include:

- Ambulance purchases - \$132,864
- Midfield taxiway infrastructure improvement - \$418,786

Long-term Debt – As of December 31, 2018 the Town had \$2,975,714 in outstanding debt as follows.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Special assessment bonds	\$ 63,000	\$ 93,000	\$ -	\$ -	\$ 63,000	\$ 93,000
Bonds payable:						
2000 Water Revenue	-	-	194,997	287,077	194,997	287,077
2012 Water Revenue	-	-	2,025,000	2,180,000	2,025,000	2,180,000
2012 Bond Premium	-	-	36,562	41,848	36,562	41,848
Loans payable:						
Lease-Purchase	366,527	390,554	270,485	288,214	637,012	678,768
Colorado maintenance fee	-	-	19,143	17,069	19,143	17,069
Total	<u>\$ 429,527</u>	<u>\$ 483,554</u>	<u>\$ 2,546,187</u>	<u>\$ 2,814,208</u>	<u>\$ 2,975,714</u>	<u>\$ 3,297,762</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2019 is \$1,146,002, which is \$66,207 less than 2018 actual.
- The property tax revenue budgeted for 2019 is \$354,544, which is \$10,673 more than 2018 actual.
- Governmental funds revenues were budgeted at \$8,422,292 in 2019, which is an increase of 50% from the 2018 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2019 budgeted direct pass-through amounts are \$684,034, which is a \$263,600 decrease from the 2018 actual amount. The 2019 budgeted expenditures for governmental activities are projected to be \$8,648,699, which is a 54% increase from the 2018 actual.
- Proprietary funds revenues were budgeted at \$1,928,107 for 2019, which is a decrease of 9% from the 2018 actual revenues. 2019 budgeted expenditures of \$1,996,682 represent a decrease from 2018 actual expenditures of 6%.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

Town of Limon, Colorado
Statement of Net Position
December 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 516,524	\$ 971,848	\$ 1,488,372
Current Portion Note Receivable	-	21,349	21,349
Accounts Receivable	79,947	295,294	375,241
Allowance for Doubtful Accounts	(6,811)	(106,964)	(113,775)
Intergovernmental Receivable	321,859	90,763	412,622
Prepaid expenses	-	2,311	2,311
Accrued Interest Receivable	-	3,301	3,301
Special Assessment Receivable, Current Portion	25,474	-	25,474
Property Taxes Receivable	354,544	-	354,544
Inventory and Supplies	28,138	73,033	101,171
Total Current Assets	<u>1,319,675</u>	<u>1,350,935</u>	<u>2,670,610</u>
Restricted Assets:			
Emergency Reserve	85,518	-	85,518
Debt Reserves	-	52,745	52,745
Water Plant Reserve	-	222,111	222,111
Water Revenue Bonds	-	307,656	307,656
Sewer Line Maint. Reserve	-	19,143	19,143
Equipment Reserve	320,304	479,252	799,556
Recreation Reserve	182,771	-	182,771
Library Reserve	56,739	-	56,739
Economic Development Reserve	16,533	-	16,533
Total Restricted Assets	<u>661,865</u>	<u>1,080,907</u>	<u>1,742,772</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	120,424	-	120,424
Notes Receivable, Net of Current Portion	-	97,658	97,658
Loss on Bond Refunding	-	204,257	204,257
Accumulated Amortization	-	(114,989)	(114,989)
Capital Assets			
Land	1,248,511	241,797	1,490,308
Buildings and Water and Sewer Systems	2,978,519	14,007,085	16,985,604
Equipment	3,015,216	1,969,791	4,985,007
Infrastructure	5,433,857	-	5,433,857
Other Capital Assets	-	1,048,995	1,048,995
Construction in Progress	-	-	-
Accumulation Depreciation	(5,669,761)	(8,100,056)	(13,769,817)
Total Non-Current Assets	<u>7,126,766</u>	<u>9,354,538</u>	<u>16,481,304</u>
TOTAL ASSETS	<u>9,108,306</u>	<u>11,786,380</u>	<u>20,894,686</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pension	458,249	-	458,249
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>458,249</u>	<u>-</u>	<u>458,249</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	205,739	-	205,739
Current Portion of Long Term Debt	49,934	286,505	336,439
Accounts Payable	187,422	219,212	406,634
Accrued Interest Payable	-	13,142	13,142
Compensated Absences	8,412	1,322	9,734
Contingent Construction	-	46,164	46,164
Total Current Liabilities	<u>451,507</u>	<u>566,345</u>	<u>1,017,852</u>
Non-Current Liabilities:			
Net Pension Liability	635,106	-	635,106
Long Term Debt	379,593	2,259,682	2,639,275
Total Non-Current Liabilities	<u>1,014,699</u>	<u>2,259,682</u>	<u>3,274,381</u>
TOTAL LIABILITIES	<u>1,466,206</u>	<u>2,826,027</u>	<u>4,292,233</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pension	153,160	-	153,160
Deferred Revenue - Property Taxes	354,544	-	354,544
TOTAL DEFERRED INFLOW OF RESOURCES	<u>507,704</u>	<u>-</u>	<u>507,704</u>
NET POSITION			
Net Investment in Capital Assets	6,576,815	6,955,202	13,532,017
Restricted for:			
Economic Development	16,533	-	16,533
Emergency Reserve	85,518	52,745	138,263
Recreation Reserve	182,771	-	182,771
Library Reserve	56,739	-	56,739
Bond Reserve	-	307,656	307,656
Capital Replacement	320,304	-	320,304
Unrestricted:	353,965	1,644,750	1,998,715
TOTAL NET POSITION	<u>\$ 7,592,645</u>	<u>\$ 8,960,353</u>	<u>\$ 16,552,998</u>

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

Town of Limon, Colorado
Statement of Activities
For the Year Ended December 31, 2018

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>	
			<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General Government	\$ 864,730	\$ 119,613	\$ 15,500	\$ -
Airport	32,809	5,818	-	402,766
Public Works -Streets	590,174	67,999	289,920	6,180
Public Works - Sanitation	256,534	284,750	-	-
Public Safety - Police	470,294	120	10,553	-
Public Health - Cemetery	84,079	2,925	100	-
Culture and Recreation	450,949	62,992	120,448	-
Head Start Program	947,634	-	947,634	-
Interest and Related Costs	17,294	-	-	-
Total Governmental Activities	<u>3,714,497</u>	<u>544,217</u>	<u>1,384,155</u>	<u>408,946</u>
Business-Type Activities:				
Water	485,123	741,314	-	81,530
Water Treatment Plant	241,249	232,270	4,718	-
Sewer	359,492	239,774	42,561	-
Ambulance Service Fund	505,653	312,466	218,624	-
Golf and Airport Fuel Funds	233,115	148,990	12,032	-
Total Business-Type Activities	<u>1,824,632</u>	<u>1,674,814</u>	<u>277,935</u>	<u>81,530</u>
Total Primary Government	<u>\$ 5,539,129</u>	<u>\$ 2,219,031</u>	<u>\$ 1,662,090</u>	<u>\$ 490,476</u>

Property Taxes
Franchise Taxes
Sales Taxes
Motor Vehicle
Severance Tax
Cigarette Tax
Use Tax
Interest Income
Insurance Proceeds
Transfers
Other
Total General Revenues
Change in Net Position
Net Position Beginning
Net Position Ending

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (729,617)	\$ -	\$ (729,617)
375,775	-	375,775
(226,075)	-	(226,075)
28,216	-	28,216
(459,621)	-	(459,621)
(81,054)	-	(81,054)
(267,509)	-	(267,509)
-	-	-
(17,294)	-	(17,294)
<u>(1,377,179)</u>	<u>-</u>	<u>(1,377,179)</u>
-	337,721	337,721
-	(4,261)	(4,261)
-	(77,157)	(77,157)
-	25,437	25,437
-	(72,093)	(72,093)
-	209,647	209,647
<u>\$ (1,377,179)</u>	<u>\$ 209,647</u>	<u>\$ (1,167,532)</u>
\$ 343,871	\$ -	\$ 343,871
113,025	-	113,025
1,212,209	-	1,212,209
51,518	-	51,518
9,763	-	9,763
6,705	-	6,705
88,726	-	88,726
13,570	12,065	25,635
5,159	-	5,159
(106,932)	106,932	-
35,251	-	35,251
<u>1,772,865</u>	<u>118,997</u>	<u>1,891,862</u>
<u>395,686</u>	<u>328,644</u>	<u>724,330</u>
<u>7,196,959</u>	<u>8,631,709</u>	<u>15,828,668</u>
<u>\$ 7,592,645</u>	<u>\$ 8,960,353</u>	<u>\$ 16,552,998</u>

