

Town of Limon, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2016 and 2015

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**Haynie &
Company**

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, 2016 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2016 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 basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and special reports are presented for purposes of additional analysis and are not a required part of the basic financials. 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 is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, special reports, and the schedule of expenditures of federal awards, as listed in the table of contents, are the responsibility of management and were derived from and relate 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 combining and individual fund statements and schedules, special reports, and the schedule of expenditures of federal awards are 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 Audit Standards*, we have also issued our report dated July 25, 2016, on our consideration of the Town of Limon, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, 2017

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2016

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, Recreation Area, Ambulance and Airport Fuel.

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

FINANCIAL HIGHLIGHTS

- The Town's total net position decreased by \$330,253 or 2.1% during the year. The governmental net position decreased by \$254,760 or 3.5%, and the business-type net position decreased by \$75,493, or 0.9%.
- The governmental activities revenue changed from \$3,501,679 in 2015 to \$3,314,976 in 2016 for a decrease of \$186,703 or 5.6%. This decrease is due primarily to decreases in grants and tax income.
- The governmental activities expenditures changed from \$3,916,474 in 2015 to \$3,569,736 in 2016, a decrease of \$346,738 or 10.0%. The decrease is due primarily to an decrease in general and public safety expenditures.
- The business-type activities revenue changed from \$1,875,315 in 2015 to \$1,833,705 in 2016, a decrease of \$41,610 or 2.2%. This decrease is due primarily to decreased charges for services.
- The business-type activities expenditures changed from \$1,728,495 in 2015 to \$1,994,327 in 2016, an increase of \$265,832 or 13.3%. This increase is due primarily to increased water and ambulance expenditures.

- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease of \$165,250 or 16.8% 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 Recreation Area, 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, Recreation Area, Airport Fuel, and Ambulance Service Funds are proprietary funds, accounting for its water distribution and sewage collection, golfing, airplane fuel sales, and ambulance service activities, respectively.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets	\$ 992,085	\$ 1,242,670	\$ 1,107,892	\$ 1,258,586	\$ 2,099,977	\$ 2,501,256
Restricted assets	395,340	464,093	837,544	986,815	1,232,884	1,450,908
Other non-current assets	169,615	184,406	264,834	302,193	434,449	486,599
Capital assets, net	6,989,800	7,106,384	9,544,511	9,549,079	16,534,311	16,655,463
Total assets	8,546,840	8,997,553	11,754,781	12,096,673	20,301,621	21,094,226
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows - pension	117,905	157,770	-	-	117,905	157,770
Total deferred outflow of resources	117,905	157,770	-	-	117,905	157,770
LIABILITIES						
Current liabilities	232,820	395,729	390,678	409,534	623,498	805,263
Non-current liabilities	871,074	988,982	2,836,949	3,084,492	3,708,023	4,073,474
Total liabilities	1,103,894	1,384,711	3,227,627	3,494,026	4,331,521	4,878,737
DEFERRED INFLOW OF RESOURCES						
Deferred grant revenue	7,216	-	-	-	7,216	-
Deferred inflows - pension	31,085	-	-	-	31,085	-
Deferred property taxes	329,364	322,666	-	-	329,364	322,666
Total deferred inflow of resources	367,665	322,666	-	-	367,665	322,666
NET POSITION	\$ 7,193,186	\$ 7,447,946	\$ 8,527,154	\$ 8,602,647	\$ 15,720,340	\$ 16,050,593
Net Position consist of:						
Invested in capital assets	\$ 6,456,018	\$ 6,510,067	\$ 6,793,918	\$ 6,546,885	\$ 13,249,936	\$ 13,056,952
Restricted net position	395,340	464,093	377,041	376,734	772,381	840,827
Unrestricted net position	341,828	473,786	1,356,195	1,679,028	1,698,023	2,152,814
Total net position	\$ 7,193,186	\$ 7,447,946	\$ 8,527,154	\$ 8,602,647	\$ 15,720,340	\$ 16,050,593

The net position of the Town's governmental activities as of December 31, 2016 were \$7,193,186 of which \$358,328 was unrestricted and is available for spending at the government's discretion. The remainder is net investment in capital assets of \$6,456,018, reserved for Emergency Reserve of \$84,424 and Capital Replacement Reserve of \$294,416.

The General Fund is the main operating fund of the Town. As of December 31, 2016, the General Fund balance was \$818,067, of which \$173,908 was unassigned. Unassigned fund balance represents 6.7% of 2016 General Fund expenditures.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program revenues:						
Operating grants and contributions	\$ 926,309	\$ 905,784	\$ 315,667	\$ 200,997	\$ 1,241,976	\$ 1,106,781
Capital grants and contributions	159,657	321,518	36,353	11,292	196,010	332,810
Charges for services	602,012	589,117	1,463,979	1,650,861	2,065,991	2,239,978
Total program revenue	<u>1,687,978</u>	<u>1,816,419</u>	<u>1,815,999</u>	<u>1,863,150</u>	<u>3,503,977</u>	<u>3,679,569</u>
General revenues:						
Taxes	1,556,984	1,642,650	-	-	1,556,984	1,642,650
Investment earnings	5,050	5,271	11,214	12,165	16,264	17,436
Insurance proceeds	16,818	10,719	6,492	-	23,310	10,719
Other	48,146	26,620	-	-	48,146	26,620
Total general revenue	<u>1,626,998</u>	<u>1,685,260</u>	<u>17,706</u>	<u>12,165</u>	<u>1,644,704</u>	<u>1,697,425</u>
Total Revenue	<u>\$ 3,314,976</u>	<u>\$ 3,501,679</u>	<u>\$ 1,833,705</u>	<u>\$ 1,875,315</u>	<u>\$ 5,148,681</u>	<u>\$ 5,376,994</u>
Expenses						
General government	\$ 835,748	\$ 1,020,984	\$ -	\$ -	\$ 835,748	\$ 1,020,984
Airport	199,762	191,516	-	-	199,762	191,516
Public safety	443,427	686,254	-	-	443,427	686,254
Highways and streets	645,876	635,000	-	-	645,876	635,000
Public works - sanitation	201,138	221,140	-	-	201,138	221,140
Public health - cemetery	98,433	65,420	-	-	98,433	65,420
Culture and recreation	377,405	393,455	-	-	377,405	393,455
Head Start Program	660,458	648,961	-	-	660,458	648,961
Water	-	-	508,020	461,450	508,020	461,450
Water treatment plant	-	-	217,962	241,442	217,962	241,442
Sewer	-	-	552,841	338,458	552,841	338,458
Municipal recreation area	-	-	206,356	229,612	206,356	229,612
Airport fuel fund	-	-	33,536	35,748	33,536	35,748
Ambulance service fund	-	-	475,612	421,537	475,612	421,537
Interest and fiscal charges	22,360	24,407	-	-	22,360	24,407
Total expenses	<u>3,484,607</u>	<u>3,887,137</u>	<u>1,994,327</u>	<u>1,728,495</u>	<u>5,478,934</u>	<u>5,615,632</u>
Changes in net position before transfers and special items	(169,631)	(385,458)	(160,622)	146,820	(330,253)	(238,638)
Transfers	(85,129)	(29,337)	85,129	29,337	-	-
Change in net position	<u>(254,760)</u>	<u>(414,795)</u>	<u>(75,493)</u>	<u>176,157</u>	<u>(330,253)</u>	<u>(238,638)</u>
Beginning net position (restated)	<u>7,447,946</u>	<u>7,862,741</u>	<u>8,602,647</u>	<u>8,426,490</u>	<u>16,050,593</u>	<u>16,289,231</u>
Ending net position	<u>7,193,186</u>	<u>7,447,946</u>	<u>8,527,154</u>	<u>8,602,647</u>	<u>15,720,340</u>	<u>16,050,593</u>

Governmental Activities revenues in the amount of \$3,314,976 were less than expenses and transfers of \$3,569,736 by \$254,760. Business-type activities revenues and transfers in the amount of \$1,918,834 were less than expenses of \$1,994,327 by \$75,493.

