

# **Town of Limon, Colorado**

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## **Financial Statements and Independent Auditor's Report**

**December 31, 2021 and 2020**

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

## Opinions

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, (the “Town”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position and, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, budgetary comparison information and pension schedules, 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's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules, schedule of debt service requirements to maturity, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and as also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, budgetary schedules and the schedule of expenditures of federal awards 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 nonmajor fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of Town of Limon, Colorado, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Limon, Colorado, Colorado's internal control over financial reporting and compliance

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

Littleton, Colorado

September 30, 2022

**Town of Limon, Colorado**  
**Management's Discussion and Analysis**  
**December 31, 2021**

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

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

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

**FINANCIAL HIGHLIGHTS**

- The Town's total net position increased by \$934,678 or 6.89% during the year. The governmental net position increased by \$650,024 or 6.89%, and the business-type net position increased by \$284,654, or 4.89%.
- The governmental activities revenue changed from \$4,331,693 in 2020 to \$5,122,581 in 2021 for an increase of \$790,888 or 15.44%. This increase is due primarily to increases in grants and tax income.
- The governmental activities expenditures changed from \$3,486,323 in 2020 to \$4,472,557 in 2021, an increase of \$986,234 or 22.56%. The increase is due primarily to an increase in general, airport and public safety expenditures.
- The business-type activities revenue changed from \$2,061,433 in 2020 to \$2,202,253 in 2021, an increase of \$140,820 or 6.70%. This increase is due primarily to increased grants and contributions.
- The business-type activities expenditures changed from \$1,907,625 in 2020 to \$1,917,599 in 2021, an increase of \$9,974 or 2.24%. This increase is due primarily to increased ambulance service expenses.

- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$6,609,312 or 75.3% in fund balance. This increase is due primarily to issuance of new bonds.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

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

The Town has two kinds of funds:

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

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

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

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Current assets	\$ 8,529,166	\$ 1,957,532	\$ 1,822,227	\$ 1,632,518	\$ 10,351,393	\$ 3,590,050
Restricted assets	1,801,572	974,605	1,370,907	1,108,609	3,172,479	2,083,214
Other non-current assets	50,267	75,733	61,188	104,370	111,455	180,103
Capital assets, net	7,539,989	7,034,913	8,122,790	8,594,178	15,662,779	15,629,091
Total assets	<u>17,920,994</u>	<u>10,042,783</u>	<u>11,377,112</u>	<u>11,439,675</u>	<u>29,298,106</u>	<u>21,482,458</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred outflows - pension	390,258	428,996	-	-	390,258	428,996
Total deferred outflow of resources	<u>390,258</u>	<u>428,996</u>	<u>-</u>	<u>-</u>	<u>390,258</u>	<u>428,996</u>
<b>LIABILITIES</b>						
Current liabilities	889,869	289,525	347,048	343,751	1,236,917	633,276
Non-current liabilities	7,108,328	798,896	1,415,861	1,698,167	8,524,189	2,497,063
Total liabilities	<u>7,998,197</u>	<u>1,088,421</u>	<u>1,762,909</u>	<u>2,041,918</u>	<u>9,761,106</u>	<u>3,130,339</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred inflows - pension	177,314	201,671	-	-	177,314	201,671
Deferred property taxes	458,133	399,420	-	-	-	-
Deferred revenue	245,317	-	-	-	245,317	-
Total deferred inflow of resources	<u>880,764</u>	<u>601,091</u>	<u>-</u>	<u>-</u>	<u>422,631</u>	<u>201,671</u>
<b>NET POSITION</b>	<u>\$ 9,432,291</u>	<u>\$ 8,782,267</u>	<u>\$ 9,614,203</u>	<u>\$ 9,397,757</u>	<u>\$ 19,504,627</u>	<u>\$ 18,579,444</u>
Net Position consist of:						
Net investment in capital assets	\$ 722,750	\$ 6,717,277	\$ 6,762,536	\$ 6,966,692	\$ 7,485,286	\$ 13,683,969
Restricted net position	896,402	665,744	625,449	397,945	1,521,851	1,063,689
Unrestricted net position	7,813,139	1,399,246	2,226,218	2,033,120	10,039,357	3,432,366
Total net position	<u>\$ 9,432,291</u>	<u>\$ 8,782,267</u>	<u>\$ 9,614,203</u>	<u>\$ 9,397,757</u>	<u>\$ 19,046,494</u>	<u>\$ 18,180,024</u>

The net position of the Town's governmental activities as of December 31, 2021 were \$9,432,291 of which \$7,813,139 was unrestricted and is available for spending at the government's discretion. The remainder is net investment in capital assets of \$722,750, reserved for Emergency Reserve of \$88,312, reserved for Economic Development of \$16,577, reserved for Recreation of \$348,342 and Capital Replacement Reserve of \$282,110.

The General Fund is the main operating fund of the Town. As of December 31, 2021, the General Fund balance was \$8,781,164, of which \$6,848,920 was unassigned. Unassigned fund balance represents 185.1% of 2021 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>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Program revenues:</b>						
Operating grants and contributions	\$ 1,729,380	\$ 1,268,581	\$ 158,071	\$ 109,662	\$ 1,887,451	\$ 1,378,243
Capital grants and contributions	124,707	502,915	18,840	45,903	143,547	548,818
Charges for services	490,888	461,327	1,848,630	1,783,609	2,339,518	2,244,936
Total program revenue	<u>2,344,975</u>	<u>2,232,823</u>	<u>2,025,541</u>	<u>1,939,174</u>	<u>4,370,516</u>	<u>4,171,997</u>
<b>General revenues:</b>						
Taxes	2,677,113	2,025,388	-	-	2,677,113	2,025,388
Investment earnings	23,116	30,236	6,718	10,766	29,834	41,002
Insurance proceeds	18,029	3,558	-	19,993	18,029	23,551
Other	59,348	39,688	-	-	59,348	39,688
Total general revenue	<u>2,777,606</u>	<u>2,098,870</u>	<u>6,718</u>	<u>30,759</u>	<u>2,784,324</u>	<u>2,129,629</u>
<b>Total Revenue</b>	<u>\$ 5,122,581</u>	<u>\$ 4,331,693</u>	<u>\$ 2,032,259</u>	<u>\$ 1,969,933</u>	<u>\$ 7,154,840</u>	<u>\$ 6,301,626</u>
<b>Expenses</b>						
General government	\$ 874,565	\$ 760,539	\$ -	\$ -	\$ 874,565	\$ 760,539
Airport	31,309	41,015	-	-	31,309	41,015
Public safety	534,212	540,177	-	-	534,212	540,177
Highways and streets	628,594	475,045	-	-	628,594	475,045
Public works - sanitation	305,032	270,909	-	-	305,032	270,909
Public health - cemetery	81,519	85,907	-	-	81,519	85,907
Culture and recreation	663,145	425,263	-	-	663,145	425,263
Head Start Program	1,243,249	784,220	-	-	1,243,249	784,220
Water	-	-	521,240	524,639	521,240	524,639
Water treatment plant	-	-	200,001	225,330	200,001	225,330
Sewer	-	-	369,507	373,974	369,507	373,974
Municipal recreation area	-	-	241,218	240,061	241,218	240,061
Airport fuel fund	-	-	35,485	29,197	35,485	29,197
Ambulance service fund	-	-	550,148	514,424	550,148	514,424
Interest and fiscal charges	9,146	11,748	-	-	9,146	11,748
Total expenses	<u>4,370,771</u>	<u>3,394,823</u>	<u>1,917,599</u>	<u>1,907,625</u>	<u>6,288,370</u>	<u>5,302,448</u>
Changes in net position before transfers and special items	751,810	936,870	114,660	62,308	866,470	999,178
Transfers	<u>(101,786)</u>	<u>(91,500)</u>	<u>101,786</u>	<u>91,500</u>	<u>-</u>	<u>-</u>
Change in net position	650,024	845,370	216,446	153,808	866,470	999,178
Beginning net position	<u>8,782,267</u>	<u>7,936,897</u>	<u>9,397,757</u>	<u>9,243,949</u>	<u>18,180,024</u>	<u>17,180,846</u>
Ending net position	<u>9,432,291</u>	<u>8,782,267</u>	<u>9,614,203</u>	<u>9,397,757</u>	<u>19,046,494</u>	<u>18,180,024</u>

Governmental Activities revenues in the amount of \$5,122,581 were more than expenses and transfers of \$4,472,557 by \$650,024. Business-type activities revenues and transfers in the amount of \$2,134,045 were more than expenses of \$1,917,599 by \$216,446.