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

Town of Limon, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

ASSETS	GENERAL	HEAD START FUND	CAPITAL CONSTRUCTION FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 478,173	\$ -	\$ -	\$ 38,351	\$ 516,524
Accounts Receivable	79,947	-	-	-	79,947
Allowance for Doubtful Accounts	(1,777)	-	-	-	(1,777)
Intergovernmental Receivable	93,264	46,492	182,103	-	321,859
Special Assessment Receivable	140,864	-	-	-	140,864
Property Tax Receivable	354,544	-	-	-	354,544
Inventories	28,138	-	-	-	28,138
Restricted Cash:					
Economic Development	16,533	-	-	-	16,533
Capital Replacement Reserve	320,304	-	-	-	320,304
Recreation Reserve	182,771	-	-	-	182,771
Library Reserve	56,739	-	-	-	56,739
Emergency Reserve	85,518	-	-	-	85,518
Total Assets	\$ 1,835,018	\$ 46,492	\$ 182,103	\$ 38,351	\$ 2,101,964
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Pooled Cash Overdraft	\$ -	\$ 46,492	\$ 159,247	\$ -	\$ 205,739
Accounts Payable	160,353	-	27,069	-	187,422
Total Liabilities	160,353	46,492	186,316	-	393,161
DEFERRED INFLOW OF RESOURCES					
Deferred Revenue Special Assessment	140,864	-	-	-	140,864
Deferred Grant Revenue	-	-	-	-	-
Deferred Revenues Taxes	354,544	-	-	-	354,544
Total Deferred Inflow of Resources	495,408	-	-	-	495,408
FUND BALANCES					
Nonspendable:					
Inventories	\$ 28,138	\$ -	\$ -	\$ -	\$ 28,138
Restricted:					
Economic Development Reserve	16,533	-	-	-	16,533
Emergency Reserve	85,518	-	-	-	85,518
Recreation Reserve	182,771	-	-	-	182,771
Library Reserve	56,739	-	-	-	56,739
Conservation Trust Funds	-	-	-	28,963	28,963
Committed:					
Equipment Replacement	320,304	-	-	-	320,304
Assigned-Designated for Subsequent Year:					
General Fund	163,534	-	-	-	163,534
Special Revenue Funds	-	-	(4,213)	9,388	5,175
Unassigned:					
General Fund	325,720	-	-	-	325,720
Total Fund Balances	1,179,257	-	(4,213)	38,351	1,213,395
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 1,835,018	\$ 46,492	\$ 182,103	\$ 38,351	\$ 2,101,964

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

Town of Limon, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2018

Total Fund Balances - Total Governmental Funds \$ 1,213,395

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	12,676,103
Accumulated Depreciation	(5,669,761)
Deferred Outflows Related to Pension	458,249

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

Special Assessment Bonds	(63,000)
Sale-Leaseback Payable	(366,527)
Net Pension Liability	(635,106)
Deferred Inflows Related to Pension	(153,160)
Compensated Absences	(8,412)

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

Special Assessment Receivable	145,898
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>

Net Position of Governmental Activities **\$ 7,592,645**

Town of Limon, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2018

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>CAPITAL CONSTRUCTION FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES:					
Taxes	\$ 1,825,817	\$ -	\$ -	\$ -	\$ 1,825,817
Fines, Licenses and Permits	91,327	-	-	-	91,327
Intergovernmental:					
Local	248,871	-	52,470	19,825	321,166
Federal	6,180	947,634	350,296	-	1,304,110
Charges for Services	482,758	-	-	200	482,958
Interest	13,567	-	-	3	13,570
Donations and Grants	159,880	-	-	100	159,980
Insurance Claims	5,159	-	-	-	5,159
Miscellaneous	33,676	-	1,575	-	35,251
TOTAL REVENUES	<u>2,867,235</u>	<u>947,634</u>	<u>404,341</u>	<u>20,128</u>	<u>4,239,338</u>
EXPENDITURES:					
Current:					
Administration	595,315	-	6,300	748	602,363
Airport	11,580	-	-	-	11,580
Public Works - Streets	537,976	-	-	-	537,976
Public Works - Sanitation	232,038	-	-	-	232,038
Public Safety - Police	451,455	-	-	-	451,455
Public Health - Cemetery	81,208	-	-	-	81,208
Recreation	356,995	-	12,552	4,313	373,860
Head Start Program	-	947,634	-	-	947,634
Capital Outlay	204,286	-	471,400	-	675,686
Debt Service:					
Principal - Bonded Debt	54,026	-	-	-	54,026
Interest	17,294	-	-	-	17,294
TOTAL EXPENDITURES	<u>2,542,173</u>	<u>947,634</u>	<u>490,252</u>	<u>5,061</u>	<u>3,985,120</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	325,062	-	(85,911)	15,067	254,218
OTHER FINANCING SOURCES (USES)					
Operating Transfer In (Out)	<u>(165,245)</u>	<u>-</u>	<u>66,489</u>	<u>(8,176)</u>	<u>(106,932)</u>
NET CHANGE IN FUND BALANCE	159,817	-	(19,422)	6,891	147,286
FUND BALANCES, BEGINNING	<u>1,019,440</u>	<u>-</u>	<u>15,209</u>	<u>31,460</u>	<u>1,066,109</u>
FUND BALANCES, ENDING	<u>\$ 1,179,257</u>	<u>\$ -</u>	<u>\$ (4,213)</u>	<u>\$ 38,351</u>	<u>\$ 1,213,395</u>

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

Town of Limon, Colorado
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ 147,286
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized outlays of \$675,686 were less than depreciation of \$420,525 in the current year.	253,161
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	54,026
This is the current-period increase in the liability for compensated absences	1,025
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(22,223)
Pension expense does not use current financial resources and is not included in fund financial statements.	(102,487)
Current-year pension contributions are reported as deferred outflows.	<u>64,898</u>
 Change in net position of governmental activities	 <u>\$ 395,686</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Net Position December 31, 2018

ASSETS	UTILITY	AMBULANCE	NON-MAJOR	TOTALS
Current Assets:	FUND	SERVICE	FUND	FUND
Cash	\$ 835,527	\$ 119,279	\$ 17,042	\$ 971,848
Current Portion of Note Receivable	21,349	-	-	21,349
Accounts Receivable	84,653	208,591	2,050	295,294
Allowances For Doubtful Accounts	(4,208)	(102,756)	-	(106,964)
Intergovernmental Receivable	42,561	48,202	-	90,763
Prepaid Expenses	-	2,311	-	2,311
Accrued Interest Receivable	3,301	-	-	3,301
Inventories	51,819	-	21,214	73,033
Total Current Assets	<u>1,035,002</u>	<u>275,627</u>	<u>40,306</u>	<u>1,350,935</u>
Restricted Assets:				
Water Plant Reserve	222,111	-	-	222,111
Water Revenue Bonds	307,656	-	-	307,656
Sewer Line Maint. Reserve	19,143	-	-	19,143
Bond & Emergency Reserve Funds	52,745	-	-	52,745
Equipment Reserve	356,970	122,282	-	479,252
Total Restricted Assets	<u>958,625</u>	<u>122,282</u>	<u>-</u>	<u>1,080,907</u>
Non-Current Assets:				
Notes Receivable, Net of Current Portion	97,658	-	-	97,658
Loss on Bond Refunding	204,257	-	-	204,257
Accumulated Amortization	(114,989)	-	-	(114,989)
Capital Assets:				
Water System	8,886,945	-	-	8,886,945
Sewer System and Plant	4,512,563	-	-	4,512,563
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	9,321	241,797
Buildings	-	292,669	-	292,669
Recreation Area Facilities	-	-	314,908	314,908
Equipment	843,752	993,728	132,311	1,969,791
Accumulated Depreciation	(7,134,942)	(651,552)	(313,562)	(8,100,056)
Total Non-Current Assets	<u>8,531,683</u>	<u>679,877</u>	<u>142,978</u>	<u>9,354,538</u>
TOTAL ASSETS	<u>10,525,310</u>	<u>1,077,786</u>	<u>183,284</u>	<u>11,786,380</u>
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	285,324	685	496	286,505
Accounts Payable	203,747	12,250	3,215	219,212
Accrued Interest Payable	13,142	-	-	13,142
Compensated Absences	-	1,322	-	1,322
Contingent Construction	46,164	-	-	46,164
Total Current Liabilities	<u>548,377</u>	<u>14,257</u>	<u>3,711</u>	<u>566,345</u>
Non-Current Liabilities:				
Deposit - State of Colo. For Sewer Line Maintenance	19,143	-	-	19,143
Long-Term Debt - Net of Current Portion	2,225,012	9,045	6,482	2,240,539
Total Non-Current Liabilities	<u>2,244,155</u>	<u>9,045</u>	<u>6,482</u>	<u>2,259,682</u>
TOTAL LIABILITIES	<u>2,792,532</u>	<u>23,302</u>	<u>10,193</u>	<u>2,826,027</u>
NET POSITION				
Net investment in capital assets	6,142,077	670,147	142,978	6,955,202
Restricted for Emergency Reserve	52,745	-	-	52,745
Restricted for Bond Reserve	307,656	-	-	307,656
Unrestricted	1,230,300	384,337	30,113	1,644,750
TOTAL NET POSITION	<u>\$ 7,732,778</u>	<u>\$ 1,054,484</u>	<u>\$ 173,091</u>	<u>\$ 8,960,353</u>