BUDGETARY HIGHLIGHTS

The budget was amended on December 27, 2016 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 3, 2015. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase</u>
Recreation Area Fund	\$ 203,328	\$ 209,028	\$ 5,700
Head Start Fund	648,961	660,458	11,497
Airport Fuel Fund	27,121	37,121	10,000
Ambulance Fund	583,176	758,176	<u>175,000</u>
			<u>\$ 202,197</u>

- Changes in the Recreation Area Fund Budget included capital expenditures and other expenses. This increase was funded primarily through proceeds from prior-period fund balance.
- Changes in the Head Start Fund Budget were due to increased salaries and personnel expenses. The increase was funded by unexpected revenue.
- Changes in the Airport Fuel Fund were due to increased fuel expense. The increase was funded by unexpected revenue.
- Changes in the Ambulance Fund were due primarily to capital expenditures and salaries. The increase was funded by prior year net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of December 31, 2016, Limon's investment in capital assets for its governmental and business type activities, net of accumulated depreciation, was \$16,534,311. 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,223,226	\$ 1,223,226	\$ 241,797	\$ 241,797	\$ 1,465,023	\$ 1,465,023
Buildings and water and sewer systems	2,851,542	2,833,881	13,944,260	13,641,288	16,795,802	16,475,169
Equipment	2,880,303	2,647,072	1,662,479	1,516,125	4,542,782	4,163,197
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	-	-	-	-	-	-
Infrastructure	4,972,380	4,935,344	-	-	4,972,380	4,935,344
Total	<u>\$ 11,927,451</u>	<u>\$ 11,639,523</u>	<u>\$ 16,897,531</u>	<u>\$ 16,448,205</u>	<u>\$ 28,824,982</u>	<u>\$ 28,087,728</u>
Accumulated depreciation	(4,937,651)	(4,533,139)	(7,353,020)	(6,899,126)	(12,290,671)	(11,432,265)
Capital assets, net	<u>\$ 6,989,800</u>	<u>\$ 7,106,384</u>	<u>\$ 9,544,511</u>	<u>\$ 9,549,079</u>	<u>\$ 16,534,311</u>	<u>\$ 16,655,463</u>

This year's major capital asset additions include:

- Vehicle purchases - \$166,356
- Street repair and improvements - \$37,036

Long-term Debt – As of December 31, 2016 the Town had \$3,618,383 in outstanding debt as follows.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Special assessment bonds	\$ 121,000	\$ 163,000	\$ -	\$ -	\$ 121,000	\$ 163,000
Bonds payable:						
2000 Water Revenue	-	-	373,744	454,992	373,744	454,992
2012 Water Revenue	-	-	2,340,000	2,490,000	2,340,000	2,490,000
2012 Bond Premium	-	-	47,135	52,421	47,135	52,421
Loans payable:						
Lease-Purchase	412,782	433,317	304,617	319,770	717,399	753,087
Colorado maintenance fee	-	-	19,105	18,997	19,105	18,997
Total	<u>\$ 533,782</u>	<u>\$ 596,317</u>	<u>\$ 3,084,601</u>	<u>\$ 3,336,180</u>	<u>\$ 3,618,383</u>	<u>\$ 3,932,497</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2017 is \$1,054,261, which is \$7,133 less than 2016 actual.
- The property tax revenue budgeted for 2017 is \$329,364, which is \$3,176 less than 2016 actual.
- Governmental funds revenues were budgeted at \$2,485,263 in 2017, which is a decrease of 6.9% from the 2016 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2017 budgeted direct pass-through amounts are \$660,458, which is the same as the 2016 actual amount. The 2017 budgeted expenditures for governmental activities are projected to be \$2,627,220, which is a 4.6% decrease from the 2016 actual.
- Proprietary funds revenues were budgeted at \$2,247,641 for 2016, which is an increase of 6.0% from the 2016 actual revenues. 2016 budgeted expenditures of \$1,958,995 represent an increase from 2016 actual expenditures of 30.0%.

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, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 398,391	\$ 856,449	\$ 1,254,840
Current Portion Note Receivable	-	19,202	19,202
Accounts Receivable	133,064	263,533	396,597
Allowance for Doubtful Accounts	(6,157)	(112,888)	(119,045)
Intergovernmental Receivable	91,999	13,898	105,897
Prepaid expenses	-	3,224	3,224
Accrued Interest Receivable	-	1,238	1,238
Special Assessment Receivable, Current Portion	14,312	-	14,312
Property Taxes Receivable	329,364	-	329,364
Inventory and Supplies	31,112	63,236	94,348
Total Current Assets	<u>992,085</u>	<u>1,107,892</u>	<u>2,099,977</u>
Restricted Assets:			
Emergency Reserve	84,424	-	84,424
Debt Reserves	-	52,114	52,114
Water Plant Reserve	-	219,563	219,563
Water Revenue Bonds	-	307,041	307,041
Sewer Line Maint. Reserve	-	19,105	19,105
Equipment Reserve	294,416	239,721	534,137
Economic Development Reserve	16,500	-	16,500
Total Restricted Assets	<u>395,340</u>	<u>837,544</u>	<u>1,232,884</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	169,615	-	169,615
Notes Receivable, Net of Current Portion	-	139,254	139,254
Loss on Bond Refunding	-	204,257	204,257
Accumulated Amortization	-	(78,677)	(78,677)
Capital Assets			
Land	1,223,226	241,797	1,465,023
Buildings and Water and Sewer Systems	2,851,542	13,713,731	16,565,273
Equipment	2,880,303	1,893,008	4,773,311
Infrastructure	4,972,380	-	4,972,380
Other Capital Assets	-	1,048,995	1,048,995
Accumulation Depreciation	(4,937,651)	(7,353,020)	(12,290,671)
Total Non-Current Assets	<u>7,159,415</u>	<u>9,809,345</u>	<u>16,968,760</u>
TOTAL ASSETS	<u>8,546,840</u>	<u>11,754,781</u>	<u>20,301,621</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pension	117,905	-	117,905
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>117,905</u>	<u>-</u>	<u>117,905</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	80,018	-	80,018
Current Portion of Long Term Debt	40,534	247,652	288,186
Accounts Payable	104,892	62,299	167,191
Accrued Interest Payable	-	20,510	20,510
Compensated Absences	7,376	2,999	10,375
Contingent Construction	-	57,218	57,218
Total Current Liabilities	<u>232,820</u>	<u>390,678</u>	<u>623,498</u>
Non-Current Liabilities:			
Net Pension Liability	377,826	-	377,826
Long Term Debt	493,248	2,836,949	3,330,197
Total Non-Current Liabilities	<u>871,074</u>	<u>2,836,949</u>	<u>3,708,023</u>
TOTAL LIABILITIES	<u>1,103,894</u>	<u>3,227,627</u>	<u>4,331,521</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Grant Revenue	7,216	-	7,216
Deferred Inflows Related to Pension	31,085	-	31,085
Deferred Revenue - Property Taxes	329,364	-	329,364
TOTAL DEFERRED INFLOW OF RESOURCES	<u>367,665</u>	<u>-</u>	<u>367,665</u>
NET POSITION			
Net Investment in Capital Assets	6,456,018	6,793,918	13,249,936
Restricted for:			
Economic Development	16,500	-	16,500
Emergency Reserve	84,424	70,000	154,424
Bond Reserve	-	307,041	307,041
Capital Replacement	294,416	-	294,416
Unrestricted:	341,828	1,356,195	1,698,023
TOTAL NET POSITION	<u>\$ 7,193,186</u>	<u>\$ 8,527,154</u>	<u>\$ 15,720,340</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, 2016