### **BUDGETARY HIGHLIGHTS**

The budget was amended on December 21, 2021 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 3, 2020. The additional expenditures were funded by unanticipated revenue and/or the prior year’s fund balance. Funds with appropriation increases:

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Increase</u>
General Fund	\$ 2,934,646	\$ 3,859,646	\$ 925,000
Golf Fund	224,159	230,159	6,000
Head Start Fund	744,674	1,255,155	510,481
Employees’ Pension Trust	10,144	17,144	7,000
Airport Fuel Fund	29,019	36,519	7,500
Ambulance Fund	818,714	868,714	<u>50,000</u>
			<u>\$ 1,505,981</u>

- Changes in the General Fund Budget were due to an increase in capital outlay. The increase was funded by unexpected revenue.
- Changes in the Head Start Fund Budget and Golf Fund Budget were due to increased salaries and personnel expenses. The increase was funded by unexpected revenue.
- Changes in the Employee Pension Fund were due primarily to benefit payments. The increase was funded by unexpected revenue.
- Changes in Airport Fuel Fund was due primarily to the increase in demand of fuel. The increase was funded by the increase in sales.
- Changes in Ambulance Fund were due primarily to the increase in the ambulance runs. The increase was funded by unexpected revenue.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – As of December 31, 2021, Limon’s investment in capital assets for its governmental and business type activities, net of accumulated depreciation, was \$15,662,779. This included infrastructure assets acquired since January 1, 2004. Capital assets including land, buildings, streets, utility systems and equipment are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,248,511	\$ 1,248,511	\$ 241,797	\$ 241,797	\$ 1,490,308	\$ 1,490,308
Buildings and water and sewer systems	3,003,009	2,984,034	14,365,666	14,365,666	17,368,675	17,349,700
Equipment	3,183,159	3,044,616	1,993,252	1,990,573	5,176,411	5,035,189
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	735,756	-	-	-	735,756	-
Infrastructure	6,226,758	6,184,860	-	-	6,226,758	6,184,860
Total	\$ 14,397,193	\$ 13,462,021	\$ 17,649,710	\$ 17,647,031	\$ 32,046,903	\$ 31,109,052
Accumulated depreciation	(6,857,204)	(6,427,108)	(9,526,920)	(9,052,853)	(16,384,124)	(15,479,961)
Capital assets, net	<u>\$ 7,539,989</u>	<u>\$ 7,034,913</u>	<u>\$ 8,122,790</u>	<u>\$ 8,594,178</u>	<u>\$ 15,662,779</u>	<u>\$ 15,629,091</u>

This year's major capital asset additions include:

- Pool construction in progress - \$735,756
- Railroad Park - \$39,922
- Kitchen Equipment - \$29,007
- Dodge Challenger - \$27,765

**Long-term Debt** – As of December 31, 2021 the Town had \$8,494,214 in outstanding debt as follows.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Special assessment bonds	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Bonds payable:						
2012 Water Revenue	-	-	1,445,000	1,685,000	1,445,000	1,685,000
2012 Bond Premium	-	-	20,704	25,990	20,704	25,990
2021 Sales Tax Bond	5,565,000	-	-	-	5,565,000	-
2021 Bond Premium	969,706	-	-	-	969,706	-
Loans payable:						
Lease-Purchase	282,533	312,636	195,620	230,716	478,153	543,352
Colorado maintenance fee	-	-	15,651	18,675	15,651	18,675
Total	<u>\$ 6,817,239</u>	<u>\$ 317,636</u>	<u>\$ 1,676,975</u>	<u>\$ 1,960,381</u>	<u>\$ 8,494,214</u>	<u>\$ 2,278,017</u>

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

- Sales tax revenues budgeted for 2022 is \$1,460,000, which is \$103,786 less than 2021 actual.
- The property tax revenue budgeted for 2022 is \$472,302, which is \$67,948 more than 2021 actual.

- Governmental funds revenues were budgeted at \$4,346,981 in 2022, which is a decrease of 18% from the 2021 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2021 budgeted direct pass-through amounts are \$753,634, which is the \$489,615 less than the 2021 actual amount. The 2021 budgeted expenditures for governmental activities are projected to be \$10,204,616, which is a 52% increase from the 2021 actual.
- Proprietary funds revenues were budgeted at \$2,422,584 for 2022, which is an increase of 24% from the 2021 actual revenues. 2021 budgeted expenditures of \$2,234,841 represents an increase from 2021 actual expenditures of 17%.

### **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, 2021**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 7,407,755	\$ 1,540,456	\$ 8,948,211
Current Portion Note Receivable	-	25,026	25,026
Accounts Receivable	129,701	317,846	447,547
Allowance for Doubtful Accounts	(1,777)	(134,287)	(136,064)
Intergovernmental Receivable	451,945	-	451,945
Prepaid expenses	-	4,629	4,629
Accrued Interest Receivable	-	899	899
Special Assessment Receivable, Current Portion	31,131	-	31,131
Property Taxes Receivable	458,133	-	458,133
Inventory and Supplies	52,278	67,658	119,936
<b>Total Current Assets</b>	<u>8,529,166</u>	<u>1,822,227</u>	<u>10,351,393</u>
<b>Restricted Assets:</b>			
Emergency Reserve	88,312	-	88,312
Debt Reserves	-	316,868	316,868
Water Plant Reserve	-	96,331	96,331
Water Revenue Bonds	-	308,581	308,581
Sewer Line Maint. Reserve	-	15,651	15,651
Capital Replacement Reserve	282,110	633,476	915,586
Equipment Reserve	315,038	-	315,038
Recreation Reserve	348,342	-	348,342
Library Reserve	161,061	-	161,061
American Recovery Reserve	245,834	-	245,834
Recreation Tax Reserve	344,298	-	344,298
Economic Development Reserve	16,577	-	16,577
<b>Total Restricted Assets</b>	<u>1,801,572</u>	<u>1,370,907</u>	<u>3,172,479</u>
<b>Non-Current Assets:</b>			
Special Assessment Receivable, Net of Current Portion	50,267	-	50,267
Notes Receivable, Net of Current Portion	-	26,388	26,388
Loss on Bond Refunding, net	-	34,800	34,800
Capital Assets			
Land	1,248,511	241,797	1,490,308
Buildings and Water and Sewer Systems	3,003,009	14,365,666	17,368,675
Equipment	3,183,159	1,993,252	5,176,411
Infrastructure	6,226,758	-	6,226,758
Other Capital Assets	-	1,048,995	1,048,995
Construction in Progress	735,756	-	735,756
Accumulation Depreciation	(6,857,204)	(9,526,920)	(16,384,124)
<b>Total Non-Current Assets</b>	<u>7,590,256</u>	<u>8,183,978</u>	<u>15,774,234</u>
<b>TOTAL ASSETS</b>	<u>17,920,994</u>	<u>11,377,112</u>	<u>29,298,106</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pension	390,258	-	390,258
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<u>390,258</u>	<u>-</u>	<u>390,258</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Pooled Cash Overdraft	272,525	-	272,525
Current Portion of Long Term Debt	191,143	273,997	465,140
Accounts Payable	414,168	64,895	479,063
Accrued Interest Payable	-	5,203	5,203
Compensated Absences	12,033	2,953	14,986
<b>Total Current Liabilities</b>	<u>889,869</u>	<u>347,048</u>	<u>1,236,917</u>
<b>Non-Current Liabilities:</b>			
Net Pension Liability	482,232	-	482,232
Long Term Debt, net	6,626,096	1,415,861	8,041,957
<b>Total Non-Current Liabilities</b>	<u>7,108,328</u>	<u>1,415,861</u>	<u>8,524,189</u>
<b>TOTAL LIABILITIES</b>	<u>7,998,197</u>	<u>1,762,909</u>	<u>9,761,106</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pension	177,314	-	177,314
Deferred Revenue - ARPA funds	245,317	-	245,317
Deferred Revenue - Property Taxes	458,133	-	458,133
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<u>880,764</u>	<u>-</u>	<u>880,764</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	722,750	6,762,536	7,485,286
Restricted for:			
Economic Development	16,577	-	16,577
Emergency Reserve	88,312	316,868	405,180
Recreation Reserve	348,342	-	348,342
Library Reserve	161,061	-	161,061
Bond Reserve	-	308,581	308,581
Capital Replacement	282,110	-	282,110
Unrestricted:	7,813,139	2,226,218	10,039,357
<b>TOTAL NET POSITION</b>	<u>\$ 9,432,291</u>	<u>\$ 9,614,203</u>	<u>\$ 19,046,494</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, 2021**