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

Town of Limon, Colorado
Proprietary Funds
Statement of Revenues, Expenditures
and Changes in Fund Net Position
For the Year Ended December 31, 2018

UTILITY FUND

	<u>WATER DEPARTMENT</u>	<u>WATER TREATMENT</u>	<u>SEWER DEPARTMENT</u>	<u>TOTAL</u>
OPERATING REVENUES				
Sales	\$ 718,437	\$ 232,270	\$ 236,279	\$ 1,186,986
Less, Contractual Adjustments and Bad Debts	<u>462</u>	<u>-</u>	<u>30</u>	<u>492</u>
Net Sales	717,975	232,270	236,249	1,186,494
Other User Charges	8,500	-	2,550	11,050
Miscellaneous	<u>14,839</u>	<u>-</u>	<u>975</u>	<u>15,814</u>
Total Operating Revenues	<u>741,314</u>	<u>232,270</u>	<u>239,774</u>	<u>1,213,358</u>
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	5,848	5,336	25,678	36,862
Insurance	9,578	7,894	6,705	24,177
Utilities	54,941	33,789	65,326	154,056
Testing	887	-	15,752	16,639
Salaries and Benefits	124,124	41,568	126,915	292,607
Other Expenses	15,132	30,353	5,222	50,707
Administration	15,369	2,000	9,832	27,201
Depreciation	<u>177,992</u>	<u>96,751</u>	<u>102,457</u>	<u>377,200</u>
Total Operating Expenses	<u>403,871</u>	<u>217,691</u>	<u>357,887</u>	<u>979,449</u>
Income (Loss) From Operations	<u>337,443</u>	<u>14,579</u>	<u>(118,113)</u>	<u>233,909</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	7,338	4,548	-	11,886
Tap Fees	16,386	-	65,144	81,530
Donations	-	-	-	-
Intergovernmental - Local	-	-	42,561	42,561
Intergovernmental - Federal	-	4,718	-	4,718
Interest Expense	<u>(81,252)</u>	<u>(23,558)</u>	<u>(1,605)</u>	<u>(106,415)</u>
Total Non-Operating Revenues (Expenses)	<u>(57,528)</u>	<u>(14,292)</u>	<u>106,100</u>	<u>34,280</u>
Net Income Before Contributions and Transfers	279,915	287	(12,013)	268,189
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 279,915</u>	<u>\$ 287</u>	<u>\$ (12,013)</u>	<u>268,189</u>
NET POSITION, BEGINNING OF YEAR				<u>7,464,589</u>
NET POSITION, END OF YEAR				<u>\$ 7,732,778</u>

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 672,282	\$ 140,586	\$ 1,999,854
<u>365,525</u>	<u>-</u>	<u>366,017</u>
306,757	140,586	1,633,837
-	5,090	16,140
<u>5,709</u>	<u>3,314</u>	<u>24,837</u>
<u>312,466</u>	<u>148,990</u>	<u>1,674,814</u>
-	38,880	38,880
32,815	9,759	79,436
6,945	5,369	36,491
7,022	23,494	184,572
-	438	17,077
253,902	120,943	667,452
106,939	20,607	178,253
-	-	27,201
<u>97,735</u>	<u>13,412</u>	<u>488,347</u>
<u>505,358</u>	<u>232,902</u>	<u>1,717,709</u>
<u>(192,892)</u>	<u>(83,912)</u>	<u>(42,895)</u>
179	-	12,065
-	-	81,530
39,817	12,032	51,849
178,807	-	221,368
-	-	4,718
<u>(295)</u>	<u>(213)</u>	<u>(106,923)</u>
<u>218,508</u>	<u>11,819</u>	<u>264,607</u>
25,616	(72,093)	221,712
<u>29,421</u>	<u>77,511</u>	<u>106,932</u>
<u>55,037</u>	<u>5,418</u>	<u>328,644</u>
<u>999,447</u>	<u>167,673</u>	<u>8,631,709</u>
<u>\$ 1,054,484</u>	<u>\$ 173,091</u>	<u>\$ 8,960,353</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Cash Flows For the Year Ended December 31, 2018

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 1,161,879	\$ 303,381	\$ 150,156	\$ 1,615,416
Payments to Suppliers for Goods and Services	(146,620)	(155,661)	(104,861)	(407,142)
Payments to Employees	(293,425)	(253,869)	(121,355)	(668,649)
Net Cash From Operating Activities	721,834	(106,149)	(76,060)	539,625
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	39,817	12,032	51,849
Intergovernmental Grants	47,279	178,807	-	226,086
Insurance proceeds	-	-	-	-
Transfer From Other Fund	-	29,421	77,511	106,932
Net Cash From Non-Capital Financing Activities	47,279	248,045	89,543	384,867
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	2,074	-	-	2,074
Tap Fees	81,530	-	-	81,530
Transfer From (To) Restricted Assets	(105,925)	(4,826)	-	(110,751)
Purchase of Capital Assets	(291,743)	(164,183)	(18,870)	(474,796)
Interest Paid	(98,693)	(295)	(213)	(99,201)
Debt Principal Payments	(263,718)	(635)	(459)	(264,812)
Note - Frasier Farms	20,247	-	-	20,247
Net Cash From Capital and Financing Activities	(656,228)	(169,939)	(19,542)	(845,709)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	9,752	179	-	9,931
Net Cash From Investing Activities	9,752	179	-	9,931
Net Change in Cash and Cash Equivalents	122,637	(27,864)	(6,059)	88,714
CASH AND CASH EQUIVALENTS				
Beginning of Year	712,890	147,143	23,101	883,134
End of Year	\$ 835,527	\$ 119,279	\$ 17,042	\$ 971,848
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Net Operating Income (Loss)	\$ 233,909	\$ (192,892)	\$ (83,912)	\$ (42,895)
Depreciation	377,200	97,735	13,412	488,347
Amortization	-	-	-	-
(Increase) Decrease in Accounts Receivable, Net	(51,479)	(9,085)	1,166	(59,398)
(Increase) Decrease in Prepaid Expenses	-	127	1,857	1,984
(Increase) Decrease in Inventory	(2,366)	-	(6,419)	(8,785)
Increase (Decrease) in Accounts Payable	165,388	(2,067)	(1,752)	161,569
Increase (Decrease) in Compensated Absences	(818)	33	(412)	(1,197)
Net Cash From Operating Activities	\$ 721,834	\$ (106,149)	\$ (76,060)	\$ 539,625
Noncash Capital Financing Activities:				
Interest subsidy	\$ 4,718			\$ 4,718

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

Town of Limon, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 10,802
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	336,134
Mutual Funds	970,607
Money Markets and Other	455,467
TOTAL ASSETS	1,773,010
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Accrued Expenses	-
TOTAL LIABILITIES	-
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 1,773,010

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

Town of Limon, Colorado
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2018

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 54,194
Employer Contribution	64,898
Interest Income	315
Investment Income (Loss), Net of Expenses	(78,371)
Total Additions	41,036
DEDUCTIONS:	
Benefit Payments	505,016
Administrative Expenses	7,460
Total Deductions	512,476
CHANGE IN PLAN NET POSITION	(471,440)
PLAN NET POSITION, BEGINNING OF YEAR	2,244,450
PLAN NET POSITION, END OF YEAR	\$ 1,773,010

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2018

1. Summary of Significant Accounting Policies

The Town of Limon operates under a council-mayor form of government and maintains accounting policies to conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

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

Related Organizations

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

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

Fund Accounting

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Government-wide and Fund Financial Statements

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales tax collected and held by vendors at year end on behalf of the Town is also recognized as revenue if collected within 30 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

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

Fund Equity

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Board of Trustees.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town's policy to use the most restrictive classification first when the restriction requirements for use are met.