<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	\$ 835,748	\$ 207,442	\$ 2,500	\$ -
Airport	199,762	5,511	-	147,387
Public Works -Streets	645,876	53,225	227,165	12,270
Public Works - Sanitation	201,138	265,387	-	-
Public Safety - Police	443,427	215	797	-
Public Health - Cemetery	98,433	7,700	1,000	-
Culture and Recreation	377,405	62,532	34,389	-
Head Start Program	660,458	-	660,458	-
Interest and Related Costs	22,360	-	-	-
Total Governmental Activities	<u>3,484,607</u>	<u>602,012</u>	<u>926,309</u>	<u>159,657</u>
Business-Type Activities:				
Water	508,020	601,396	-	36,353
Water Treatment Plant	217,962	240,968	7,478	-
Sewer	552,841	203,127	-	-
Ambulance Service Fund	475,612	254,481	292,117	-
Recreation and Airport Fuel Funds	239,892	164,007	16,072	-
Total Business-Type Activities	<u>1,994,327</u>	<u>1,463,979</u>	<u>315,667</u>	<u>36,353</u>
Total Primary Government	<u>\$ 5,478,934</u>	<u>\$ 2,065,991</u>	<u>\$ 1,241,976</u>	<u>\$ 196,010</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>
\$ (625,806)	\$ -	\$ (625,806)
(46,864)	-	(46,864)
(353,216)	-	(353,216)
64,249	-	64,249
(442,415)	-	(442,415)
(89,733)	-	(89,733)
(280,484)	-	(280,484)
-	-	-
(22,360)	-	(22,360)
<u>(1,796,629)</u>	<u>-</u>	<u>(1,796,629)</u>
-	129,729	129,729
-	30,484	30,484
-	(349,714)	(349,714)
-	70,986	70,986
-	<u>(59,813)</u>	<u>(59,813)</u>
-	<u>(178,328)</u>	<u>(178,328)</u>
<u>\$ (1,796,629)</u>	<u>\$ (178,328)</u>	<u>\$ (1,974,957)</u>
\$ 326,188	\$ -	\$ 326,188
87,673	-	87,673
1,061,394	-	1,061,394
34,649	-	34,649
4,919	-	4,919
7,198	-	7,198
34,963	-	34,963
5,050	11,214	16,264
16,818	6,492	23,310
(85,129)	85,129	-
48,146	-	48,146
<u>1,541,869</u>	<u>102,835</u>	<u>1,644,704</u>
<u>(254,760)</u>	<u>(75,493)</u>	<u>(330,253)</u>
<u>7,447,946</u>	<u>8,602,647</u>	<u>16,050,593</u>
<u>\$ 7,193,186</u>	<u>\$ 8,527,154</u>	<u>\$ 15,720,340</u>

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

Town of Limon, Colorado

Balance Sheet

Governmental Funds

December 31, 2016

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
ASSETS				
Cash	\$ 359,801	\$ -	\$ 38,590	\$ 398,391
Accounts Receivable	53,046	80,018	-	133,064
Allowance for Doubtful Accounts	(1,123)	-	-	(1,123)
Intergovernmental Receivable	91,999	-	-	91,999
Special Assessment Receivable	183,927	-	-	183,927
Property Tax Receivable	329,364	-	-	329,364
Inventories	31,112	-	-	31,112
Restricted Cash:				
Economic Development	16,500	-	-	16,500
Capital Replacement Reserve	294,416	-	-	294,416
Emergency Reserve	84,424	-	-	84,424
Total Assets	<u>\$ 1,443,466</u>	<u>\$ 80,018</u>	<u>\$ 38,590</u>	<u>\$ 1,562,074</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	\$ -	\$ 80,018	\$ -	\$ 80,018
Accounts Payable	104,892	-	-	104,892
Total Liabilities	<u>104,892</u>	<u>80,018</u>	<u>-</u>	<u>184,910</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Revenue Special Assessment	183,927	-	-	183,927
Deferred Grant Revenue	7,216	-	-	7,216
Deferred Revenues Taxes	329,364	-	-	329,364
Total Deferred Inflow of Resources	<u>520,507</u>	<u>-</u>	<u>-</u>	<u>520,507</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ 31,112	\$ -	\$ -	\$ 31,112
Restricted:				
Economic Development Reserve	16,500	-	-	16,500
Emergency Reserve	84,424	-	-	84,424
Conservation Trust Funds	-	-	15,597	15,597
Committed:				
Equipment Replacement	294,416	-	-	294,416
Assigned-Designated for Subsequent Year:				
General Fund	234,207	-	-	234,207
Special Revenue Funds	-	-	22,993	22,993
Unassigned:				
General Fund	157,408	-	-	157,408
Total Fund Balances	<u>818,067</u>	<u>-</u>	<u>38,590</u>	<u>856,657</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,443,466</u>	<u>\$ 80,018</u>	<u>\$ 38,590</u>	<u>\$ 1,562,074</u>

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

Town of Limon, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
December 31, 2016

Total Fund Balances - Total Governmental Funds \$ 856,657

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	11,927,451
Accumulated Depreciation	(4,937,651)
Deferred Outflows Related to Pension	117,905

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	(121,000)
Sale-Leaseback Payable	(412,782)
Net Pension Liability	(377,826)
Deferred Inflows Related to Pension	(31,085)
Compensated Absences	(7,376)

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

Special Assessment Receivable	183,927
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>

Net Position of Governmental Activities \$ 7,193,186

Town of Limon, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2016

	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES:				
Taxes	\$ 1,556,984	\$ -	\$ -	\$ 1,556,984
Fines, Licenses and Permits	70,232	-	-	70,232
Intergovernmental:				
Local	216,834	-	29,041	245,875
Federal	6,130	660,458	139,630	806,218
Charges for Services	551,492	-	1,400	552,892
Interest	5,047	-	3	5,050
Donations and Grants	26,552	-	1,000	27,552
Insurance Claims	16,818	-	-	16,818
Miscellaneous	48,146	-	-	48,146
TOTAL REVENUES	2,498,235	660,458	171,074	3,329,767
EXPENDITURES:				
Current:				
Administration	597,774	-	400	598,174
Airport	23,389	-	155,144	178,533
Public Works - Streets	593,032	-	-	593,032
Public Works - Sanitation	190,861	-	-	190,861
Public Safety - Police	424,764	-	-	424,764
Public Health - Cemetery	95,034	-	-	95,034
Recreation	294,521	-	6,599	301,120
Head Start Program	-	660,458	-	660,458
Capital Outlay	274,086	-	13,841	287,927
Debt Service:				
Principal - Bonded Debt	62,535	-	-	62,535
Interest	22,360	-	-	22,360
TOTAL EXPENDITURES	2,578,356	660,458	175,984	3,414,798
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,121)	-	(4,910)	(85,031)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In (Out)	(85,129)	-	-	(85,129)
NET CHANGE IN FUND BALANCE	(165,250)	-	(4,910)	(170,160)
FUND BALANCES, BEGINNING	983,317	-	43,500	1,026,817
FUND BALANCES, ENDING	\$ 818,067	\$ -	\$ 38,590	\$ 856,657

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, 2016

Net change in fund balances - total governmental funds	\$ (170,160)
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 \$287,928 were less than depreciation of \$404,512 in the current year.	(116,584)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	62,535
This is the current-period decrease in the liability for compensated absences	(183)
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(14,791)
Pension expense does not use current financial resources and is not included in fund financial statements. Current-year pension contributions are reported as deferred outflows.	(76,223) 60,646
Change in net position of governmental activities	<u>\$ (254,760)</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Net Position December 31, 2016