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental activities:</b>				
General Government	\$ 874,565	\$ 67,448	\$ 38,308	\$ 118,527
Airport	31,309	6,637	21,605	-
Public Works -Streets	628,594	35,661	276,454	6,180
Public Works - Sanitation	305,032	324,267	-	-
Public Safety - Police	534,212	50	840	-
Public Health - Cemetery	81,519	7,075	-	-
Culture and Recreation	663,145	49,750	148,924	-
Head Start Program	1,243,249	-	1,243,249	-
Interest and Related Costs	9,146	-	-	-
<b>Total Governmental Activities</b>	<u>4,370,771</u>	<u>490,888</u>	<u>1,729,380</u>	<u>124,707</u>
<b>Business-Type Activities:</b>				
Water	521,240	709,256	-	18,840
Water Treatment Plant	200,001	201,374	-	-
Sewer	369,507	242,892	-	-
Ambulance Service Fund	550,148	500,659	142,070	-
Golf and Airport Fuel Funds	276,703	194,449	16,001	-
<b>Total Business-Type Activities</b>	<u>1,917,599</u>	<u>1,848,630</u>	<u>158,071</u>	<u>18,840</u>
<b>Total Primary Government</b>	<u>\$ 6,288,370</u>	<u>\$ 2,339,518</u>	<u>\$ 1,887,451</u>	<u>\$ 143,547</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>
\$ (650,282)	\$ -	\$ (650,282)
(3,067)	-	(3,067)
(310,299)	-	(310,299)
19,235	-	19,235
(533,322)	-	(533,322)
(74,444)	-	(74,444)
(464,471)	-	(464,471)
-	-	-
(9,146)	-	(9,146)
<u>(2,025,796)</u>	<u>-</u>	<u>(2,025,796)</u>
-	206,856	206,856
-	1,373	1,373
-	(126,615)	(126,615)
-	92,581	92,581
-	<u>(66,253)</u>	<u>(66,253)</u>
-	<u>107,942</u>	<u>107,942</u>
<u>\$ (2,025,796)</u>	<u>\$ 107,942</u>	<u>\$ (1,917,854)</u>
\$ 404,354	\$ -	\$ 404,354
109,534	-	109,534
2,103,205	-	2,103,205
50,060	-	50,060
348	-	348
7,885	-	7,885
1,727	-	1,727
23,116	6,718	29,834
18,029	-	18,029
(101,786)	101,786	-
<u>59,348</u>	<u>-</u>	<u>59,348</u>
<u>2,675,820</u>	<u>108,504</u>	<u>2,784,324</u>
<u>650,024</u>	<u>216,446</u>	<u>866,470</u>
<u>8,782,267</u>	<u>9,397,757</u>	<u>18,180,024</u>
<u>\$ 9,432,291</u>	<u>\$ 9,614,203</u>	<u>\$ 19,046,494</u>

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

**Town of Limon, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2021**

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash	\$ 7,279,655	\$ -	\$ 128,100	\$ 7,407,755
Accounts Receivable	129,501	-	200	129,701
Allowance for Doubtful Accounts	(1,777)	-	-	(1,777)
Intergovernmental Receivable	179,420	272,525	-	451,945
Special Assessment Receivable	81,398	-	-	81,398
Property Tax Receivable	458,133	-	-	458,133
Inventories	52,278	-	-	52,278
Restricted Cash:				
Economic Development	16,577	-	-	16,577
Capital Replacement Reserve	282,110	-	-	282,110
Equipment Reserve	315,038	-	-	315,038
Recreation Reserve	348,342	-	-	348,342
Library Reserve	161,061	-	-	161,061
Emergency Reserve	88,312	-	-	88,312
American Recovery Reserve	245,834	-	-	245,834
Recreation Tax Reserve	344,298	-	-	344,298
<b>Total Assets</b>	<u>\$ 9,980,180</u>	<u>\$ 272,525</u>	<u>\$ 128,300</u>	<u>\$ 10,381,005</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Pooled Cash Overdraft	\$ -	\$ 272,525	\$ -	\$ 272,525
Accounts Payable	414,168	-	-	414,168
<b>Total Liabilities</b>	<u>414,168</u>	<u>272,525</u>	<u>-</u>	<u>686,693</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred Revenue Special Assessment	81,398	-	-	81,398
Deferred Revenues ARPA Funds	245,317	-	-	245,317
Deferred Revenues Taxes	458,133	-	-	458,133
<b>Total Deferred Inflow of Resources</b>	<u>784,848</u>	<u>-</u>	<u>-</u>	<u>784,848</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	\$ 52,278	\$ -	\$ -	\$ 52,278
Restricted:				
Economic Development Reserve	16,577	-	-	16,577
Emergency Reserve	88,312	-	-	88,312
Recreation Reserve	348,342	-	-	348,342
Equipment Reserve	315,038	-	-	315,038
Library Reserve	161,061	-	-	161,061
American Recovery Reserve	245,834	-	-	245,834
Recreation Tax Reserve	344,298	-	-	344,298
Conservation Trust Funds	-	-	92,058	92,058
Committed:				
Equipment Replacement	282,110	-	-	282,110
Assigned-Designated for Subsequent Year:				
General Fund	78,394	-	-	78,394
Other Funds	-	-	36,242	36,242
Unassigned:				
General Fund	6,848,920	-	-	6,848,920
<b>Total Fund Balances</b>	<u>8,781,164</u>	<u>-</u>	<u>128,300</u>	<u>8,909,464</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 9,980,180</u>	<u>\$ 272,525</u>	<u>\$ 128,300</u>	<u>\$ 10,381,005</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 Position**  
**December 31, 2021**

Total Fund Balances - Total Governmental Funds	\$ 8,909,464
<p>The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.</p>	
Governmental Capital assets	14,397,193
Accumulated Depreciation	(6,857,204)
Deferred Outflows Related to Pension	390,258
<p>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:</p>	
Bond Payable	(5,565,000)
Bond Premiums (net of amortization)	(969,706)
Sale-Leaseback Payable	(282,533)
Net Pension Liability	(482,232)
Deferred Inflows Related to Pension	(177,314)
Compensated Absences	(12,033)
<p>Other long-term assets not available to pay for current period expenditures and therefore are deferred in the governmental funds.</p>	
Special Assessment Receivable	86,432
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 9,432,291</u></b>

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

**Town of Limon, Colorado**  
**Governmental Funds**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2021**

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Taxes	\$ 2,677,113	\$ -	\$ -	\$ 2,677,113
Fines, Licenses and Permits	57,919	-	-	57,919
Intergovernmental:				
Local	381,492	-	23,963	405,455
Federal	30,054	1,243,249	-	1,273,303
Charges for Services	454,717	-	1,800	456,517
Interest	23,114	-	2	23,116
Donations and Grants	175,234	-	-	175,234
Insurance Claims	18,029	-	-	18,029
Miscellaneous	59,348	-	-	59,348
	<u>3,877,020</u>	<u>1,243,249</u>	<u>25,765</u>	<u>5,146,034</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administration	636,998	-	-	636,998
Airport	15,313	-	-	15,313
Public Works - Streets	585,712	-	-	585,712
Public Works - Sanitation	290,102	-	-	290,102
Public Safety - Police	513,300	-	-	513,300
Public Health - Cemetery	76,798	-	-	76,798
Recreation	579,985	-	-	579,985
Head Start Program	-	1,243,249	-	1,243,249
Capital Outlay	958,172	-	-	958,172
Debt Service:				
Principal - Bonded Debt	35,103	-	-	35,103
Interest	9,146	-	-	9,146
	<u>3,700,629</u>	<u>1,243,249</u>	<u>-</u>	<u>4,943,878</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	176,391	-	25,765	202,156
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds and Premiums	6,534,706	-	-	6,534,706
Operating Transfer In (Out)	(101,786)	-	-	(101,786)
<b>NET CHANGE IN FUND BALANCE</b>	6,609,311	-	25,765	6,635,076
<b>FUND BALANCES, BEGINNING</b>	<u>2,171,853</u>	<u>-</u>	<u>102,535</u>	<u>2,274,388</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,781,164</u>	<u>\$ -</u>	<u>\$ 128,300</u>	<u>\$ 8,909,464</u>

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

**Town of Limon, Colorado**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2021**

Net change in fund balances - total governmental funds	\$ 6,635,076
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 \$222,416 were less than depreciation of \$453,096 in the current year.	505,076
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	35,103
This is the current-period increase in the liability for compensated absences	(1,654)
Certain revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	
Special assessment revenue	(23,453)
Bond proceeds and premiums	(6,534,706)
Pension expense does not use current financial resources and is not included in fund financial statements.	(65,418)
Current-year pension contributions are reported as deferred outflows.	100,000
<b>Change in net position of governmental activities</b>	<b>\$ 650,024</b>