The Capital Projects Fund was in a deficit position as of December 31, 2018, which is due to the timing of cash receipts and payments. This will be corrected through additional funds received in 2019.

Capital Assets

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

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

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

Long-term Obligations

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

Budget and Budgetary Accounting

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

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

Public hearings are conducted to obtain taxpayer comments.

Prior to January 1, the budget is legally enacted through the passage of an ordinance. Amendments can be made until year end. On December 19, 2018, the Board approved a resolutions appropriating additional sums of money for the year 2018. 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 2018 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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

Encumbrances

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

Cash and Investments

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

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

Property Taxes

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

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

Property taxes are computed using mills, where one mill is equal to \$1 on \$1,000 of assessed value. The mill levy for 2018 was 17.686.

Inventory and Supplies

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

General Fund - Dumpsters and polycarts held for resale and street supplies	\$ 28,138
Utility - Treatment supplies, meters and parts	51,819
Golf Course Fund - Merchandise & Concessions	2,309
Airport Fuel Fund - Airplane fuel	<u>18,905</u>
Total Inventories	<u>\$ 101,171</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

By ordinance, the Town's policy regarding vacation time is to not let it accumulate beyond one year, although some exceptions are made upon approval of management. Any unused vacation time is paid upon termination. Also by ordinance, any employee accumulating sick leave beyond 60 days shall continue to accrue sick leave at the rate of one-half day per month and shall have the additional leave added to vacation leave for the following year. The liability for vacation pay included in these financial statements includes such sick leave accrued to December 31, 2018.

Compliance with Colorado Contraband Forfeiture Act

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

Bond Discounts and Issuance Costs

Bond discounts and premiums are being amortized over the term of the bonds on the straight-line method. Bond issuance and loan acquisition costs are expensed as incurred.

2. Cash and Investments

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

Cash Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2018, none of the Town's deposits are deemed to be exposed to custodial credit risk.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Cash and Investments (continued)

The Town's cash deposits at December 31, 2018 was \$3,036,707 which include cash, investments, and restricted assets in the primary government Statement of Net Position and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Position. Cash on hand was \$500 and the remaining \$3,036,207 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 1,000,000	\$ 1,000,000
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	1,856,570	2,036,207
Total cash and certificates of deposit	\$ 2,856,570	\$ 3,036,207

The difference between the bank balance and carrying balance is \$179,637, which were outstanding items that had not cleared the banks as of December 31, 2018.

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Cash and Investments (continued)

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

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

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

The Employees' Pension Plan investments at December 31, 2018 are reported at fair market value. The Employees' Pension Plan investments are shown below:

	Fair Market Value	Maturity	Credit Rating	Rating Agency
Stocks, bonds and mutual funds:				
Domestic Stocks	\$ 336,134	n/a	Not Rated	n/a
Mutual Funds	970,607	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>455,467</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,762,208</u>			

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Cash and Investments (continued)

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

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

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

Cash and Cash Equivalents	\$ 1,488,372
Pooled Cash Overdraft	(205,739)
Restricted Cash	1,742,772
Fiduciary Funds – Cash	10,802
Fiduciary Funds – Investments	<u>1,762,208</u>
Total	<u>\$ 4,798,208</u>

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

3. Restricted Assets

Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2018 of \$85,518 is 3% of the Town’s annual expenditures in the governmental fund types. Reserve is held in a bank certificate of deposit.

General Fund – equipment replacement reserves. Accumulation at December 31, 2018 is \$320,304. Reserves are held in bank savings accounts.

General Fund – economic development reserve. Accumulation at December 31, 2018 is \$16,533. Reserves are held in a bank savings account.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

3. Restricted Assets (continued)

General Fund – recreation reserve. Accumulation at December 31, 2018 is \$182,771. Reserve is held in a bank savings account.

General Fund – library reserve. Accumulation at December 31, 2018 is \$56,739. Reserve is held in a certificate of deposit.

Utility Fund – reserve of \$222,111 for operation and maintenance of the water treatment plant. \$35,547 of the \$222,111 is required by the 2000 water revenue bonds and is held in a bank savings account. The remaining \$186,564 is not required by a bond issue and is held in bank certificates of deposit.

Utility Fund – funds held as required reserve for 2012 water revenue bonds. Amount held in a bank savings account totals \$307,656 at December 31, 2018.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$52,745, as of December 31, 2018 are held in a bank savings account and a certificate of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$19,143, as of December 31, 2018, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2018 is \$356,970. Reserve is held in a bank savings account and certificate of deposit.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2018 is \$122,282. Reserve is held in a bank savings account.

4. Note Receivable and Special Assessment Receivable

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

The special assessment receivable resulted from 2004 and 2005 street and sidewalk improvements. Payments on the 2004 assessment including principal and interest, at a rate of 6.65% are due from affected residents from 2009 to 2024 in the amount of \$8,828 each year.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

4. Note Receivable and Special Assessment Receivable (continued)

Residents are permitted to pay their accounts in full at any time, which would also decrease total future annual payment requirements.

Payments on the 2005 assessment including principal and interest, at a rate of 7% are due from 2009 to 2025 in the amount of \$18,285 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:

	Balance December 31, 2017	Additions	Conveyances or Retirements	Balance December 31, 2018
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,223,226	\$ 25,285	\$ -	\$ 1,248,511
Depreciable assets:				
Buildings	2,885,780	92,739	-	2,978,519
Equipment	2,988,376	96,185	(69,345)	3,015,216
Infrastructure	<u>4,972,380</u>	<u>461,477</u>	<u>-</u>	<u>5,433,857</u>
Total depreciable assets	<u>10,846,536</u>	<u>650,401</u>	<u>(69,345)</u>	<u>11,427,592</u>
Total capital assets	<u>12,069,762</u>	<u>675,686</u>	<u>(69,345)</u>	<u>12,676,103</u>
Less accumulated depreciation for:				
Buildings	(1,672,043)	(89,503)	-	(1,761,546)
Equipment	(1,832,851)	(149,193)	69,345	(1,912,699)
Infrastructure	<u>(1,811,686)</u>	<u>(183,830)</u>	<u>-</u>	<u>(1,995,516)</u>
Total accumulated depreciation	<u>(5,316,580)</u>	<u>(422,526)</u>	<u>69,345</u>	<u>(5,669,761)</u>
Depreciable assets, net	<u>5,529,956</u>	<u>227,875</u>	<u>-</u>	<u>5,757,831</u>
Governmental activities assets, net	<u>\$ 6,753,182</u>	<u>\$ 253,160</u>	<u>\$ -</u>	<u>\$ 7,006,342</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

5. Capital Assets (continued)

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

General government	\$ 41,974
Airport	21,229
Public safety - police	18,839
Highways and streets	52,198
Public works - sanitation	24,496
Public health - cemetery	2,872
Culture and recreation	77,089
Infrastructure	<u>183,829</u>
Total governmental activities depreciation expense	<u>\$ 422,526</u>

	Balance December 31, 2017	Additions	Conveyances or Retirements	Balance December 31, 2018
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	241,797	-	-	241,797
Construction in progress	<u>13,240</u>	<u>-</u>	<u>(13,240)</u>	<u>-</u>
Total non-depreciable assets	<u>1,304,032</u>	<u>-</u>	<u>(13,240)</u>	<u>1,290,792</u>
Depreciable assets:				
Water system, plant & equipment	9,542,162	148,331	(32,806)	9,657,687
Sewer system, plant & equipment	4,428,921	156,652	-	4,585,573
Golf facilities & equipment	433,141	18,870	(4,792)	447,219
Ambulance building & equipment	<u>1,300,059</u>	<u>164,183</u>	<u>(177,845)</u>	<u>1,286,397</u>
	<u>15,704,283</u>	<u>488,036</u>	<u>(215,443)</u>	<u>15,976,876</u>
Total capital assets	<u>17,008,315</u>	<u>488,036</u>	<u>(228,683)</u>	<u>17,267,668</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(4,676,251)	(274,743)	32,806	(4,918,188)
Sewer system, plant & equipment	(2,114,297)	(102,457)	-	(2,216,754)
Golf facilities & equipment	(304,942)	(13,412)	4,792	(313,562)
Ambulance building & equipment	<u>(731,662)</u>	<u>(97,735)</u>	<u>177,845</u>	<u>(651,552)</u>
Total accumulated depreciation	<u>(7,827,152)</u>	<u>(488,347)</u>	<u>215,443</u>	<u>(8,100,056)</u>
Depreciable assets, net	<u>7,877,131</u>	<u>(311)</u>	<u>-</u>	<u>7,876,820</u>
Business-type activities assets, net	<u>\$ 9,181,163</u>	<u>\$ (311)</u>	<u>\$ (13,240)</u>	<u>\$ 9,167,612</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

5. Capital Assets (continued)

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

Water	\$ 274,743
Sewer	102,457
Golf Course	13,412
Ambulance	<u>97,735</u>
Total business-type activities depreciation expense	<u>\$ 488,347</u>

6. Retirement Plan

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

Employees' Pension Plan:

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

6. Retirement Plan (continued)

Membership in the Plan consisted of the following at January 1, 2018, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	4
Active Plan Members	<u>22</u>
Total	26

Plan members are required to contribute 4% of compensation not exceeding \$550 per month and 6% of compensation in excess of \$550. The Town is required to contribute at an actuarially determined rate. Actual employer contributions for the year ended December 31, 2018, were \$64,898 and covered payroll was \$931,032.