ASSETS	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
Current Assets:				
Cash	\$ 563,104	\$ 275,872	\$ 17,473	\$ 856,449
Current Portion of Note Receivable	19,202	-	-	19,202
Accounts Receivable	65,298	198,149	86	263,533
Allowances For Doubtful Accounts	(3,906)	(108,982)	-	(112,888)
Intergovernmental Receivable	-	13,898	-	13,898
Prepaid Expenses	-	3,224	-	3,224
Accrued Interest Receivable	1,238	-	-	1,238
Inventories	51,980	-	11,256	63,236
Total Current Assets	<u>696,916</u>	<u>382,161</u>	<u>28,815</u>	<u>1,107,892</u>
Restricted Assets:				
Water Plant Reserve	219,563	-	-	219,563
Water Revenue Bonds	307,041	-	-	307,041
Sewer Line Maint. Reserve	19,105	-	-	19,105
Bond & Emergency Reserve Funds	52,114	-	-	52,114
Equipment Reserve	168,767	70,954	-	239,721
Total Restricted Assets	<u>766,590</u>	<u>70,954</u>	<u>-</u>	<u>837,544</u>
Non-Current Assets:				
Notes Receivable, Net of Current Portion	139,254	-	-	139,254
Loss on Bond Refunding	204,257	-	-	204,257
Accumulated Amortization	(78,677)	-	-	(78,677)
Capital Assets:				
Water System	8,779,385	-	-	8,779,385
Sewer System and Plant	4,355,911	-	-	4,355,911
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	9,321	241,797
Buildings	-	266,911	-	266,911
Recreation Area Facilities	-	-	311,524	311,524
Equipment	808,965	969,726	114,317	1,893,008
Accumulated Depreciation	(6,413,730)	(648,710)	(290,580)	(7,353,020)
Total Non-Current Assets	<u>9,031,804</u>	<u>632,959</u>	<u>144,582</u>	<u>9,809,345</u>
TOTAL ASSETS	<u>10,495,310</u>	<u>1,086,074</u>	<u>173,397</u>	<u>11,754,781</u>
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	246,640	587	425	247,652
Accounts Payable	38,600	17,452	6,247	62,299
Accrued Interest Payable	20,510	-	-	20,510
Compensated Absences	808	632	1,559	2,999
Contingent Construction	57,218	-	-	57,218
Total Current Liabilities	<u>363,776</u>	<u>18,671</u>	<u>8,231</u>	<u>390,678</u>
Non-Current Liabilities:				
Deposit - State of Colo. For Sewer Line Maintenance	19,105	-	-	19,105
Long-Term Debt - Net of Current Portion	2,800,042	10,365	7,437	2,817,844
Total Non-Current Liabilities	<u>2,819,147</u>	<u>10,365</u>	<u>7,437</u>	<u>2,836,949</u>
TOTAL LIABILITIES	<u>3,182,923</u>	<u>29,036</u>	<u>15,668</u>	<u>3,227,627</u>
NET POSITION				
Net investment in capital assets	6,027,329	622,007	144,582	6,793,918
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	307,041	-	-	307,041
Unrestricted	908,017	435,031	13,147	1,356,195
TOTAL NET POSITION	<u>\$ 7,312,387</u>	<u>\$ 1,057,038</u>	<u>\$ 157,729</u>	<u>\$ 8,527,154</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, 2016

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
OPERATING REVENUES				
Sales	\$ 593,869	\$ 240,968	\$ 198,263	\$ 1,033,100
Less, Contractual Adjustments and Bad Debts	735	-	168	903
Net Sales	593,134	240,968	198,095	1,032,197
Other User Charges	6,824	-	5,032	11,856
Miscellaneous	1,438	-	-	1,438
Total Operating Revenues	601,396	240,968	203,127	1,045,491
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	17,160	3,146	250,865	271,171
Insurance	16,710	-	5,802	22,512
Utilities	46,025	30,663	55,184	131,872
Testing	2,875	-	13,370	16,245
Salaries and Benefits	115,178	40,716	112,928	268,822
Other Expenses	37,857	12,011	7,711	57,579
Administration	10,014	2,000	3,153	15,167
Depreciation	174,211	94,228	102,034	370,473
Total Operating Expenses	420,030	182,764	551,047	1,153,841
Income (Loss) From Operations	181,366	58,204	(347,920)	(108,350)
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	9,294	1,841	-	11,135
Tap Fees	20,339	-	16,014	36,353
Donations	-	-	-	-
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	7,478	-	7,478
Insurance Proceeds	-	-	6,492	6,492
Interest Expense	(87,990)	(35,198)	(1,794)	(124,982)
Total Non-Operating Revenues (Expenses)	(58,357)	(25,879)	20,712	(63,524)
Net Income Before Contributions and Transfers	123,009	32,325	(327,208)	(171,874)
Transfers In (Out)	-	-	-	-
CHANGE IN NET POSITION	\$ 123,009	\$ 32,325	\$ (327,208)	(171,874)
NET POSITION, BEGINNING OF YEAR				7,484,261
NET POSITION, END OF YEAR				\$ 7,312,387

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 703,475	\$ 157,018	\$ 1,893,593
<u>450,320</u>	<u>-</u>	<u>451,223</u>
253,155	157,018	1,442,370
-	5,070	16,926
<u>1,326</u>	<u>1,919</u>	<u>4,683</u>
<u>254,481</u>	<u>164,007</u>	<u>1,463,979</u>
-	44,523	44,523
13,837	7,245	292,253
5,920	4,039	32,471
8,728	22,301	162,901
-	480	16,725
273,862	119,786	662,470
106,060	24,737	188,376
-	-	15,167
<u>66,877</u>	<u>16,544</u>	<u>453,894</u>
<u>475,284</u>	<u>239,655</u>	<u>1,868,780</u>
<u>(220,803)</u>	<u>(75,648)</u>	<u>(404,801)</u>
78	1	11,214
-	-	36,353
3,561	16,072	19,633
288,556	-	288,556
-	-	7,478
-	-	6,492
<u>(328)</u>	<u>(237)</u>	<u>(125,547)</u>
<u>291,867</u>	<u>15,836</u>	<u>244,179</u>
71,064	(59,812)	(160,622)
<u>25,129</u>	<u>60,000</u>	<u>85,129</u>
<u>96,193</u>	<u>188</u>	<u>(75,493)</u>
<u>960,845</u>	<u>157,541</u>	<u>8,602,647</u>
<u>\$ 1,057,038</u>	<u>\$ 157,729</u>	<u>\$ 8,527,154</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, 2016

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 1,058,542	\$ 304,151	\$ 173,472	\$ 1,536,165
Payments to Suppliers for Goods and Services	(491,014)	(136,456)	(111,476)	(738,946)
Payments to Employees	(268,798)	(274,152)	(119,870)	(662,820)
Net Cash From Operating Activities	298,730	(106,457)	(57,874)	134,399
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	3,561	16,072	19,633
Intergovernmental Grants	7,478	288,556	-	296,034
Insurance proceeds	6,492	-	-	6,492
Transfer From Other Fund	-	25,129	60,000	85,129
Net Cash From Non-Capital Financing Activities	13,970	317,246	76,072	407,288
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	107	-	-	107
Tap Fees	36,353	-	-	36,353
Transfer From (To) Restricted Assets	141,806	4,663	2,802	149,271
Purchase of Capital Assets	(173,928)	(262,063)	(13,335)	(449,326)
Interest Paid	(126,992)	(328)	(237)	(127,557)
Debt Principal Payments	(250,752)	(542)	(392)	(251,686)
Note - Frazier Farms	18,211	-	-	18,211
Net Cash From Capital and Financing Activities	(355,195)	(258,270)	(11,162)	(624,627)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	11,181	78	1	11,260
Net Cash From Investing Activities	11,181	78	1	11,260
Net Change in Cash and Cash Equivalents	(31,314)	(47,403)	7,037	(71,680)
CASH AND CASH EQUIVALENTS				
Beginning of Year	594,418	323,275	10,436	928,129
End of Year	\$ 563,104	\$ 275,872	\$ 17,473	\$ 856,449
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Net Operating Income (Loss)	\$ (108,350)	\$ (220,803)	\$ (75,648)	\$ (404,801)
Depreciation	370,473	66,877	16,544	453,894
Amortization	18,157	-	-	18,157
(Increase) Decrease in Accounts Receivable, Net	13,051	49,670	9,465	72,186
(Increase) Decrease in Prepaid Expenses	-	(3,224)	-	(3,224)
(Increase) Decrease in Inventory	(2,567)	-	13,564	10,997
Increase (Decrease) in Accounts Payable	7,942	1,313	(21,715)	(12,460)
Increase (Decrease) in Compensated Absences	24	(290)	(84)	(350)
Net Cash From Operating Activities	\$ 298,730	\$ (106,457)	\$ (57,874)	\$ 134,399
Noncash Capital Financing Activities:				
Interest subsidy	\$ 7,478			\$ 7,478

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

Town of Limon, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 32,373
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	474,662
International Stocks	13,019
Mutual Funds	1,260,626
Money Markets and Other	<u>133,209</u>
 TOTAL ASSETS	 <u><u>1,913,889</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Accrued Expenses	<u>-</u>
 TOTAL LIABILITIES	 <u>-</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,913,889</u></u>

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

Town of Limon, Colorado
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2016

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 50,879
Employer Contribution	60,646
Interest Income	29
Investment Income (Loss), Net of Expenses	108,992
Total Additions	220,546
DEDUCTIONS:	
Benefit Payments	2,009
Administrative Expenses	6,040
Total Deductions	8,049
CHANGE IN PLAN NET POSITION	212,497
PLAN NET POSITION, BEGINNING OF YEAR	1,701,392
PLAN NET POSITION, END OF YEAR	\$ 1,913,889

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2016

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, 2016

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 Municipal Recreation Area Fund (primarily golfing activities), the Airport Fuel Fund (for the sale of fuel to airplane operators) and the Ambulance Service Fund on this basis.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net 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, 2016

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

1. Summary of Significant Accounting Policies (continued)

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

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

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

1. Summary of Significant Accounting Policies (continued)

- *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.