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

# Town of Limon, Colorado

## Proprietary Funds Statement of Net Position December 31, 2021

ASSETS	UTILITY	AMBULANCE	NON-MAJOR	
Current Assets:	FUND	SERVICE	PROPRIETARY	TOTALS
	<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>	
Cash	\$ 1,166,693	\$ 342,503	\$ 31,260	\$ 1,540,456
Current Portion of Note Receivable	25,026	-	-	25,026
Accounts Receivable	70,794	246,903	149	317,846
Allowances For Doubtful Accounts	(4,208)	(130,079)	-	(134,287)
Prepaid Expenses	-	4,629	-	4,629
Accrued Interest Receivable	899	-	-	899
Inventories	<u>48,838</u>	<u>-</u>	<u>18,820</u>	<u>67,658</u>
<b>Total Current Assets</b>	<u>1,308,042</u>	<u>463,956</u>	<u>50,229</u>	<u>1,822,227</u>
<b>Restricted Assets:</b>				
Water Plant Reserve	96,331	-	-	96,331
Water Revenue Bonds	308,581	-	-	308,581
Sewer Line Maint. Reserve	15,651	-	-	15,651
Bond & Emergency Reserve Funds	316,868	-	-	316,868
Equipment Reserve	<u>462,114</u>	<u>171,362</u>	<u>-</u>	<u>633,476</u>
<b>Total Restricted Assets</b>	<u>1,199,545</u>	<u>171,362</u>	<u>-</u>	<u>1,370,907</u>
<b>Non-Current Assets:</b>				
Notes Receivable, Net of Current Portion	26,388	-	-	26,388
Loss on Bond Refunding, net	34,800	-	-	34,800
Capital Assets:				
Water System	8,976,555	-	-	8,976,555
Sewer System and Plant	4,781,534	-	-	4,781,534
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	9,321	241,797
Buildings	-	292,669	-	292,669
Recreation Area Facilities	-	-	314,908	314,908
Equipment	859,510	1,004,764	128,978	1,993,252
Accumulated Depreciation	<u>(8,288,276)</u>	<u>(902,306)</u>	<u>(336,338)</u>	<u>(9,526,920)</u>
<b>Total Non-Current Assets</b>	<u>7,626,950</u>	<u>440,159</u>	<u>116,869</u>	<u>8,183,978</u>
<b>TOTAL ASSETS</b>	<u>10,134,537</u>	<u>1,075,477</u>	<u>167,098</u>	<u>11,377,112</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Current Portion of Long-Term Debt	272,523	855	619	273,997
Accounts Payable	33,075	29,147	2,673	64,895
Accrued Interest Payable	5,203	-	-	5,203
Compensated Absences	<u>1,186</u>	<u>1,767</u>	<u>-</u>	<u>2,953</u>
<b>Total Current Liabilities</b>	<u>311,987</u>	<u>31,769</u>	<u>3,292</u>	<u>347,048</u>
<b>Non-Current Liabilities:</b>				
Deposit - State of Colo. For				
Sewer Line Maintenance	15,651	-	-	15,651
Long-Term Debt - Net of Current Portion	<u>1,388,801</u>	<u>6,656</u>	<u>4,753</u>	<u>1,400,210</u>
<b>Total Non-Current Liabilities</b>	<u>1,404,452</u>	<u>6,656</u>	<u>4,753</u>	<u>1,415,861</u>
<b>TOTAL LIABILITIES</b>	<u>1,716,439</u>	<u>38,425</u>	<u>8,045</u>	<u>1,762,909</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,213,019	432,648	116,869	6,762,536
Restricted for Emergency Reserve	316,868	-	-	316,868
Restricted for Bond Reserve	308,581	-	-	308,581
Unrestricted	<u>1,579,630</u>	<u>604,404</u>	<u>42,184</u>	<u>2,226,218</u>
<b>TOTAL NET POSITION</b>	<u>\$ 8,418,098</u>	<u>\$ 1,037,052</u>	<u>\$ 159,053</u>	<u>\$ 9,614,203</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, 2021

	UTILITY FUND			TOTAL
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	
<b>OPERATING REVENUES</b>				
Sales	\$ 703,753	\$ 201,374	\$ 241,173	\$ 1,146,300
Less, Contractual Adjustments and Bad Debts	-	-	-	-
Net Sales	<u>703,753</u>	<u>201,374</u>	<u>241,173</u>	<u>1,146,300</u>
Other User Charges	4,641	-	1,719	6,360
Miscellaneous	<u>862</u>	<u>-</u>	<u>-</u>	<u>862</u>
<b>Total Operating Revenues</b>	<u>709,256</u>	<u>201,374</u>	<u>242,892</u>	<u>1,153,522</u>
<b>OPERATING EXPENSES</b>				
Cost of Resale Items	-	-	-	-
Maintenance	36,523	502	31,239	68,264
Insurance	10,810	9,973	7,493	28,276
Utilities	53,077	30,581	77,401	161,059
Testing	910	-	15,082	15,992
Salaries and Benefits	129,079	40,214	109,638	278,931
Other Expenses	24,269	18,870	7,734	50,873
Administration	25,502	2,000	9,987	37,489
Depreciation	<u>175,609</u>	<u>95,809</u>	<u>109,672</u>	<u>381,090</u>
<b>Total Operating Expenses</b>	<u>455,779</u>	<u>197,949</u>	<u>368,246</u>	<u>1,021,974</u>
<b>Income (Loss) From Operations</b>	<u>253,477</u>	<u>3,425</u>	<u>(125,354)</u>	<u>131,548</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	3,614	3,031	-	6,645
Tap Fees	14,760	-	4,080	18,840
Donations	-	-	-	-
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	-	-	-
Insurance Proceeds	-	-	-	-
Interest Expense	<u>(65,461)</u>	<u>(2,052)</u>	<u>(1,261)</u>	<u>(68,774)</u>
Total Non-Operating Revenues (Expenses)	<u>(47,087)</u>	<u>979</u>	<u>2,819</u>	<u>(43,289)</u>
<b>Net Income Before Contributions and Transfers</b>	206,390	4,404	(122,535)	88,259
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 206,390</u>	<u>\$ 4,404</u>	<u>\$ (122,535)</u>	<u>88,259</u>
<b>NET POSITION, BEGINNING OF YEAR</b>				<u>8,329,839</u>
<b>NET POSITION, END OF YEAR</b>				<u>\$ 8,418,098</u>

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 1,196,125	\$ 190,866	\$ 2,533,291
<u>699,816</u>	<u>-</u>	<u>699,816</u>
496,309	190,866	1,833,475
-	555	6,915
<u>4,350</u>	<u>3,028</u>	<u>8,240</u>
<u>500,659</u>	<u>194,449</u>	<u>1,848,630</u>
-	45,279	45,279
24,896	25,729	118,889
8,050	6,471	42,797
5,624	20,734	187,417
-	30	16,022
291,720	130,398	701,049
140,202	34,338	225,413
-	-	37,489
<u>79,422</u>	<u>13,555</u>	<u>474,067</u>
<u>549,914</u>	<u>276,534</u>	<u>1,848,422</u>
<u>(49,255)</u>	<u>(82,085)</u>	<u>208</u>
73	-	6,718
-	-	18,840
92,327	16,001	108,328
49,743	-	49,743
-	-	-
-	-	-
<u>(234)</u>	<u>(169)</u>	<u>(69,177)</u>
<u>141,909</u>	<u>15,832</u>	<u>114,452</u>
92,654	(66,253)	114,660
<u>33,876</u>	<u>67,910</u>	<u>101,786</u>
<u>126,530</u>	<u>1,657</u>	<u>216,446</u>
<u>910,522</u>	<u>157,396</u>	<u>9,397,757</u>
<u>\$ 1,037,052</u>	<u>\$ 159,053</u>	<u>\$ 9,614,203</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, 2021

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts From Customers	\$ 1,155,092	\$ 502,265	\$ 195,054	\$ 1,852,411
Payments to Suppliers for Goods and Services	(374,260)	(174,855)	(133,105)	(682,220)
Payments to Employees	<u>(277,770)</u>	<u>(292,229)</u>	<u>(130,398)</u>	<u>(700,397)</u>
<b>Net Cash From Operating Activities</b>	<u>503,062</u>	<u>35,181</u>	<u>(68,449)</u>	<u>469,794</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Donations	-	92,327	16,001	108,328
Intergovernmental Grants	-	49,743	-	49,743
Transfer From Other Fund	<u>-</u>	<u>33,876</u>	<u>67,910</u>	<u>101,786</u>
<b>Net Cash From Non-Capital Financing Activities</b>	<u>-</u>	<u>175,946</u>	<u>83,911</u>	<u>259,857</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</b>				
State of Colorado - Sewer Line Maintenance	(3,024)	-	-	(3,024)
Tap Fees	18,840	-	-	18,840
Transfer From (To) Restricted Assets	(213,708)	(48,590)	-	(262,298)
Purchase of Capital Assets	(2,679)	-	-	(2,679)
Interest Paid	(56,678)	(234)	(169)	(57,081)
Debt Principal Payments	(260,843)	(795)	(575)	(262,213)
Note - Frasier Farms	<u>23,735</u>	<u>-</u>	<u>-</u>	<u>23,735</u>
<b>Net Cash From Capital and Financing Activities</b>	<u>(494,357)</u>	<u>(49,619)</u>	<u>(744)</u>	<u>(544,720)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Revenue	<u>7,414</u>	<u>73</u>	<u>-</u>	<u>7,487</u>
<b>Net Cash From Investing Activities</b>	<u>7,414</u>	<u>73</u>	<u>-</u>	<u>7,487</u>
<b>Net Change in Cash and Cash Equivalents</b>	16,119	161,581	14,718	192,418
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Beginning of Year</b>	<u>1,150,574</u>	<u>180,922</u>	<u>16,542</u>	<u>1,348,038</u>
<b>End of Year</b>	<u>\$ 1,166,693</u>	<u>\$ 342,503</u>	<u>\$ 31,260</u>	<u>\$ 1,540,456</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>				
Net Operating Income (Loss)	\$ 131,548	\$ (49,255)	\$ (82,085)	\$ 208
Depreciation	381,090	79,422	13,555	474,067
(Increase) Decrease in Accounts Receivable, Net	1,570	1,606	605	3,781
(Increase) Decrease in Prepaid Expenses	-	(2,318)	-	(2,318)
(Increase) Decrease in Inventory	2,056	-	(288)	1,768
Increase (Decrease) in Accounts Payable	(14,363)	6,235	(236)	(8,364)
Increase (Decrease) in Compensated Absences	<u>1,161</u>	<u>(509)</u>	<u>-</u>	<u>652</u>
<b>Net Cash From Operating Activities</b>	<u>\$ 503,062</u>	<u>\$ 35,181</u>	<u>\$ (68,449)</u>	<u>\$ 469,794</u>
<b>Noncash Capital Financing Activities:</b>				
Interest subsidy	\$ -			\$ -