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

The Town's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Entry Age	Normal
Investment Return	7.0 percent pre-retirement and 4.0% post-retirement
Salary Scale	2.50 percent

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

6. Retirement Plan (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60%	8.0%-10.0%
Fixed income	35%	4.0%-5.0%
Cash	<u>5%</u>	1.0%-2.0%
Total	<u>100%</u>	

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

Changes in Town's Net Pension Liability

Changes in the Town's net pension liability for the year ended December 31, 2018 was calculated as follows:

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

6. Retirement Plan (continued)

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance, December 31, 2017	\$ 2,548,828	\$ 2,206,275	\$ 342,553
Changes for the year:			
Service cost	66,538	-	66,538
Interest	160,742	-	160,742
Difference between expected and actual experience	(23,335)	-	(23,335)
Changes in assumptions	125,224	-	125,224
Net investment income (loss)	-	(75,017)	75,017
Contributions – employees	-	54,194	(54,194)
Contributions – employer	-	64,898	(64,898)
Benefit payments	(505,016)	(505,016)	-
Administrative expense	-	(7,460)	7,460
Net changes	(175,847)	(468,401)	292,554
Balance, December 31, 2018	\$ 2,372,981	\$ 1,737,874	\$ 635,107

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

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

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

	Discount rate	Net pension liability
1% decrease	6.0%	\$ 1,069,817
Current discount rate	7.0%	\$ 635,107
1% increase	8.0%	\$ 272,771

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

6. Retirement Plan (continued)

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

For the year ended December 31, 2018, the Town recognized pension expense of \$102,487. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,211	\$ (52,738)
Changes of assumptions	217,791	(10,177)
Net difference between projected and actual earnings on Plan investments	208,247	(90,245)
Total	\$ 458,249	\$ (153,160)

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

Year ending December 31,	
2019	\$ 62,610
2020	33,071
2021	29,990
2022	60,075
2023	16,936
Thereafter	16,936

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 \$85,518 within the General Fund and \$52,745 within the Utility Fund for the emergency reserve under the TABOR amendment.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

7. Contingency—Constitutional Amendment (continued)

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

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

8. Long-Term Debt

Revenue Bonds – The Town issues bonds where the government pledges income derived from the acquired or constructed assets or from a specific revenue source to pay debt service. Revenue bonds at December 31, 2018 are as follows:

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

During 2018 a principal payment of \$155,000 was made. Additionally, interest payments totaling \$65,400 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
2019	\$ 170,000	\$ 60,750	\$ 230,750
2020	170,000	55,650	225,650
2021	240,000	50,550	290,550
2022	250,000	43,350	293,350
2023	290,000	35,850	325,850
2024-2025	905,000	45,450	950,450
	\$ 2,025,000	\$ 291,600	\$ 2,316,600

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

8. Long-Term Debt (continued)

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

During 2018 principal payments of \$92,082 and interest payments of \$20,945 were made, which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest Before Federal Subsidy</u>	<u>Total</u>	<u>Federal Interest Subsidy</u>	<u>Net After Federal Subsidy</u>
2019	\$ 92,082	\$ 14,448	\$ 106,530	\$ 3,205	\$ 103,325
2020	<u>102,915</u>	<u>6,014</u>	<u>108,929</u>	<u>1,691</u>	<u>107,238</u>
	<u>\$ 194,997</u>	<u>\$ 20,462</u>	<u>\$ 215,459</u>	<u>\$ 4,896</u>	<u>\$ 210,563</u>

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

During 2018 a principal payment of \$7,000 was made. An interest payment of \$1,770 was made which is included under governmental activities in the Statement of Activities.

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

8. Long-Term Debt (continued)

Annual debt service requirements on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,000	\$ 1,357	\$ 7,357
2020	7,000	1,003	8,003
2021	7,000	590	7,590
2022	<u>3,000</u>	<u>177</u>	<u>3,177</u>
	<u>\$ 23,000</u>	<u>\$ 3,127</u>	<u>\$ 26,127</u>

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

During 2018, a principal payment of \$23,000 was made. Additionally, interest payments of \$4,371 were made, which are included under governmental activities in the Statement of Activities.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 18,000	\$ 2,480	\$ 20,480
2020	20,000	1,364	21,364
2021	<u>2,000</u>	<u>124</u>	<u>2,124</u>
	<u>\$ 40,000</u>	<u>\$ 3,968</u>	<u>\$ 43,968</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

8. Long-Term Debt (continued)

Lease-Purchase Loan – During 2013 the Town entered into a lease with option to purchase agreement, in order to fund various energy conservation improvements. Payments, including interest at 2.9%, are due in semi-annual installments.

During 2018, total principal payments of \$41,756. Additionally, total interest payments of \$19,384 were made.

Scheduled annual debt service requirements to maturity are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 45,071	\$ 18,149	\$ 63,220
2020	48,588	16,816	65,404
2021	52,317	15,381	67,698
2022	56,269	13,835	70,104
2023	60,457	12,173	72,630
2024-2028	<u>374,310</u>	<u>31,358</u>	<u>405,668</u>
	<u>\$ 637,012</u>	<u>\$ 107,712</u>	<u>\$ 744,724</u>

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

8. Long-Term Debt (continued)

Total changes in Long-Term Liabilities during 2018 are as follows:

	Balance December 31, 2017	Additions	Payments	Balance December 31, 2018	Due Within One Year
Governmental activities:					
Special assessment bonds	\$ 93,000	\$ -	\$ (30,000)	\$ 63,000	\$ 24,000
Lease-Purchase	390,553	-	(24,026)	366,527	25,934
	<u>\$ 483,553</u>	<u>\$ -</u>	<u>\$ (54,026)</u>	<u>\$ 429,527</u>	<u>\$ 49,934</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	\$ 2,180,000	\$ -	\$ (155,000)	\$ 2,025,000	\$ 170,000
2012 Bond Premium	41,849	-	(5,287)	36,562	5,286
2000 Water Revenue	287,079	-	(92,082)	194,997	92,082
Loans payable:					
Lease-Purchase	288,215	-	(17,730)	270,485	19,137
Colorado Maintenance Fee	17,067	2,612	(536)	19,143	-
	<u>2,814,210</u>	<u>2,612</u>	<u>(270,635)</u>	<u>2,546,187</u>	<u>286,505</u>
Total long-term liabilities	<u>\$ 3,297,763</u>	<u>\$ 2,612</u>	<u>\$ (324,661)</u>	<u>\$ 2,975,714</u>	<u>\$ 336,439</u>

Legal Debt Limit - The legal debt limit as defined by Colorado State Statutes, for General Obligation Bonds issued by the Town is as follows at December 31, 2018:

Actual Property Value (taxable)	\$ 124,073,102
	x <u>3%</u>
	3,722,193
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,722,193</u>

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

9. Risk Management

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

The Town carries commercial insurance for risks described below and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Property, Casualty, Errors and Omissions and Liability Insurance

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

During 2018 the Town paid \$79,947 for insurance coverage to the pool which is included in the operating expense of the general and enterprise funds.

Workers' Compensation Insurance

The Town is exposed to various risks of loss related to injuries of employees while on the job. In 2013 the Town renewed its membership in the Colorado Intergovernmental Risk Sharing Agency, Workers Compensation Pool (CIRSA).