- *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.

Capital Assets

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

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

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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 21, 2016, the Board approved a resolutions appropriating additional sums of money for the year 2016. 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 2016 the Board of Trustees budgeted all funds and appropriated spending limits by fund. Therefore, the comparisons of actual and budget amounts relating to legal requirements shown in the financial statements is based on “total expenditures” plus “operating transfers to other funds” in the various fund types. All appropriations lapse at year end.

Encumbrances

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

1. Summary of Significant Accounting Policies (continued)

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 2016 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	\$ 31,112
Utility - Treatment supplies, meters and parts	51,980
Municipal Recreation Area - Merchandise & Concessions	3,917
Airport Fuel Fund - Airplane fuel	<u>7,339</u>
Total Inventories	<u>\$ 94,348</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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, 2016.

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, 2016, 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, 2016

2. Cash and Investments (continued)

The Town's cash deposits at December 31, 2016 was \$2,440,993 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 \$914 and the remaining \$2,440,079 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	1,456,959	1,440,079
Total cash and certificates of deposit	\$ 2,456,959	\$ 2,440,079

The difference between the bank balance and carrying balance is \$16,880, which were outstanding items that had not cleared the banks as of December 31, 2016.

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, 2016

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, 2016 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	\$ 474,662	n/a	Not Rated	n/a
International Stocks	13,019	n/a	Not Rated	n/a
Mutual Funds	1,260,626	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>133,209</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,881,516</u>			

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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	\$ 1,252,498
Pooled Cash Overdraft	(80,018)
Restricted Cash	1,235,226
Fiduciary Funds – Cash	32,373
Fiduciary Funds – Investments	<u>1,881,516</u>
Total	<u>\$ 4,321,595</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, 2016 of \$84,424 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, 2016 is \$294,416. Reserves are held in bank savings accounts.

General Fund – economic development reserve. Accumulation at December 31, 2016 is \$16,500. Reserves are held in a bank savings account.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

3. Restricted Assets (continued)

Utility Fund – reserve of \$219,563 for operation and maintenance of the water treatment plant. \$35,383 of the \$219,563 is required by the 2000 water revenue bonds and is held in a bank savings account. The remaining \$184,180 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 \$307,041 at December 31, 2016.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$52,114, as of December 31, 2016 are held in a bank savings account and certificates of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$19,105, as of December 31, 2016, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2016 is \$168,767. Reserve is held in a bank savings account.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2016 is \$70,954. 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 \$9,078 each year. Residents are permitted to pay their accounts in full at any time, which would also decrease total future annual payment requirements.

Payments on the 2005 assessment including principal and interest, at a rate of 7% are due from 2009 to 2025 in the amount of \$19,050 each year. Residents are permitted to pay their accounts in full any time, which would also decrease total future annual payment requirements.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

5. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2015	Additions	Conveyances or Retirements	Balance December 31, 2016
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,223,226	\$ -	\$ -	\$ 1,223,226
Depreciable assets:				
Buildings	2,833,881	17,661	-	2,851,542
Equipment	2,516,087	223,231	-	2,800,303
Infrastructure	4,935,344	37,036	-	4,972,380
Total depreciable assets	<u>10,416,297</u>	<u>287,928</u>	<u>-</u>	<u>10,704,225</u>
Total capital assets	<u>11,639,523</u>	<u>287,928</u>	<u>-</u>	<u>11,927,451</u>
Less accumulated depreciation for:				
Buildings	(1,499,541)	(85,402)	-	(1,584,942)
Equipment	(1,582,273)	(139,626)	-	(1,721,899)
Infrastructure	(1,451,325)	(179,484)	-	(1,630,809)
Total accumulated depreciation	<u>(4,533,139)</u>	<u>(404,512)</u>	<u>-</u>	<u>(4,937,651)</u>
Depreciable assets, net	<u>5,883,158</u>	<u>(116,584)</u>	<u>-</u>	<u>5,766,574</u>
Governmental activities assets, net	<u>\$ 7,106,384</u>	<u>\$ (116,584)</u>	<u>\$ -</u>	<u>\$ 6,989,800</u>

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

General government	\$ 42,331
Airport	21,229
Public safety - police	18,663
Highways and streets	52,844
Public works - sanitation	10,277
Public health - cemetery	3,399
Culture and recreation	76,285
Infrastructure	<u>179,484</u>
Total governmental activities depreciation expense	<u>\$ 404,512</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

5. Capital Assets (continued)

	Balance December 31, 2015	Additions	Conveyances or Retirements	Balance December 31, 2016
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	241,797	-	-	241,797
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>1,290,792</u>	<u>-</u>	<u>-</u>	<u>1,290,792</u>
Depreciable assets:				
Water system, plant & equipment	9,348,051	167,288	-	9,515,339
Sewer system, plant & equipment	4,422,281	6,640	-	4,428,921
Rec area facilities & equipment	412,508	13,335	-	425,843
Ambulance building & equipment	974,573	262,063	-	1,236,636
	<u>15,157,413</u>	<u>449,326</u>	<u>-</u>	<u>15,606,739</u>
Total capital assets	<u>16,448,205</u>	<u>449,326</u>	<u>-</u>	<u>16,897,531</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(4,133,009)	(268,439)	-	(4,401,448)
Sewer system, plant & equipment	(1,910,248)	(102,034)	-	(2,012,282)
Rec area facilities & equipment	(274,036)	(16,544)	-	(290,580)
Ambulance building & equipment	(581,833)	(66,877)	-	(648,710)
Total accumulated depreciation	<u>(6,899,126)</u>	<u>(453,894)</u>	<u>-</u>	<u>(7,353,020)</u>
Depreciable assets, net	<u>8,258,287</u>	<u>(4,568)</u>	<u>-</u>	<u>8,253,719</u>
Business-type activities assets, net	<u>\$ 9,549,079</u>	<u>\$ (4,568)</u>	<u>\$ -</u>	<u>\$ 9,544,511</u>

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

Water	\$ 268,439
Sewer	102,034
Municipal recreation	16,544
Ambulance	<u>66,877</u>
Total business-type activities depreciation expense	<u>\$ 453,894</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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%

Membership in the Plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	3
Active Plan Members	<u>25</u>
Total	28

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, 2016, were \$60,646 and covered payroll was \$821,334.

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

6. Retirement Plan (continued)

The Town's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The total pension liability in the January 1, 2015 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 5.0% 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60%	9.0%-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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

6. Retirement Plan (continued)

Changes in Town's Net Pension Liability

Changes in the Town's net pension liability for the year ended December 31, 2016 was calculated as follows:

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance, December 31, 2015	\$ 2,108,122	\$ 1,674,923	\$ 433,199
Changes for the year:			
Service cost	60,605	-	60,605
Interest	147,499	-	147,499
Difference between expected and actual experience	(41,684)	-	(41,684)
Changes in assumptions	(13,519)	-	(13,519)
Net investment income (loss)	-	105,379	(105,379)
Contributions – employees	-	50,879	(50,879)
Contributions – employer	-	60,646	(60,646)
Benefit payments	(2,009)	(2,009)	-
Administrative expense	-	(8,630)	8,630
Net changes	150,892	206,265	(55,373)
Balance, December 31, 2016	\$ 2,259,014	\$ 1,881,188	\$ 377,826

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%	\$ 823,266
Current discount rate	7.0%	\$ 433,199
1% increase	8.0%	\$ 111,436

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

6. Retirement Plan (continued)

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

For the year ended December 31, 2016, the Town recognized pension expense of \$76,223. At December 31, 2016, 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	\$ -	\$ (31,085)
Changes of assumptions	16,968	-
Net difference between projected and actual earnings on Plan investments	100,937	-
Total	\$ 117,905	\$ (31,085)