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

**Town of Limon, Colorado**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2021**

	<b>EMPLOYEES' PENSION TRUST</b>
<b>ASSETS:</b>	
Cash	\$ 32,335
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	436,795
International Stocks	11,489
Mutual Funds	1,481,036
Money Markets and Other	78,019
<b>TOTAL ASSETS</b>	<b>2,039,674</b>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES:</b>	
Accrued Expenses	-
<b>TOTAL LIABILITIES</b>	-
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 2,039,674</b>

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, 2021**

	<b>EMPLOYEES' PENSION PLAN</b>
<b>ADDITIONS:</b>	
Employee Contribution	\$ 61,839
Employer Contribution	100,000
Interest Income	108
Investment Income, Net of Expenses	192,893
Total Additions	354,840
<b>DEDUCTIONS:</b>	
Benefit Payments	3,209
Administrative Expenses	12,892
Total Deductions	16,101
<b>CHANGE IN PLAN NET POSITION</b>	338,739
<b>PLAN NET POSITION, BEGINNING OF YEAR</b>	1,700,935
<b>PLAN NET POSITION, END OF YEAR</b>	\$ 2,039,674

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

# Town of Limon, Colorado

## Notes to Financial Statements

### December 31, 2021

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#### 1. Summary of Significant Accounting Policies

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The Town of Limon operates under a council-mayor form of government and maintains accounting policies to conform to generally accepted accounting principles as applicable to governments. 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, as amended. GASB Statement 14, as amended, 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, 2021**

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

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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

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

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

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

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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

**Fund Equity**

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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

**Capital Assets**

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

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

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

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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**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 28, 2020, the Board approved a resolution appropriating additional sums of money for the year 2021. 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 2021 the Board of Trustees budgeted all funds and appropriated spending limits by fund. Therefore, the comparisons of actual and budget amounts relating to legal requirements shown in the financial statements is based on “total expenditures” plus “operating transfers to other funds” in the various fund types. All appropriations lapse at year end.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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**Encumbrances**

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

**Cash and Investments**

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

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

**Property Taxes**

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

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

Property taxes are computed using mills, where one mill is equal to \$1 on \$1,000 of assessed value. The mill levy for 2021 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	\$ 52,278
Utility - Treatment supplies, meters and parts	48,838
Golf Course Fund - Merchandise & Concessions	1,351
Airport Fuel Fund - Airplane fuel	<u>17,469</u>
Total Inventories	<u>\$ 119,936</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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**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, 2021.

**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.

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**2. Cash and Investments**

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

Cash Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2021, 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, 2021**

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

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The Town's cash deposits at December 31, 2021 was \$12,153,525 which include cash, investments, and restricted assets in the primary government Statement of Net Position and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Position. Cash on hand was \$500 and the remaining \$12,153,025 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	11,182,993	11,153,025
Total cash and certificates of deposit	\$ 12,182,993	\$ 12,153,025

The difference between the bank balance and carrying balance is \$29,968, which were outstanding items that had not cleared the banks as of December 31, 2021.

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, 2021**

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

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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, 2021 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	\$ 436,795	n/a	Not Rated	n/a
International Stocks	11,489	n/a	Not Rated	n/a
Mutual Funds	1,481,036	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>78,019</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 2,007,339</u>			

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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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	\$ 8,948,211
Restricted Cash	3,172,479
Fiduciary Funds – Cash	32,335
Fiduciary Funds – Investments	<u>2,007,339</u>
Total	<u>\$ 14,160,364</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.

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**3. Restricted Assets**

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Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2021 of \$88,312 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 reserves. Accumulation at December 31, 2021 is \$315,038. Reserves are held in a bank certificate of deposit.

General Fund – economic development reserve. Accumulation at December 31, 2021 is \$16,577. Reserves are held in a bank savings account.

General Fund – capital replacement reserve. Accumulation at December 31, 2021 is \$282,110. Reserve is held in bank checking and savings accounts.

General Fund – recreation reserve. Accumulation at December 31, 2021 is \$348,342. Reserve is held in a bank savings account.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**3. Restricted Assets (continued)**

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General Fund – library reserve. Accumulation at December 31, 2021 is \$161,061. Reserve is held in a certificate of deposit.

General Fund – american recovery reserve. Accumulation at December 31, 2021 is \$245,834. Reserve is held in bank savings accounts.

General Fund – recreation tax reserve. Accumulation at December 31, 2021 is \$334,298. Reserve is held in a bank savings account.

Utility Fund – reserve of \$96,331 for operation and maintenance of the water treatment plant. Reserve is held in a bank certificate of deposit.

Utility Fund – funds held as required reserve for 2012 water revenue bonds. Amount held in a bank savings account totals \$308,581 at December 31, 2021.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$316,868, as of December 31, 2021 are held in a bank checking account and a certificate of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$15,651, as of December 31, 2021, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2021 is \$462,114. Reserve is held in a bank savings account and certificate of deposit.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2021 is \$171,362. Reserve is held in a bank savings account.

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

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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.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**4. Note Receivable and Special Assessment Receivable (continued)**

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

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

Payments on the 2005 assessment including principal and interest, at a rate of 7% are due from 2009 to 2025 in the amount of \$18,285 each year. Residents are permitted to pay their accounts in full any time, which would also decrease total future annual payment requirements.

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**5. Capital Assets**

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Capital asset activity for the year was as follows:

	Balance December 31, 2020	Additions	Conveyances or Retirements	Balance December 31, 2021
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,248,511	\$ -	\$ -	\$ 1,248,511
Construction in Progress		735,756		735,756
Total non- depreciable assets	<u>1,248,511</u>	<u>735,756</u>	<u>-</u>	<u>1,984,267</u>
Depreciable assets:				
Buildings	2,984,034	18,975	-	3,003,009
Equipment	3,044,616	161,543	(23,000)	3,183,159
Infrastructure	6,184,860	41,898	-	6,226,758
Total depreciable assets	<u>12,213,510</u>	<u>222,416</u>	<u>(23,000)</u>	<u>12,412,926</u>
Total capital assets	<u>13,462,021</u>	<u>958,172</u>	<u>(23,000)</u>	<u>14,397,193</u>
Less accumulated depreciation for:				
Buildings	(1,943,176)	(90,575)	-	(2,033,751)
Equipment	(2,075,495)	(133,727)	23,000	(2,186,222)
Infrastructure	(2,408,437)	(228,794)	-	(2,637,231)
Total accumulated depreciation	<u>(6,427,108)</u>	<u>(453,096)</u>	<u>23,000</u>	<u>(6,857,204)</u>
Depreciable assets, net	<u>5,786,402</u>	<u>(230,680)</u>	<u>-</u>	<u>5,555,722</u>
Governmental activities assets, net	<u>\$ 7,034,913</u>	<u>\$ 505,076</u>	<u>\$ -</u>	<u>\$ 7,539,989</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**5. Capital Assets (continued)**

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

General government	\$ 41,701
Airport	15,996
Public safety - police	20,912
Highways and streets	42,882
Public works - sanitation	14,930
Public health - cemetery	4,721
Culture and recreation	83,160
Infrastructure	<u>228,794</u>
Total governmental activities depreciation expense	<u>\$ 453,096</u>

	Balance December 31, 2020	Additions	Conveyances or Retirements	Balance December 31, 2021
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	9,758,213	2,678	-	9,760,891
Sewer system, plant & equipment	4,856,707	-	-	4,856,707
Golf area facilities & equipment	443,886	-	-	443,886
Ambulance building & equipment	1,297,433	-	-	1,297,433
Total depreciable assets	<u>16,356,239</u>	<u>2,678</u>	<u>-</u>	<u>16,358,917</u>
Total capital assets	<u>17,647,031</u>	<u>2,678</u>	<u>-</u>	<u>17,649,709</u>
Less accumulated depreciation for:				
Water system, plant & equipment	(5,473,495)	(271,418)	-	(5,744,913)
Sewer system, plant & equipment	(2,433,691)	(109,672)	-	(2,543,363)
Golf area facilities & equipment	(322,783)	(13,555)	-	(336,338)
Ambulance building & equipment	(822,884)	(79,422)	-	(902,306)
Total accumulated depreciation	<u>(9,052,853)</u>	<u>(474,067)</u>	<u>-</u>	<u>(9,526,920)</u>
Depreciable assets, net	<u>7,303,386</u>	<u>(471,389)</u>	<u>-</u>	<u>6,831,997</u>
Business-type activities assets, net	<u>\$ 8,594,178</u>	<u>\$ (471,389)</u>	<u>\$ -</u>	<u>\$ 8,122,789</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**5. Capital Assets (continued)**

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

Water	\$ 271,418
Sewer	109,672
Golf Course	13,555
Ambulance	<u>79,422</u>
Total business-type activities depreciation expense	<u>\$ 474,067</u>

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**6. Retirement Plan**

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

Employees' Pension Plan:

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

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**6. Retirement Plan (continued)**

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Membership in the Plan consisted of the following at January 1, 2021, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	2
Active Plan Members	<u>26</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, 2021, were \$100,000 and covered payroll was \$1,061,341.