During 2018 the Town paid \$62,047 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

10. Interfund Transactions

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

10. Interfund Transactions (continued)

The Town had the following interfund transactions during 2018:

Transfer from General Fund to Ambulance Fund for general operations.	\$ (29,421)
Transfer from General Fund to Golf Course Fund for general operations	(69,335)
Transfer from Conservation Trust Fund to Golf Course Fund for general purposes.	<u>(8,176)</u>
Total General Fund transfers, net	<u>\$ (106,932)</u>

11. Contingent Construction Payable

During the year 2000, the Town obtained two acres of land for a water treatment plant, in exchange for providing certain street, water and sewer improvements for seller's adjacent property. The agreed-upon value was \$114,000. The Town's obligation in this trade consists of two elements: (1) an obligation to complete certain improvements with an estimated cost of \$41,622, which were completed by the Town in 2001, and (2) a contingent liability to pay the seller's obligation of \$72,378 for improvements in the event the seller develops the adjacent land within 20 years. During 2018, there were no payments made on those improvements resulting in a remaining contingent payable of \$46,164.

12. Employment Agreements

During 2003, the Town entered into employment agreements with four members of management. The agreements cover a variety of matters, including lump sum payment of three months' salary and three months' benefits, in the event the Board does not reappoint the employee after a regular municipal election, and he or she is willing and able to perform his or her duties. As of December 31, 2018, three of these individuals were employed, by appointment, by the Town. The fourth individual is now an independent contractor.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2018

13. Water Rights Lease

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

In May 2014, the original agreement was assigned to River Bend Ranch, LLC and amended to extend the lease for a 5 year term, with an option for an additional 5 year term. The amendment also requires lease payments of \$8,053 per year, adjusted annually in accordance with the Denver/Boulder/Greeley consumer price index. Half of the total annual payment is due on June 1st and the remaining half is due on December 1st of each year.

Town of Limon, Colorado

Required Supplementary Information

Town of Limon, Colorado
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2018

	<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				
Taxes	\$ 1,577,800	\$ 1,577,800	\$ 1,825,817	\$ 248,017
Fines, Licenses and Permits	66,060	66,060	91,327	25,267
Intergovernmental - Local	220,307	220,307	248,871	28,564
Intergovernmental - Federal	6,180	6,180	6,180	-
Charges for Services	444,087	444,087	482,758	38,671
Interest	5,375	5,375	13,567	8,192
Donations and Grants	132,547	132,547	159,880	27,333
Insurance Claims	1,000	1,000	5,159	4,159
Miscellaneous	27,500	27,500	33,676	6,176
Supplemental Appropriation	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>(65,000)</u>
TOTAL REVENUES	<u>2,480,856</u>	<u>2,545,856</u>	<u>2,867,235</u>	<u>321,379</u>
EXPENDITURES				
Current:				
General Government	622,938	622,938	595,315	27,623
Airport	12,943	12,943	11,580	1,363
Public Works - Streets	545,365	545,365	537,976	7,389
Public Works - Sanitation	211,500	211,500	232,038	(20,538)
Public Safety	463,002	463,002	451,455	11,547
Public Health - Cemetery	96,296	96,296	81,208	15,088
Culture and Recreation	349,705	349,705	356,995	(7,290)
Capital Outlay	159,210	159,210	204,286	(45,076)
Debt Service:				
Principal	47,026	47,026	54,026	(7,000)
Interest	16,948	16,948	17,294	(346)
Supplemental Appropriation	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>65,000</u>
TOTAL EXPENDITURES	<u>2,524,933</u>	<u>2,589,933</u>	<u>2,542,173</u>	<u>47,760</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(44,077)	(44,077)	325,062	369,139
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(126,089)</u>	<u>(126,089)</u>	<u>(165,245)</u>	<u>(39,156)</u>
NET CHANGE IN FUND BALANCE	(170,166)	(170,166)	159,817	329,983
FUND BALANCES, BEGINNING OF YEAR	<u>1,067,211</u>	<u>1,067,211</u>	<u>1,019,440</u>	<u>(47,771)</u>
FUND BALANCES, END OF YEAR	<u>\$ 897,045</u>	<u>\$ 897,045</u>	<u>\$ 1,179,257</u>	<u>\$ 282,212</u>

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

Town of Limon, Colorado
Schedule of Contributions - Pension
Last 10 Years
For the Year Ended December 31, 2018

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as % of Covered Payroll
2015	94,774	107,431	12,657	954,434	11.26%
2016	89,000	111,525	22,525	821,334	13.58%
2017	55,000	108,947	53,947	958,901	11.36%
2018	65,000	119,092	54,092	931,032	12.79%

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

Town of Limon, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years
For the Year Ended December 31, 2018

Year ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service Cost	66,538	70,102	60,605	71,522
Interest	160,742	156,002	147,499	134,358
Difference between Expected and Actual Experience	(23,335)	31,136	(41,684)	8,370
Benefit Payments	(505,016)	(60,833)	(2,009)	(119,679)
Other Changes	<u>125,224</u>	<u>93,407</u>	<u>(13,519)</u>	<u>34,314</u>
Net Change in Total Pension Liability	(175,847)	289,814	150,892	128,885
Total Pension Liability - Beginning	2,548,828	2,259,014	2,108,122	1,979,237
Total Pension Liability - Ending (a)	2,372,981	2,548,828	2,259,014	2,108,122
Plan Fiduciary Net Position				
Employer Contributions	64,898	56,516	60,646	55,125
Employee Contributions	54,194	52,431	50,879	52,306
Net Investment Income	(75,017)	283,544	105,379	(27,819)
Benefit Payments	(505,016)	(60,833)	(2,009)	(119,679)
Administrative Expenses	<u>(7,460)</u>	<u>(6,570)</u>	<u>(8,630)</u>	<u>(250)</u>
Net Change in Plan Fiduciary Net Position	(468,401)	325,088	206,265	(40,317)
Plan Fiduciary Net Position - Beginning	2,206,276	1,881,188	1,674,923	1,715,240
Plan Fiduciary Net Position - Ending (b)	1,737,875	2,206,276	1,881,188	1,674,923
Net Pension Liability - Ending (a) - (b)	<u>635,106</u>	<u>342,552</u>	<u>377,826</u>	<u>433,199</u>
Plan Fiduciary Net Position as a Percentage				
of Total Pension Liability	73.2%	86.6%	83.3%	79.5%
Covered Payroll	931,032	958,901	821,334	954,434
Net Pension Liability as a Percentage of				
Covered Payroll	68.2%	35.7%	46.0%	45.4%

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

Town of Limon, Colorado

Other Supplementary Information

Town of Limon, Colorado
Head Start Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2018

	<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	\$ 936,960	\$ 936,960	\$ 947,634	\$ 10,674
Supplemental Appropriation	<u>-</u>	<u>10,674</u>	<u>-</u>	<u>(10,674)</u>
Total Revenues	<u>936,960</u>	<u>947,634</u>	<u>947,634</u>	<u>-</u>
EXPENDITURES:				
Head Start Program	936,960	936,960	947,634	(10,674)
Supplemental Appropriation	<u>-</u>	<u>10,674</u>	<u>-</u>	<u>10,674</u>
Total Expenditures	<u>936,960</u>	<u>947,634</u>	<u>947,634</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2018

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	TOTALS
ASSETS:			
Cash	\$ 28,963	\$ 9,388	\$ 38,351
TOTAL ASSETS	<u>\$ 28,963</u>	<u>\$ 9,388</u>	<u>\$ 38,351</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	28,963	-	28,963
Assigned-Designated for Subsequent Year	<u>-</u>	<u>9,388</u>	<u>9,388</u>
TOTAL FUND BALANCES	<u>28,963</u>	<u>9,388</u>	<u>38,351</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,963</u>	<u>\$ 9,388</u>	<u>\$ 38,351</u>

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

Town of Limon, Colorado
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2018

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	TOTALS
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Interest	\$ 3	\$ -	\$ 3
Intergovernmental - Local	19,825	-	19,825
Intergovernmental - Federal	-	-	-
Donations	-	100	100
Perpetual Care	<u>-</u>	<u>200</u>	<u>200</u>
TOTAL REVENUES	<u>19,828</u>	<u>300</u>	<u>20,128</u>
EXPENDITURES:			
Perpetual Care Improvements	-	748	748
Recreation Improvements	<u>4,313</u>	<u>-</u>	<u>4,313</u>
TOTAL EXPENDITURES	<u>4,313</u>	<u>748</u>	<u>5,061</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,515	(448)	15,067
OTHER FINANCING SOURCES (USES):			
Operating Transfers In (Out)	<u>(8,176)</u>	<u>-</u>	<u>(8,176)</u>
NET CHANGE IN FUND BALANCE	7,339	(448)	6,891
FUND BALANCE, BEGINNING OF YEAR	<u>21,624</u>	<u>9,836</u>	<u>31,460</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,963</u>	<u>\$ 9,388</u>	<u>\$ 38,351</u>