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

Year ending December 31,	
2017	\$ 31,145
2018	31,145
2019	31,145
2020	1,605
2021	(1,474)
Thereafter	(6,746)

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 \$84,424 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the TABOR amendment.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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, 2016 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 2016 a principal payment of \$150,000 was made. Additionally, interest payments totaling \$71,600 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
2017	\$ 160,000	\$ 68,600	\$ 221,600
2018	155,000	65,400	220,400
2019	170,000	60,750	230,750
2020	170,000	55,650	225,650
2021	240,000	50,550	290,550
2022-2025	1,445,000	124,650	1,569,650
	\$ 2,340,000	\$ 425,600	\$ 2,765,600

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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 2016 principal payments of \$81,249 and interest payments of \$28,896 were made in addition to the federal subsidy interest amount of \$8,814 for a total of \$37,710 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>
2017	\$ 86,665	\$ 29,970	\$ 116,635	\$ 6,142	\$ 110,492
2018	92,082	25,570	117,652	4,718	112,934
2019	92,082	14,448	106,530	3,205	103,325
2020	<u>102,914</u>	<u>6,014</u>	<u>108,928</u>	<u>1,691</u>	<u>107,237</u>
	<u>\$ 373,743</u>	<u>\$ 76,002</u>	<u>\$ 449,745</u>	<u>\$ 15,756</u>	<u>\$ 433,989</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 2016 a principal payment of \$18,000 was made. An interest payment of \$3,245 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, 2016

8. Long-Term Debt (continued)

Annual debt service requirements on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,000	\$ 2,183	\$ 8,183
2018	6,000	1,829	7,829
2019	6,000	1,475	7,475
2020	7,000	1,121	8,121
2021	7,000	708	7,708
2022	<u>5,000</u>	<u>295</u>	<u>5,295</u>
	<u>\$ 37,000</u>	<u>\$ 7,611</u>	<u>\$ 44,611</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 2016, a principal payment of \$24,000 was made. Additionally, interest payments of \$6,696 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>
2017	\$ 16,000	\$ 5,208	\$ 21,208
2018	17,000	4,216	21,216
2019	18,000	3,162	21,162
2020	20,000	2,046	22,046
2021	<u>13,000</u>	<u>806</u>	<u>13,806</u>
	<u>\$ 84,000</u>	<u>\$ 15,438</u>	<u>\$ 99,438</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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 2016, total principal payments of \$35,687. Additionally, total interest payments of \$21,583 were made.

Scheduled annual debt service requirements to maturity are as follows.

	Principal	Interest	Total
2017	\$ 38,632	\$ 20,526	\$ 59,158
2018	41,756	19,384	61,140
2019	45,071	18,149	66,220
2020	48,588	16,816	65,404
2021	52,317	15,381	67,698
2022-2026	325,784	51,286	377,070
2027-2028	<u>165,251</u>	<u>6,080</u>	<u>171,331</u>
	<u>\$ 717,399</u>	<u>\$ 147,622</u>	<u>\$ 865,021</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, 2016

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 2016 the Town paid \$73,484 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 2016 the Town paid \$63,774 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, 2016

10. Interfund Transactions (continued)

The Town had the following interfund transactions during 2016:

Transfer from General Fund to Ambulance Fund for general operations.	\$ (25,129)
Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	<u>(60,000)</u>
Total General Fund transfers, net	<u><u>\$ (85,129)</u></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 2006, the Town paid \$15,160 for those improvements resulting in a remaining contingent payable of \$57,218. There were no payments made under this agreement in 2016.

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, 2016, three of these individuals were employed, by appointment, by the Town. The fourth individual is now an at-will employee.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2016

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 \$7,332 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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 1,596,848	\$ 1,596,848	\$ 1,556,984	\$ (39,864)
Fines, Licenses and Permits	63,060	63,060	70,232	7,172
Intergovernmental - Local	216,706	216,706	216,834	128
Intergovernmental - Federal	8,088	8,088	6,130	(1,958)
Charges for Services	535,183	535,183	551,492	16,309
Interest	5,118	5,118	5,047	(71)
Donations and Grants	25,760	25,760	26,552	792
Insurance Claims	-	-	16,818	16,818
Miscellaneous	27,500	27,500	48,146	20,646
TOTAL REVENUES	<u>2,478,263</u>	<u>2,478,263</u>	<u>2,498,235</u>	<u>19,972</u>
EXPENDITURES				
Current:				
General Government	602,228	602,228	597,774	4,454
Airport	13,073	13,073	23,389	(10,316)
Public Works - Streets	564,284	564,284	593,032	(28,748)
Public Works - Sanitation	229,147	229,147	190,861	38,286
Public Safety	429,628	429,628	424,764	4,864
Public Health - Cemetery	77,310	77,310	95,034	(17,724)
Culture and Recreation	321,850	321,850	294,521	27,329
Capital Outlay	330,490	330,490	274,086	56,404
Debt Service:				
Principal	40,535	40,535	62,535	(22,000)
Interest	23,024	23,024	22,360	664
TOTAL EXPENDITURES	<u>2,631,569</u>	<u>2,631,569</u>	<u>2,578,356</u>	<u>53,213</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(153,306)	(153,306)	(80,121)	73,185
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(80,901)	(80,901)	(85,129)	(4,228)
NET CHANGE IN FUND BALANCE	(234,207)	(234,207)	(165,250)	68,957
FUND BALANCES, BEGINNING OF YEAR	<u>1,003,958</u>	<u>1,003,958</u>	<u>983,317</u>	<u>(20,641)</u>
FUND BALANCES, END OF YEAR	<u>\$ 769,751</u>	<u>\$ 769,751</u>	<u>\$ 818,067</u>	<u>\$ 48,316</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, 2016

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%

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, 2016

Year ended December 31,	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service Cost	60,605	71,522
Interest	147,499	134,358
Difference between Expected and Actual Experience	(41,684)	8,370
Benefit Payments	(2,009)	(119,679)
Other Changes	<u>(13,519)</u>	<u>34,314</u>
Net Change in Total Pension Liability	150,892	128,885
Total Pension Liability - Beginning	2,108,122	1,979,237
Total Pension Liability - Ending (a)	2,259,014	2,108,122
Plan Fiduciary Net Position		
Employer Contributions	60,646	55,125
Employee Contributions	50,879	52,306
Net Investment Income	105,379	(27,819)
Benefit Payments	(2,009)	(119,679)
Administrative Expenses	<u>(8,630)</u>	<u>(250)</u>
Net Change in Plan Fiduciary Net Position	206,265	(40,317)
Plan Fiduciary Net Position - Beginning	1,674,923	1,715,240
Plan Fiduciary Net Position - Ending (b)	1,881,188	1,674,923
Net Pension Liability - Ending (a) - (b)	<u>377,826</u>	<u>433,199</u>
Plan Fiduciary Net Position as a Percentage		
of Total Pension Liability	83.3%	79.5%
Covered Employee Payroll	821,334	954,434
Net Pension Liability as a Percentage of		
Covered Employee Payroll	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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental - Federal	\$ 648,961	\$ 660,458	\$ 660,458	\$ -
Total Revenues	<u>648,961</u>	<u>660,458</u>	<u>660,458</u>	<u>-</u>
EXPENDITURES:				
Head Start Program	648,961	648,961	660,458	(11,497)
Supplemental Appropriation	<u>-</u>	<u>11,497</u>	<u>-</u>	<u>11,497</u>
Total Expenditures	<u>648,961</u>	<u>660,458</u>	<u>660,458</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, 2016

	<u>CAPITAL CONSTRUCTION FUND</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>TOTALS</u>
ASSETS:				
Cash	\$ 15,747	\$ 15,597	\$ 7,246	\$ 38,590
TOTAL ASSETS	<u>\$ 15,747</u>	<u>\$ 15,597</u>	<u>\$ 7,246</u>	<u>\$ 38,590</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	15,597	-	15,597
Assigned-Designated for Subsequent Year	<u>15,747</u>	<u>-</u>	<u>7,246</u>	<u>22,993</u>
TOTAL FUND BALANCES	<u>15,747</u>	<u>15,597</u>	<u>7,246</u>	<u>38,590</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,747</u>	<u>\$ 15,597</u>	<u>\$ 7,246</u>	<u>\$ 38,590</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, 2016