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

The Town's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The total pension liability in the January 1, 2021 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 3.5% post-retirement
Salary Scale	2.50 percent

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**6. Retirement Plan (continued)**

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Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60%	8.0%-10.0%
Fixed income	35%	3.5%-4.5%
Cash	<u>5%</u>	1.0%-2.0%
Total	<u>100%</u>	

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

Changes in Town's Net Pension Liability

Changes in the Town's net pension liability for the year ended December 31, 2021 was calculated as follows:

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

**6. Retirement Plan (continued)**

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance, December 31, 2020	\$ 2,180,431	\$ 1,649,237	\$ 531,194
Changes for the year:			
Service cost	93,084	-	93,084
Interest	152,289	-	152,289
Difference between expected and actual experience	43,969	-	43,969
Net investment income (loss)	-	183,002	183,002
Contributions – employees	-	61,839	61,839
Contributions – employer	-	100,000	100,000
Benefit payments	(9,745)	(9,745)	-
Administrative expense	-	(6,536)	6,536
Net changes	279,597	328,560	(48,963)
Balance, December 31, 2021	\$ 2,460,028	\$ 1,977,797	\$ 482,231

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%	\$ 852,815
Current discount rate	7.0%	\$ 482,231
1% increase	8.0%	\$ 173,475

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**6. Retirement Plan (continued)**

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

For the year ended December 31, 2021, the Town recognized pension expense of \$65,418. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 190,579	\$ (36,499)
Changes of assumptions	156,540	(6,835)
Net difference between projected and actual earnings on Plan investments	43,139	(133,980)
Total	\$ 390,258	\$ (177,314)

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

<b>Year ending December 31,</b>	
2022	\$ 25,975
2023	(17,162)
2024	11,976
2025	20,553
2026	33,044
Thereafter	138,559

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**7. Contingency—Constitutional Amendment**

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

The Town has reserved \$88,312 within the General Fund and \$316,868 within the Utility Fund for the emergency reserve under the TABOR amendment.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**7. Contingency—Constitutional Amendment (continued)**

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

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

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**8. Long-Term Debt**

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**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, 2021 are as follows:

**2021 Sales and Use Tax Bonds** – These bonds are payable from Sales and Use Tax revenues, together with interest rates of 4%.

These Town closed on these Bonds on November 23, 2021. No payments are due until 2022.

Annual debt service requirements are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 120,000	\$ 224,224	\$ 344,224
2023	140,000	214,550	354,550
2024	150,000	208,950	358,950
2025	155,000	202,950	357,950
2026	160,000	196,750	356,750
2027-2031	885,000	898,150	1,783,150
2032-2036	1,075,000	708,200	1,783,200
2037-2041	1,300,000	476,000	1,776,000
2042-2046	1,580,000	194,600	1,774,600
	<u>\$ 5,565,000</u>	<u>\$ 3,324,374</u>	<u>\$ 8,889,374</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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

During 2021 a principal payment of \$240,000 was made. Additionally, interest payments totaling \$50,550 were made, which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 250,000	\$ 43,350	\$ 293,350
2023	290,000	35,850	325,850
2024	295,000	27,150	322,150
2025	610,000	18,300	628,300
	<u>\$ 1,445,000</u>	<u>\$ 124,650</u>	<u>\$ 1,569,650</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 2021 a principal payment of \$5,000 was made. An interest payment of \$295 was made which is included under governmental activities in the Statement of Activities. There was no remaining balance as of December 31, 2021.

**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 2021, total principal payments of \$52,317. Additionally, total interest payments of \$15,381 were made.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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

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Scheduled annual debt service requirements to maturity are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 56,269	\$ 13,835	\$ 70,104
2023	60,457	12,173	72,630
2024	64,895	10,387	75,282
2025	69,593	8,473	78,066
2026	74,570	6,418	80,988
2027-2028	<u>165,251</u>	<u>6,080</u>	<u>171,331</u>
	<u>\$ 491,035</u>	<u>\$ 57,366</u>	<u>\$ 548,401</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, 2021**

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

Total changes in Long-Term Liabilities during 2021 are as follows:

	Balance December 31, 2020	Additions	Payments	Balance December 31, 2021	Due Within One Year
Governmental activities:					
Bonds payable:					
Special assessment bonds	\$ 5,000	\$ -	\$ (5,000)	\$ -	\$ -
2021 Sales Tax Bond	-	5,565,000		\$ 5,565,000	\$ 120,000
2021 Bond Premium	-	969,706		969,706	38,788
	<u>5,000</u>	<u>6,534,706</u>	<u>(5,000)</u>	<u>6,534,706</u>	<u>158,788</u>
Loans payable:					
Lease-Purchase	312,636	-	(30,103)	282,533	32,355
	<u>312,636</u>	<u>-</u>	<u>(30,103)</u>	<u>282,533</u>	<u>32,355</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	1,685,000	-	(240,000)	1,445,000	250,000
2012 Bond Premium	25,990	-	(5,286)	20,704	5,286
	<u>1,710,990</u>	<u>-</u>	<u>(245,286)</u>	<u>1,465,704</u>	<u>255,286</u>
Loans payable:					
Lease-Purchase	230,716	-	(22,214)	208,502	23,914
Colorado Maintenance Fee	18,675	1,558	(4,582)	15,651	-
	<u>249,391</u>	<u>1,558</u>	<u>(26,796)</u>	<u>224,153</u>	<u>23,914</u>
Total long-term liabilities	<u>\$ 2,278,017</u>	<u>\$ 6,536,264</u>	<u>\$ (307,185)</u>	<u>\$ 8,507,096</u>	<u>\$ 470,343</u>

Legal Debt Limit - The legal debt limit as defined by Colorado State Statutes, for General Obligation Bonds issued by the Town is as follows at December 31, 2021:

Actual Property Value (taxable)	\$ 181,137,908
	<u>          3%</u>
	5,434,137
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>                  -</u>
Available Debt Margin	<u>\$ 5,434,137</u>

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**9. Risk Management**

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

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

**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 2021 the Town paid \$88,698 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 2021 the Town paid \$79,025 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**10. Interfund Transactions**

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

The Town had the following interfund transactions during 2021:

Transfer from General Fund to Ambulance Fund for general operations.	\$ (33,876)
Transfer from General Fund to Golf Course Fund for general operations	<u>(67,910)</u>
 Total transfers, net	 <u>\$ (101,786)</u>

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**11. Employment Agreements**

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During 2003, the Town entered into employment agreements with four members of management. The agreements cover a variety of matters, including lump sum payment of three months' salary and three months' benefits, in the event the Board does not reappoint the employee after a regular municipal election, and he or she is willing and able to perform his or her duties. As of December 31, 2021, two of these individuals are no longer employed by the Town.

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**12. Water Rights Lease**

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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. Half of the total annual payment is due on June 1st and the remaining half is due on December 1st of each year.

In June 2019, the lease was amended to extend the lease for a 5-year term with the option for an additional 5-year term. The amendment requires lease payments of \$4,000 per year. 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**  
**Notes to Financial Statements (continued)**  
**December 31, 2021**

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**13. Risks and Uncertainties**

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On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. In response, many state and local governments instituted restrictions that substantially limited the operations of non-essential businesses and the activities of individuals. While some of these restrictions have been eased, there is still significant uncertainty around the extent and duration of those still in place and the possibility for restrictions to be increased again in the future. The extent to which the pandemic will impact the Town's financial results in the coming periods depends on future developments, including where there are additional outbreaks of COVID-19 and the actions taken to contain or address the virus. However, the Town believes it will be able to continue operations under current governmental guidelines while mitigating the impact as much as possible to minimize losses.