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

Town of Limon, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2018

	<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 - State	\$ 17,500	\$ 17,500	\$ 19,825	\$ 2,325
Interest	<u>4</u>	<u>4</u>	<u>3</u>	<u>(1)</u>
Total Revenues	<u>17,504</u>	<u>17,504</u>	<u>19,828</u>	<u>2,324</u>
EXPENDITURES:				
Recreation Improvements	<u>13,900</u>	<u>13,900</u>	<u>4,313</u>	<u>9,587</u>
Total Expenditures	<u>13,900</u>	<u>13,900</u>	<u>4,313</u>	<u>9,587</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,604	3,604	15,515	11,911
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(6,500)</u>	<u>(6,500)</u>	<u>(8,176)</u>	<u>(1,676)</u>
NET CHANGE IN FUND BALANCE	(2,896)	(2,896)	7,339	10,235
FUND BALANCE, BEGINNING OF YEAR	<u>19,002</u>	<u>19,002</u>	<u>21,624</u>	<u>2,622</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,106</u>	<u>\$ 16,106</u>	<u>\$ 28,963</u>	<u>\$ 12,857</u>

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

Town of Limon, Colorado
Cemetery Perpetual Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Perpetual Care	\$ 1,400	\$ 1,400	\$ 200	\$ (1,200)
Donations	<u>30,000</u>	<u>30,000</u>	<u>100</u>	<u>(29,900)</u>
Total Revenues	<u>31,400</u>	<u>31,400</u>	<u>300</u>	<u>(31,100)</u>
EXPENDITURES:				
Perpetual Care Improvements	<u>40,600</u>	<u>40,600</u>	<u>748</u>	<u>39,852</u>
Total Expenditures	<u>40,600</u>	<u>40,600</u>	<u>748</u>	<u>39,852</u>
NET CHANGE IN FUND BALANCE	(9,200)	(9,200)	(448)	8,752
FUND BALANCE, BEGINNING OF YEAR	<u>9,636</u>	<u>9,636</u>	<u>9,836</u>	<u>200</u>
FUND BALANCE, END OF YEAR	<u>\$ 436</u>	<u>\$ 436</u>	<u>\$ 9,388</u>	<u>\$ 8,952</u>

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

Town of Limon, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Intergovernmental - Federal	\$ 599,994	\$ 599,994	\$ 350,296	\$ (249,698)
Intergovernmental - Local	66,342	66,342	52,470	(13,872)
Private Grant	29,370	29,370	-	(29,370)
Signage	<u>12,500</u>	<u>12,500</u>	<u>1,575</u>	<u>(10,925)</u>
TOTAL REVENUES	<u>708,206</u>	<u>708,206</u>	<u>404,341</u>	<u>(303,865)</u>
EXPENDITURES				
Signage	25,000	25,000	6,300	18,700
Airport Runway & Taxiway Improvements	666,660	666,660	418,786	247,874
Ballfield Improvements	<u>100,296</u>	<u>100,296</u>	<u>65,166</u>	<u>35,130</u>
TOTAL EXPENDITURES	<u>791,956</u>	<u>791,956</u>	<u>490,252</u>	<u>301,704</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,750)	(83,750)	(85,911)	(2,161)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>72,805</u>	<u>72,805</u>	<u>66,489</u>	<u>(6,316)</u>
NET CHANGE IN FUND BALANCE	(10,945)	(10,945)	(19,422)	(8,477)
FUND BALANCE, BEGINNING OF YEAR	<u>14,672</u>	<u>14,672</u>	<u>15,209</u>	<u>537</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,727</u>	<u>\$ 3,727</u>	<u>\$ (4,213)</u>	<u>\$ (7,940)</u>

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

Town of Limon, Colorado
Utility Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2018

	<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	\$ 1,140,213	\$ 1,140,213	\$ 1,186,494	\$ 46,281
Other User Charges	9,400	9,400	11,050	1,650
Miscellaneous	300	300	15,814	15,514
Interest	8,883	8,883	11,886	3,003
Insurance Proceeds	-	-	-	-
Note Principal - Frasier	20,247	20,247	20,247	-
DOC Maintenance	2,553	2,553	2,553	-
DOC Maintenance Expenses from Restricted Account	1,000	1,000	536	(464)
Tap Fees	4,460	4,460	81,530	77,070
Intergovernmental-Federal	4,718	4,718	4,718	-
Intergovernmental-Local	<u>110,531</u>	<u>110,531</u>	<u>42,561</u>	<u>(67,970)</u>
Total Revenues	<u>1,302,305</u>	<u>1,302,305</u>	<u>1,377,389</u>	<u>75,084</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	657,559	657,559	602,249	55,310
Interest Expense	99,555	99,555	93,544	6,011
Debt Principal	263,718	263,718	263,718	-
Capital Expenditures	524,954	524,954	291,743	233,211
DOC Maintenance Revenue to Restricted Account	2,553	2,553	2,553	-
System Maintenance Paid from Colorado Reserve Account	<u>1,000</u>	<u>1,000</u>	<u>536</u>	<u>464</u>
Total Expenditures	<u>1,549,339</u>	<u>1,549,339</u>	<u>1,254,343</u>	<u>294,996</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (247,034)</u>	<u>\$ (247,034)</u>	123,046	<u>\$ 370,080</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			263,718	
Capital Expenditures			291,743	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(20,247)	
Less: Depreciation and Amortization			<u>(390,071)</u>	
Change in Net Position GAAP			<u>\$ 268,189</u>	

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

Town of Limon, Colorado
Ambulance Service Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
REVENUES:				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Sales, Net Contractual Adjustments and Bad Debts	\$ 278,900	\$ 278,900	\$ 306,757	\$ 27,857
Interest	76	76	179	103
Donations and Grants	32,650	32,650	39,817	7,167
Intergovernmental - Local	134,726	134,726	178,807	44,081
Miscellaneous	1,225	1,225	5,709	4,484
Transfer From Other Funds	29,421	29,421	29,421	-
Supplemental Appropriation	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
Total Revenues	<u>476,998</u>	<u>521,998</u>	<u>560,690</u>	<u>38,692</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	270,101	270,101	253,902	16,199
Maintenance	17,000	17,000	32,815	(15,815)
Insurance	6,433	6,433	6,945	(512)
Utilities	9,410	9,410	7,022	2,388
Other Expenses	105,201	105,201	106,939	(1,738)
Principal Payment	635	635	635	-
Interest Expense	295	295	295	-
Capital Outlay	129,140	129,140	164,183	(35,043)
Supplemental Appropriation	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Expenditures	<u>538,215</u>	<u>583,215</u>	<u>572,736</u>	<u>10,479</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (61,217)</u>	<u>\$ (61,217)</u>	(12,046)	<u>\$ 49,171</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			635	
Add: Capital Outlay			164,183	
Less: Depreciation			<u>(97,735)</u>	
Change In Net Position GAAP			<u>\$ 55,037</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2018

	<u>GOLF COURSE FUND</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
ASSETS			
Current assets:			
Cash	\$ 16,508	\$ 534	\$ 17,042
Inventories	2,309	18,905	21,214
Prepaid Expenses	-	-	-
Accounts Receivable	1,254	796	2,050
Total Current Assets	<u>20,071</u>	<u>20,235</u>	<u>40,306</u>
Non-Current Assets:			
Capital Assets:			
Land	9,321	-	9,321
Recreation Area Facilities	314,908	-	314,908
Equipment	132,311	-	132,311
Accumulated Depreciation	(313,562)	-	(313,562)
Total Non-Current Assets	<u>142,978</u>	<u>-</u>	<u>142,978</u>
TOTAL ASSETS	<u>163,049</u>	<u>20,235</u>	<u>183,284</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	496	-	496
Accounts Payable	2,237	978	3,215
Compensated Absences	-	-	-
Total Current Liabilities	<u>2,733</u>	<u>978</u>	<u>3,711</u>
Non-Current Liabilities:			
Long-Term Debt - Net of Current Portion	6,482	-	6,482
Total Non-Current Liabilities	<u>6,482</u>	<u>-</u>	<u>6,482</u>
TOTAL LIABILITIES	<u>9,215</u>	<u>978</u>	<u>10,193</u>
NET POSITION			
Net Investment in Capital Assets	142,978	-	142,978
Unrestricted	10,856	19,257	30,113
TOTAL NET POSITION	<u>153,834</u>	<u>19,257</u>	<u>173,091</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 163,049</u>	<u>\$ 20,235</u>	<u>\$ 183,284</u>

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

Town of Limon, Colorado
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended December 31, 2018