	CAPITAL CONSTRUCTION FUND	CONSER- VATION TRUST FUND	CEMETERY PERPET- UAL CARE	TOTALS
REVENUES:				
Interest	\$ -	\$ 3	\$ -	\$ 3
Intergovernmental - Local	7,757	21,284	-	29,041
Intergovernmental - Federal	139,630	-	-	139,630
Donations	-	-	1,000	1,000
Perpetual Care	-	-	1,400	1,400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>147,387</u>	<u>21,287</u>	<u>2,400</u>	<u>171,074</u>
EXPENDITURES:				
Perpetual Care Refund	-	-	400	400
Airport Master Plan	155,144	-	-	155,144
Recreation	-	6,599	-	6,599
Capital Outlay	-	13,841	-	13,841
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>155,144</u>	<u>20,440</u>	<u>400</u>	<u>175,984</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,757)	847	2,000	(4,910)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCE	(7,757)	847	2,000	(4,910)
FUND BALANCE, BEGINNING OF YEAR	<u>23,504</u>	<u>14,750</u>	<u>5,246</u>	<u>43,500</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,747</u>	<u>\$ 15,597</u>	<u>\$ 7,246</u>	<u>\$ 38,590</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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental - State	\$ 17,000	\$ 17,000	\$ 21,284	\$ 4,284
Interest	<u>15</u>	<u>15</u>	<u>3</u>	<u>(12)</u>
Total Revenues	<u>17,015</u>	<u>17,015</u>	<u>21,287</u>	<u>4,272</u>
EXPENDITURES:				
Recreation	-	-	6,599	(6,599)
Recreation - capital outlay	<u>20,951</u>	<u>20,951</u>	<u>13,841</u>	<u>7,110</u>
Total Expenditures	<u>20,951</u>	<u>20,951</u>	<u>20,440</u>	<u>511</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,936)	(3,936)	847	4,783
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(5,600)</u>	<u>(5,600)</u>	<u>-</u>	<u>5,600</u>
NET CHANGE IN FUND BALANCE	(9,536)	(9,536)	847	10,383
FUND BALANCE, BEGINNING OF YEAR	<u>10,038</u>	<u>10,038</u>	<u>14,750</u>	<u>4,712</u>
FUND BALANCE, END OF YEAR	<u>\$ 502</u>	<u>\$ 502</u>	<u>\$ 15,597</u>	<u>\$ 15,095</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, 2016

	<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	\$ 1,000	\$ 1,000	\$ 1,400	\$ 400
Donations	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>2,400</u>	<u>1,400</u>
EXPENDITURES:				
Perpetual Care Refund	-	-	400	(400)
Public Health - Capital Outlay	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>400</u>	<u>100</u>
NET CHANGE IN FUND BALANCE	500	500	2,000	1,500
FUND BALANCE, BEGINNING OF YEAR	<u>5,247</u>	<u>5,247</u>	<u>5,246</u>	<u>(1)</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,747</u>	<u>\$ 5,747</u>	<u>\$ 7,246</u>	<u>\$ 1,499</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, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Intergovernmental - Federal	\$ 184,737	\$ 184,737	\$ 139,630	\$ (45,107)
Intergovernmental - Local	12,155	12,155	7,757	(4,398)
Donations	5,000	5,000	-	(5,000)
TOTAL REVENUES	<u>201,892</u>	<u>201,892</u>	<u>147,387</u>	<u>(54,505)</u>
EXPENDITURES				
Signage	10,000	10,000	-	10,000
Airport Master Plan	197,858	197,858	155,144	42,714
TOTAL EXPENDITURES	<u>207,858</u>	<u>207,858</u>	<u>155,144</u>	<u>52,714</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(5,966)	(5,966)	(7,757)	(1,791)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	-	-
NET CHANGE IN FUND BALANCE	(5,966)	(5,966)	(7,757)	(1,791)
FUND BALANCE, BEGINNING OF YEAR	<u>21,462</u>	<u>21,462</u>	<u>23,504</u>	<u>2,042</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,496</u>	<u>\$ 15,496</u>	<u>\$ 15,747</u>	<u>\$ 251</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, 2016

	<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	\$ 1,107,901	\$ 1,107,901	\$1,032,197	\$ (75,704)
Other User Charges	7,900	7,900	11,856	3,956
Miscellaneous	100	100	1,438	1,338
Interest	11,214	11,214	11,135	(79)
Note Principal - Frasier	18,211	18,211	18,211	-
DOC Maintenance	2,553	2,553	2,553	-
DOC Maintenance Expenses from Restricted Account		-	2,470	2,470
Tap Fees	19,632	19,632	36,353	16,721
Intergovernmental-Federal	7,478	7,478	7,478	-
Intergovernmental-Local	-	-	-	-
Total Revenues	<u>1,174,989</u>	<u>1,174,989</u>	<u>1,130,183</u>	<u>(44,806)</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	834,236	834,236	783,366	50,870
Interest Expense	118,320	118,320	112,112	6,208
Debt Principal	245,467	245,467	245,467	-
Capital Expenditures	233,440	233,440	173,928	59,512
DOC Maintenance Revenue to Restricted Account	2,553	2,553	2,553	-
System Maintenance Paid from Colorado Reserve Account	-	-	2,470	(2,470)
Total Expenditures	<u>1,434,016</u>	<u>1,434,016</u>	<u>1,319,896</u>	<u>114,120</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (259,027)</u>	<u>\$ (259,027)</u>	(189,713)	<u>\$ 69,314</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			245,467	
Capital Expenditures			173,928	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(18,211)	
Less: Depreciation and Amortization			<u>(383,345)</u>	
Change in Net Position GAAP			<u>\$ (171,874)</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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
REVENUES:				POSITIVE
Sales, Net Contractual Adjustments and Bad Debts	\$ 385,350	\$ 385,350	\$ 253,155	\$ (132,195)
Interest	75	75	78	3
Donations and Grants	850	850	3,561	2,711
Intergovernmental - Local	167,121	167,121	288,556	121,435
Miscellaneous	2,420	2,420	1,326	(1,094)
Transfer From Other Funds	<u>26,096</u>	<u>26,096</u>	<u>25,129</u>	<u>(967)</u>
Total Revenues	<u>581,912</u>	<u>581,912</u>	<u>571,805</u>	<u>(10,107)</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	283,188	283,188	273,862	9,326
Maintenance	20,841	20,841	13,837	7,004
Insurance	5,920	5,920	5,920	-
Utilities	10,472	10,472	8,728	1,744
Other Expenses	113,028	113,028	106,060	6,968
Principal Payment	542	542	542	-
Interest Expense	328	328	328	-
Capital Outlay	148,857	148,857	262,063	(113,206)
Supplemental Appropriation	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Total Expenditures	<u>583,176</u>	<u>758,176</u>	<u>671,340</u>	<u>86,836</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,264)</u>	<u>\$ (176,264)</u>	(99,535)	<u>\$ 76,729</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			542	
Add: Capital Outlay			262,063	
Less: Depreciation			<u>(66,877)</u>	
Change In Net Position GAAP			<u>\$ 96,193</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2016

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
ASSETS			
Current assets:			
Cash	\$ 7,517	\$ 9,956	\$ 17,473
Inventories	3,917	7,339	11,256
Accounts Receivable	-	86	86
Total Current Assets	<u>11,434</u>	<u>17,381</u>	<u>28,815</u>
Non-Current Assets:			
Capital Assets:			
Land	9,321	-	9,321
Recreation Area Facilities	311,524	-	311,524
Equipment	114,317	-	114,317
Accumulated Depreciation	(290,580)	-	(290,580)
Total Non-Current Assets	<u>144,582</u>	<u>-</u>	<u>144,582</u>
TOTAL ASSETS	<u>156,016</u>	<u>17,381</u>	<u>173,397</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	425	-	425
Accounts Payable	4,058	2,189	6,247
Compensated Absences	1,559	-	1,559
Total Current Liabilities	<u>6,042</u>	<u>2,189</u>	<u>8,231</u>
Non-Current Liabilities:			
Long-Term Debt - Net of Current Portion	7,437	-	7,437
Total Non-Current Liabilities	<u>7,437</u>	<u>-</u>	<u>7,437</u>
TOTAL LIABILITIES	<u>13,479</u>	<u>2,189</u>	<u>15,668</u>
NET POSITION			
Net Investment in Capital Assets	144,582	-	144,582
Unrestricted	(2,045)	15,192	13,147
TOTAL NET POSITION	<u>142,537</u>	<u>15,192</u>	<u>157,729</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 156,016</u>	<u>\$ 17,381</u>	<u>\$ 173,397</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, 2016