**Town of Limon, Colorado**

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**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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 2,494,488	\$ 2,494,488	\$ 2,677,113	\$ 182,625
Fines, Licenses and Permits	74,100	74,100	57,919	(16,181)
Intergovernmental - Local	209,243	209,243	381,492	172,249
Intergovernmental - Federal	6,180	6,180	30,054	23,874
Charges for Services	405,903	405,903	454,717	48,814
Interest	20,049	20,049	23,114	3,065
Donations and Grants	107,500	107,500	175,234	67,734
Insurance Claims	1,000	1,000	18,029	17,029
Miscellaneous	15,000	15,000	59,348	44,348
Supplemental Appropriation	-	925,000	-	(925,000)
<b>TOTAL REVENUES</b>	<u>3,333,463</u>	<u>4,258,463</u>	<u>3,877,020</u>	<u>(381,443)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	425,190	425,190	636,998	(211,808)
Airport	12,487	12,487	15,313	(2,826)
Public Works - Streets	661,302	661,302	585,712	75,590
Public Works - Sanitation	258,692	258,692	290,102	(31,410)
Public Safety	516,074	516,074	513,300	2,774
Public Health - Cemetery	94,844	94,844	76,798	18,046
Culture and Recreation	397,622	397,622	579,985	(182,363)
Capital Outlay	423,300	423,300	958,172	(534,872)
Debt Service:				
Principal	33,987	33,987	35,103	(1,116)
Interest	9,362	9,362	9,146	216
Supplemental Appropriation	-	925,000	-	925,000
<b>TOTAL EXPENDITURES</b>	<u>2,832,860</u>	<u>3,757,860</u>	<u>3,700,629</u>	<u>57,231</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	500,603	500,603	176,391	(324,212)
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Bond proceeds and premiums	-	-	6,534,706	6,534,706
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(101,786)	(101,786)	(101,786)	-
<b>NET CHANGE IN FUND BALANCE</b>	398,817	398,817	6,609,311	6,210,494
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>1,394,827</u>	<u>1,394,827</u>	<u>2,171,853</u>	<u>777,026</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,793,644</u>	<u>\$ 1,793,644</u>	<u>\$ 8,781,164</u>	<u>\$ 6,987,520</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, 2021**

<b>Year Ended December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as % of Covered Payroll</b>
2015	94,774	107,431	12,657	954,434	11.26%
2016	89,000	111,525	22,525	821,334	13.58%
2017	55,000	108,947	53,947	958,901	11.36%
2018	65,000	119,092	54,092	931,032	12.79%
2019	100,000	151,630	51,630	849,627	17.85%
2020	95,000	150,880	55,880	948,015	15.92%
2021	100,000	161,839	61,839	1,061,341	15.25%

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, 2021**

Year ended December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>							
Service Cost	93,084	77,664	70,599	66,538	70,102	60,605	71,522
Interest	152,289	144,553	153,466	160,742	156,002	147,499	134,358
Difference between Expected and Actual Experience	43,969	110,237	46,305	(23,335)	31,136	(41,684)	8,370
Benefit Payments	(9,745)	(434,158)	(361,216)	(505,016)	(60,833)	(2,009)	(119,679)
Other Changes	-	-	-	125,224	93,407	(13,519)	34,314
<b>Net Change in Total Pension Liability</b>	<u>279,597</u>	<u>(101,704)</u>	<u>(90,846)</u>	<u>(175,847)</u>	<u>289,814</u>	<u>150,892</u>	<u>128,885</u>
<b>Total Pension Liability - Beginning</b>	2,180,431	2,282,135	2,372,981	2,548,828	2,259,014	2,108,122	1,979,237
<b>Total Pension Liability - Ending (a)</b>	2,460,028	2,180,431	2,282,135	2,372,981	2,548,828	2,259,014	2,108,122
<b>Plan Fiduciary Net Position</b>							
Employer Contributions	100,000	95,000	100,000	64,898	56,516	60,646	55,125
Employee Contributions	61,839	55,880	51,630	54,194	52,431	50,879	52,306
Net Investment Income	183,002	157,450	259,783	(75,017)	283,544	105,379	(27,819)
Benefit Payments	(9,745)	(434,158)	(361,216)	(505,016)	(60,833)	(2,009)	(119,679)
Administrative Expenses	(6,536)	(6,450)	(6,557)	(7,460)	(6,570)	(8,630)	(250)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>328,560</u>	<u>(132,278)</u>	<u>43,640</u>	<u>(468,401)</u>	<u>325,088</u>	<u>206,265</u>	<u>(40,317)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	1,649,237	1,781,515	1,737,875	2,206,276	1,881,188	1,674,923	1,715,240
<b>Plan Fiduciary Net Position - Ending (b)</b>	1,977,797	1,649,237	1,781,515	1,737,875	2,206,276	1,881,188	1,674,923
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>482,231</u>	<u>531,194</u>	<u>500,620</u>	<u>635,106</u>	<u>342,552</u>	<u>377,826</u>	<u>433,199</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	80.4%	75.6%	78.1%	73.2%	86.6%	83.3%	79.5%
<b>Covered Payroll</b>	1,061,341	948,015	849,627	931,032	958,901	821,334	954,434
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	45.4%	56.0%	58.9%	68.2%	35.7%	46.0%	45.4%

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

**Town of Limon, Colorado**

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**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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Intergovernmental - Federal	\$ 744,674	\$ 744,674	\$1,243,249	\$ 498,575
Supplemental Appropriation	<u>-</u>	<u>510,481</u>	<u>-</u>	<u>(510,481)</u>
<b>Total Revenues</b>	<u>744,674</u>	<u>1,255,155</u>	<u>1,243,249</u>	<u>(11,906)</u>
<b>EXPENDITURES:</b>				
Head Start Program	744,674	744,674	1,243,249	(498,575)
Supplemental Appropriation	<u>-</u>	<u>510,481</u>	<u>-</u>	<u>510,481</u>
<b>Total Expenditures</b>	<u>744,674</u>	<u>1,255,155</u>	<u>1,243,249</u>	<u>11,906</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2021

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	CAPITAL CONSTRUCTION FUND	TOTALS
<b>ASSETS:</b>				
Cash	\$ 92,058	\$ 15,863	\$ 20,179	\$ 128,100
Accounts Receivable	-	200	-	200
<b>TOTAL ASSETS</b>	<b>\$ 92,058</b>	<b>\$ 16,063</b>	<b>\$ 20,179</b>	<b>\$ 128,300</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	-	-	-	-
 <b>FUND BALANCES</b>				
Restricted	92,058	-	-	92,058
Assigned-Designated for Subsequent Year	-	16,063	20,179	36,242
<b>TOTAL FUND BALANCES</b>	<b>92,058</b>	<b>16,063</b>	<b>20,179</b>	<b>128,300</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 92,058</b>	<b>\$ 16,063</b>	<b>\$ 20,179</b>	<b>\$ 128,300</b>