	GOLF COURSE FUND	AIRPORT FUEL FUND	TOTALS
OPERATING REVENUES			
Sales	\$ 112,267	\$ 28,319	\$ 140,586
Other User Charges	5,090	-	5,090
Miscellaneous	2,483	831	3,314
Total Operating Revenues	<u>119,840</u>	<u>29,150</u>	<u>148,990</u>
OPERATING EXPENSES			
Cost of Resale Items	14,284	24,596	38,880
Maintenance	9,327	432	9,759
Insurance	3,512	1,857	5,369
Utilities	23,494	-	23,494
Testing	-	438	438
Salaries and Benefits	120,943	-	120,943
Other Expenses	19,793	814	20,607
Depreciation	13,412	-	13,412
Total Operating Expenses	<u>204,765</u>	<u>28,137</u>	<u>232,902</u>
Income (Loss) From Operations	<u>(84,925)</u>	<u>1,013</u>	<u>(83,912)</u>
NON-OPERATING REVENUES (EXPENSES)			
Donations	12,032	-	12,032
Interest Expense	(213)	-	(213)
Total Non-Operating Revenues (Expenses)	<u>11,819</u>	<u>-</u>	<u>11,819</u>
Net Income Before Contributions and Transfers	(73,106)	1,013	(72,093)
Transfers In (Out)	77,511	-	77,511
CHANGE IN NET POSITION	<u>4,405</u>	<u>1,013</u>	<u>5,418</u>
NET POSITION, BEGINNING OF YEAR	<u>149,429</u>	<u>18,244</u>	<u>167,673</u>
NET POSITION, END OF YEAR	<u>\$ 153,834</u>	<u>\$ 19,257</u>	<u>\$ 173,091</u>

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

Town of Limon, Colorado
Airport Fuel Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales	\$ 33,000	\$ 33,000	\$ 28,319	\$ (4,681)
Donations	25	25	-	(25)
Miscellaneous	<u>1,650</u>	<u>1,650</u>	<u>831</u>	<u>(819)</u>
Total Revenues	<u>34,675</u>	<u>34,675</u>	<u>29,150</u>	<u>(5,525)</u>
EXPENDITURES:				
Operating Expenses	<u>33,697</u>	<u>33,697</u>	<u>28,137</u>	<u>5,560</u>
Total Expenditures	<u>33,697</u>	<u>33,697</u>	<u>28,137</u>	<u>5,560</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 978</u>	<u>\$ 978</u>	<u>\$ 1,013</u>	<u>\$ 35</u>

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

Town of Limon, Colorado
Municipal Golf Course Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales	\$ 121,937	\$ 121,937	\$ 112,267	\$ (9,670)
Other User Charges	4,830	4,830	5,090	260
Interest	1	1	-	(1)
Donations	10,000	10,000	12,032	2,032
Miscellaneous	3,500	3,500	2,483	(1,017)
Transfers from Other Funds	<u>68,835</u>	<u>68,835</u>	<u>77,511</u>	<u>8,676</u>
Total Revenues	<u>209,103</u>	<u>209,103</u>	<u>209,383</u>	<u>280</u>
EXPENDITURES:				
Salaries and Benefits	130,231	130,231	120,943	9,288
Cost of Resale Items	14,000	14,000	14,284	(284)
Maintenance	12,200	12,200	9,327	2,873
Insurance	3,512	3,512	3,512	-
Utilities	24,179	24,179	23,494	685
Other Expenses	21,279	21,279	19,793	1,486
Capital Expenditures	16,100	16,100	18,869	(2,769)
Principal Payments	459	459	459	-
Interest Expense	<u>213</u>	<u>213</u>	<u>213</u>	<u>-</u>
Total Expenditures	<u>222,173</u>	<u>222,173</u>	<u>210,894</u>	<u>11,279</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ (13,070)</u>	<u>\$ (13,070)</u>	(1,511)	<u>\$ 11,559</u>
RECONCILIATION TO GAAP BASIS				
Principal payments			459	
Add budgetary items shown as Expenditures:				
Capital Expenditures			18,869	
Less: Depreciation and Amortization			<u>(13,412)</u>	
Change In Net Position GAAP			<u>\$ 4,405</u>	

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

Town of Limon, Colorado
Employees' Pension Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Employee Contribution	\$ 53,817	\$ 53,817	\$ 54,194	\$ 377
Employer Contribution	55,398	55,398	64,898	9,500
Interest Income	25	25	315	290
Investment Income				
Net of Expenses	<u>50,000</u>	<u>50,000</u>	<u>(78,371)</u>	<u>(128,371)</u>
Total Revenues	<u>159,240</u>	<u>159,240</u>	<u>41,036</u>	<u>(118,204)</u>
EXPENDITURES:				
Benefit Payments	329,487	329,487	505,016	(175,529)
Administrative Expenses	7,000	7,000	7,460	(460)
Supplemental Appropriations	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Total Expenditures	<u>336,487</u>	<u>516,487</u>	<u>512,476</u>	<u>4,011</u>
CHANGE IN NET POSITION	(177,247)	(357,247)	(471,440)	(114,193)
NET POSITION, BEGINNING OF YEAR	<u>2,071,929</u>	<u>2,071,929</u>	<u>2,244,450</u>	<u>172,521</u>
NET POSITION, END OF YEAR	<u>\$ 1,894,682</u>	<u>\$ 1,714,682</u>	<u>\$ 1,773,010</u>	<u>\$ 58,328</u>

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: LIMON
		YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of _) TOWN OF LIMON	Prepared By:	David Copey, CPA For Town of Limon 303-734-4800

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)	42,691
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	479,774
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	30,118
2. General fund appropriations	187,081	b. Snow and ice removal	10,940
3. Other local imposts (from page 2)	397,604	c. Other	50,678
4. Miscellaneous local receipts (from page 2)	187,527	d. Total (a. through c.)	91,736
5. Transfers from toll facilities		4. General administration & miscellaneous	26,534
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	227,842
a. Bonds - Original Issues		6. Total (1 through 5)	868,577
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	6,141
7. Total (1 through 6)	772,212	b. Redemption	30,000
B. Private Contributions	33,480	c. Total (a. + b.)	36,141
C. Receipts from State government (from page 2)	105,690	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	2,113
E. Total receipts (A.7 + B + C + D)	911,382	b. Redemption	4,551
		c. Total (a. + b.)	6,664
		3. Total (1.c + 2.c)	42,805
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
		911,382	

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	93,000		30,000	63,000
1. Bonds (Refunding Portion)				
B. Notes (Total)	73,985		4,551	69,434

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	911,382	911,382	0	0

Notes and Comments:

Other Road and Street Services is Street Lighting (Other than for traffic light) of \$50,678

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2018

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	98,070	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	40,761
1. Sales Taxes	117,835	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	181,699	g. Other Misc Gravel Sales	33,741
6. Total (1. through 5.)	299,534	h. Other Franchise fees	113,025
c. Total (a. + b.)	397,604	i. Total (a. through h.)	187,527
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	94,871	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	10,819	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	10,819	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	105,690	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	0		0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	0	42,691	42,691
(4). System Enhancement & Operator			0
(5). Total Construction (1) + (2) + (3) + (4)	0	42,691	42,691
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	42,691	42,691
			(Carry forward to page 1)

Notes and Comments:



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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Town of Limon, Colorado (the "Town"), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report July 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of

our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Littleton, Colorado

July 31, 2019



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Program

We have audited Town of Limon, Colorado's (the "Town") compliance with the types of compliance requirements described in the OMB Compliance Supplement, that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Town's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major program. However, our audit does not provide a legal determination of Town's compliance.

Opinion on Each Major Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended December 31, 2018.

Opinion on Each Major Program

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended December 31, 2018.


Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado

July 31, 2019

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

<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		\$ <u>947,634</u>
Total Department of Health and Human Services			<u>947,634</u>
Department of Transportation			
Direct program:			
Airport Improvement Program	20.106		350,296
Pass-through program from:			
East Central Council of Local Governments			
Transportation Grant	20.xxx		<u>6,180</u>
Total Department of Transportation			<u>356,476</u>
Total Expenditures of Federal Awards			\$ <u>1,304,110</u>

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

Town of Limon, Colorado

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2018

1. Summary of Auditor's Results

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

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

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

Material noncompliance noted: **None**

Federal Awards:

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

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

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

Audit findings required to be reported in accordance with the Uniform Guidance: **None**

The following programs are considered to be major:

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

Dollar threshold used to distinguish Type A and Type B programs: **\$750,000**

Qualifies as low-risk auditee: **Yes**

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

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None