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
OPERATING REVENUES			
Sales	\$ 121,088	\$ 35,930	\$ 157,018
Other User Charges	5,070	-	5,070
Miscellaneous	<u>1,919</u>	<u>-</u>	<u>1,919</u>
Total Operating Revenues	<u>128,077</u>	<u>35,930</u>	<u>164,007</u>
OPERATING EXPENSES			
Cost of Resale Items	14,422	30,101	44,523
Maintenance	5,997	1,248	7,245
Insurance	4,039	-	4,039
Utilities	22,301	-	22,301
Testing	-	480	480
Salaries and Benefits	119,786	-	119,786
Other Expenses	23,030	1,707	24,737
Depreciation	<u>16,544</u>	<u>-</u>	<u>16,544</u>
Total Operating Expenses	<u>206,119</u>	<u>33,536</u>	<u>239,655</u>
Income (Loss) From Operations	<u>(78,042)</u>	<u>2,394</u>	<u>(75,648)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	1	-	1
Donations	16,072	-	16,072
Interest Expense	<u>(237)</u>	<u>-</u>	<u>(237)</u>
Total Non-Operating Revenues (Expenses)	<u>15,836</u>	<u>-</u>	<u>15,836</u>
Net Income Before Contributions and Transfers	(62,206)	2,394	(59,812)
Transfers In (Out)	<u>60,000</u>	<u>-</u>	<u>60,000</u>
CHANGE IN NET POSITION	<u>(2,206)</u>	<u>2,394</u>	<u>188</u>
NET POSITION, BEGINNING OF YEAR	<u>144,745</u>	<u>12,798</u>	<u>157,543</u>
NET POSITION, END OF YEAR	<u>\$ 142,539</u>	<u>\$ 15,192</u>	<u>\$ 157,731</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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				(NEGATIVE)
REVENUES:				
Sales	\$ 26,050	\$ 26,050	\$ 35,930	\$ 9,880
Donations	25	25	-	(25)
Transfer From Other Funds	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u>27,075</u>	<u>27,075</u>	<u>35,930</u>	<u>8,855</u>
EXPENDITURES:				
Operating Expenses	27,121	27,121	33,536	(6,415)
Supplemental Appropriation	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>27,121</u>	<u>37,121</u>	<u>33,536</u>	<u>3,585</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ (46)</u>	<u>\$ (10,046)</u>	<u>\$ 2,394</u>	<u>\$ 12,440</u>

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

Town of Limon, Colorado
Municipal Recreation Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Sales	\$ 127,185	\$ 127,185	\$ 121,088	\$ (6,097)
Other User Charges	5,000	5,000	5,070	70
Interest	20	20	1	(19)
Donations	10,500	10,500	16,072	5,572
Miscellaneous	2,000	2,000	1,919	(81)
Transfers from Other Funds	<u>59,405</u>	<u>59,405</u>	<u>60,000</u>	<u>595</u>
Total Revenues	<u>204,110</u>	<u>204,110</u>	<u>204,150</u>	<u>40</u>
EXPENDITURES:				
Salaries and Benefits	122,204	122,204	119,786	2,418
Cost of Resale Items	13,000	13,000	14,422	(1,422)
Maintenance	10,900	10,900	5,997	4,903
Insurance	4,039	4,039	4,039	-
Utilities	20,452	20,452	22,301	(1,849)
Other Expenses	27,482	27,482	23,030	4,452
Capital Expenditures	4,600	4,600	13,335	(8,735)
Principal Payments	425	425	393	32
Interest Expense	226	226	237	(11)
Supplemental Appropriation	<u>-</u>	<u>5,700</u>	<u>-</u>	<u>5,700</u>
Total Expenditures	<u>203,328</u>	<u>209,028</u>	<u>203,540</u>	<u>5,488</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 782</u>	<u>\$ (4,918)</u>	610	<u>\$ 5,528</u>
RECONCILIATION TO GAAP BASIS				
Principal payments			393	
Add budgetary items shown as Expenditures:				
Capital Expenditures			13,335	
Less: Depreciation and Amortization			<u>(16,544)</u>	
Change In Net Position GAAP			<u>\$ (2,206)</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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Employee Contribution	\$ 54,162	\$ 54,162	\$ 50,879	\$ (3,283)
Employer Contribution	60,646	60,646	60,646	-
Interest Income	200	200	29	(171)
Investment Income				
Net of Expenses	<u>35,000</u>	<u>35,000</u>	<u>108,992</u>	<u>73,992</u>
Total Revenues	<u>150,008</u>	<u>150,008</u>	<u>220,546</u>	<u>70,538</u>
EXPENDITURES:				
Benefit Payments	12,009	12,009	2,009	10,000
Administrative Expenses	2,500	2,500	6,040	(3,540)
Supplemental Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>14,509</u>	<u>14,509</u>	<u>8,049</u>	<u>6,460</u>
CHANGE IN NET POSITION	135,499	135,499	212,497	76,998
NET POSITION, BEGINNING OF YEAR	<u>1,771,293</u>	<u>1,771,293</u>	<u>1,701,392</u>	<u>(69,901)</u>
NET POSITION, END OF YEAR	<u>\$ 1,906,792</u>	<u>\$ 1,906,792</u>	<u>\$ 1,913,889</u>	<u>\$ 7,097</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 2016
This Information From The Records Of (example - City of _ or County of _): TOWN OF LIMON	Prepared By:	David Copsey, 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)	37,036
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	508,841
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	33,660
2. General fund appropriations	182,038	b. Snow and ice removal	10,469
3. Other local imposts (from page 2)	507,394	c. Other	51,344
4. Miscellaneous local receipts (from page 2)	139,078	d. Total (a. through c.)	95,473
5. Transfers from toll facilities		4. General administration & miscellaneous	27,794
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	212,382
a. Bonds - Original Issues		6. Total (1 through 5)	881,526
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	9,941
7. Total (1 through 6)	828,510	b. Redemption	42,000
B. Private Contributions	28,152	c. Total (a. + b.)	51,941
C. Receipts from State government (from page 2)	83,048	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	2,353
E. Total receipts (A.7 + B + C + D)	939,710	b. Redemption	3,890
		c. Total (a. + b.)	6,243
		3. Total (1.c + 2.c)	58,184
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	939,710

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	163,000		42,000	121,000
1. Bonds (Refunding Portion)				
B. Notes (Total)	82,086		3,890	78,196

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	939,710	939,710	0	0

Notes and Comments:

Other Road and Street Services is Street Lighting (Other than for traffic light) of \$51,344.

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

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	94,042	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	30,344
1. Sales Taxes	244,917	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	168,435	g. Other Misc Gravel Sales	21,061
6. Total (1. through 5.)	413,352	h. Other Franchise fees	87,673
c. Total (a. + b.)	507,394	i. Total (a. through h.)	139,078
	(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	75,772	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	7,276	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.)	7,276	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	83,048	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	37,036	37,036
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	37,036	37,036
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	37,036	37,036
			(Carry forward to page 1)

Notes and Comments:



**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 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, 2016, 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, 2017.

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.

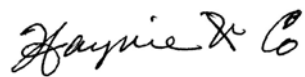
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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, 2017



**Haynie &
Company**

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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, 2016. 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, 2016.

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, 2017

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

<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>660,458</u>
Total Department of Health and Human Services			<u>660,458</u>
Department of Transportation			
Direct program:			
Airport Improvement Program	20.106		139,630
Pass-through program from:			
East Central Council of Local Governments			
Transportation Grant	20.xxx		6,130
Citizens Institute on Rural Design	45.024		<u>5,569</u>
Total Department of Transportation			<u>151,329</u>
Total Expenditures of Federal Awards			\$ <u>811,787</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, 2016

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