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

**Town of Limon, Colorado**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2021**

	<b>CONSERVATION TRUST FUND</b>	<b>CEMETERY PERPETUAL CARE</b>	<b>CAPITAL CONSTRUCTION FUND</b>	<b>TOTALS</b>
<b>REVENUES:</b>				
Interest	\$ 2	\$ -	\$ -	\$ 2
Intergovernmental - Local	23,963	-	-	23,963
Intergovernmental - Federal	-	-	-	-
Grants	-	-	-	-
Donations	-	-	-	-
Perpetual Care	-	1,800	-	1,800
	<u>23,965</u>	<u>1,800</u>	<u>-</u>	<u>25,765</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	23,965	1,800	-	25,765
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In (Out)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	23,965	1,800	-	25,765
<b>FUND BALANCE, BEGINNING OF YEAR</b>	68,093	14,263	20,179	102,535
	<u>68,093</u>	<u>14,263</u>	<u>20,179</u>	<u>102,535</u>
<b>FUND BALANCE, END OF YEAR</b>	\$ 92,058	\$ 16,063	\$ 20,179	\$ 128,300
	<u>\$ 92,058</u>	<u>\$ 16,063</u>	<u>\$ 20,179</u>	<u>\$ 128,300</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES:</b>				
Intergovernmental - State	\$ 22,250	\$ 22,250	\$ 23,963	\$ 1,713
Interest	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
<b>Total Revenues</b>	<u>22,252</u>	<u>22,252</u>	<u>23,965</u>	<u>1,713</u>
<b>EXPENDITURES:</b>				
Recreation Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	22,252	22,252	23,965	1,713
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	22,252	22,252	23,965	1,713
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>39,070</u>	<u>39,070</u>	<u>68,093</u>	<u>29,023</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 61,322</u>	<u>\$ 61,322</u>	<u>\$ 92,058</u>	<u>\$ 30,736</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Perpetual Care	\$ 600	\$ 600	\$ 1,800	\$ 1,200
Interest	<u>10</u>	<u>10</u>	<u>-</u>	<u>(10)</u>
<b>Total Revenues</b>	<u>610</u>	<u>610</u>	<u>1,800</u>	<u>1,190</u>
<b>EXPENDITURES:</b>				
Perpetual Care Improvements	<u>2,840</u>	<u>2,840</u>	<u>-</u>	<u>2,840</u>
<b>Total Expenditures</b>	<u>2,840</u>	<u>2,840</u>	<u>-</u>	<u>2,840</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,230)	(2,230)	1,800	4,030
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,488</u>	<u>12,488</u>	<u>14,263</u>	<u>1,775</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,258</u>	<u>\$ 10,258</u>	<u>\$ 16,063</u>	<u>\$ 5,805</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, 2021**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ -
Intergovernmental - Local	53,000	53,000	-	(53,000)
Bond Revenue	3,000,000	3,000,000	-	(3,000,000)
Supplemental Appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>3,053,000</u>	<u>3,053,000</u>	<u>-</u>	<u>(3,053,000)</u>
<b>EXPENDITURES</b>				
Airport Cares	10,000	10,000	-	10,000
Pool Construction	2,000,000	2,000,000	-	2,000,000
Community Building Expansion	1,000,000	1,000,000	-	1,000,000
Revitalizing Main Street	45,000	45,000	-	45,000
Supplemental Appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>3,055,000</u>	<u>3,055,000</u>	<u>-</u>	<u>3,055,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,000)	(2,000)	-	2,000
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,000)	(2,000)	-	2,000
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>67,852</u>	<u>67,852</u>	<u>20,179</u>	<u>(47,673)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 65,852</u>	<u>\$ 65,852</u>	<u>\$ 20,179</u>	<u>\$ (45,673)</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Sales, Net Contractual Adjustments and Bad Debts	\$ 1,270,015	\$ 1,270,015	\$1,146,300	\$ (123,715)
Other User Charges	9,400	9,400	6,360	(3,040)
Miscellaneous	100	100	862	762
Interest	10,270	10,270	6,645	(3,625)
Insurance Proceeds	-	-	-	-
Note Principal - Frasier	23,735	23,735	23,735	-
DOC Maintenance	1,424	1,424	1,558	134
DOC Maintenance Expenses from Restricted Account	-	-	4,582	4,582
Tap Fees	22,000	22,000	18,840	(3,160)
Contributed Capital	-	-	-	-
Intergovernmental-Federal	-	-	-	-
<b>Total Revenues</b>	<u>1,336,944</u>	<u>1,336,944</u>	<u>1,208,882</u>	<u>(128,062)</u>
<b>EXPENDITURES:</b>				
Operating Expenses (other than depreciation and amortization)	771,564	771,564	640,884	130,680
Interest Expense	55,362	55,362	55,904	(542)
Debt Principal	255,863	255,863	260,843	(4,980)
Capital Expenditures	70,500	70,500	2,679	67,821
DOC Maintenance Revenue to Restricted Account	1,424	1,424	1,558	(134)
System Maintenance Paid from Colorado Reserve Account	3,500	3,500	4,582	(1,082)
<b>Total Expenditures</b>	<u>1,158,213</u>	<u>1,158,213</u>	<u>966,450</u>	<u>191,763</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>\$ 178,731</u>	<u>\$ 178,731</u>	242,432	<u>\$ 63,701</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			260,843	
Capital Expenditures			2,679	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(23,735)	
Less: Depreciation and Amortization			<u>(393,960)</u>	
<b>Change in Net Position GAAP</b>			<u>\$ 88,259</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
<b>REVENUES:</b>				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Sales, Net Contractual Adjustments and Bad Debts	\$ 255,250	\$ 255,250	\$ 496,309	\$ 241,059
Interest	5	5	73	68
Donations and Grants	31,145	31,145	92,327	61,182
Intergovernmental - Local	67,292	67,292	49,743	(17,549)
Miscellaneous	3,500	3,500	4,350	850
Transfer From Other Funds	33,876	33,876	33,876	-
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<b>Total Revenues</b>	<u>391,068</u>	<u>441,068</u>	<u>676,678</u>	<u>235,610</u>
<b>EXPENDITURES:</b>				
Operating				
Salaries and Benefits	274,673	274,673	291,720	(17,047)
Maintenance	22,678	22,678	24,896	(2,218)
Insurance	8,050	8,050	8,050	-
Utilities	7,809	7,809	5,624	2,185
Other Expenses	121,224	121,224	140,202	(18,978)
Principal Payment	790	790	795	(5)
Interest Expense	240	240	234	6
Capital Outlay	5,000	5,000	-	5,000
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>Total Expenditures</b>	<u>440,464</u>	<u>490,464</u>	<u>471,521</u>	<u>18,943</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (49,396)</u>	<u>\$ (49,396)</u>	205,157	<u>\$ 254,553</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add: Principal Portion of Debt Service			795	
Add: Capital Outlay			-	
Less: Depreciation			<u>(79,422)</u>	
Change In Net Position GAAP			<u>\$ 126,530</u>	

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

# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2021

	GOLF COURSE FUND	AIRPORT FUEL FUND	TOTALS
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 8,576	\$ 22,684	\$ 31,260
Inventories	1,351	17,469	18,820
Prepaid Expenses	-	-	-
Accounts Receivable	-	149	149
<b>Total Current Assets</b>	9,927	40,302	50,229
<b>Non-Current Assets:</b>			
Capital Assets:			
Land	9,321	-	9,321
Recreation Area Facilities	314,908	-	314,908
Equipment	128,978	-	128,978
Accumulated Depreciation	(336,338)	-	(336,338)
<b>Total Non-Current Assets</b>	116,869	-	116,869
<b>TOTAL ASSETS</b>	126,796	40,302	167,098
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Current Portion of Long-Term Debt	619	-	619
Accounts Payable	1,823	850	2,673
<b>Total Current Liabilities</b>	2,442	850	3,292
<b>Non-Current Liabilities:</b>			
Long-Term Debt - Net of Current Portion	4,753	-	4,753
<b>Total Non-Current Liabilities</b>	4,753	-	4,753
<b>TOTAL LIABILITIES</b>	7,195	850	8,045
<b>NET POSITION</b>			
Net Investment in Capital Assets	116,869	-	116,869
Unrestricted	2,732	39,452	42,184
<b>TOTAL NET POSITION</b>	119,601	39,452	159,053
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 126,796	\$ 40,302	\$ 167,098

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, 2021**

	<u>GOLF COURSE FUND</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>OPERATING REVENUES</b>			
Sales	\$ 145,654	\$ 45,212	\$ 190,866
Other User Charges	555	-	555
Miscellaneous	<u>1,686</u>	<u>1,342</u>	<u>3,028</u>
<b>Total Operating Revenues</b>	<u>147,895</u>	<u>46,554</u>	<u>194,449</u>
<b>OPERATING EXPENSES</b>			
Cost of Resale Items	13,540	31,739	45,279
Maintenance	25,729		25,729
Insurance	4,180	2,291	6,471
Utilities	20,734	-	20,734
Testing	-	30	30
Salaries and Benefits	130,398	-	130,398
Other Expenses	32,913	1,425	34,338
Depreciation	<u>13,555</u>	<u>-</u>	<u>13,555</u>
<b>Total Operating Expenses</b>	<u>241,049</u>	<u>35,485</u>	<u>276,534</u>
<b>Income (Loss) From Operations</b>	<u>(93,154)</u>	<u>11,069</u>	<u>(82,085)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Donations	16,001	-	16,001
Insurance Proceeds	-	-	-
Interest Expense	<u>(169)</u>	<u>-</u>	<u>(169)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>15,832</u>	<u>-</u>	<u>15,832</u>
Net Income Before Contributions and Transfers	(77,322)	11,069	(66,253)
Transfers In (Out)	<u>67,910</u>	<u>-</u>	<u>67,910</u>
<b>CHANGE IN NET POSITION</b>	<u>(9,412)</u>	<u>11,069</u>	<u>1,657</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>129,013</u>	<u>28,383</u>	<u>157,396</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 119,601</u>	<u>\$ 39,452</u>	<u>\$ 159,053</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Sales	\$ 38,500	\$ 38,500	\$ 45,212	\$ 6,712
Miscellaneous	1,500	1,500	1,342	(158)
Supplemental Appropriation	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>
<b>Total Revenues</b>	<u>40,000</u>	<u>47,500</u>	<u>46,554</u>	<u>(946)</u>
<b>EXPENDITURES:</b>				
Operating Expenses	29,019	29,019	35,485	(6,466)
Supplemental Appropriation	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
<b>Total Expenditures</b>	<u>29,019</u>	<u>36,519</u>	<u>35,485</u>	<u>1,034</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	<u>\$ 10,981</u>	<u>\$ 10,981</u>	<u>\$ 11,069</u>	<u>\$ 88</u>

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

**Town of Limon, Colorado**  
**Municipal Golf Course Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Position—Budget and Actual**  
**For the Year Ended December 31, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Sales	\$ 122,980	\$ 122,980	\$ 145,654	\$ 22,674
Other User Charges	500	500	555	55
Interest	-	-	-	-
Donations	11,000	11,000	16,001	5,001
Insurance Proceeds	-	-	-	-
Miscellaneous	2,200	2,200	1,686	(514)
Transfers from Other Funds	87,910	87,910	67,910	(20,000)
Supplemental Appropriation	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
<b>Total Revenues</b>	<u>224,590</u>	<u>230,590</u>	<u>231,806</u>	<u>1,216</u>
<b>EXPENDITURES:</b>				
Salaries and Benefits	131,294	131,294	130,398	896
Cost of Resale Items	9,435	9,435	13,540	(4,105)
Maintenance	28,785	28,785	25,729	3,056
Insurance	4,180	4,180	4,180	-
Utilities	24,750	24,750	20,734	4,016
Other Expenses	24,171	24,171	32,913	(8,742)
Capital Expenditures	800	800	-	800
Principal Payments	571	571	575	(4)
Interest Expense	173	173	169	4
Supplemental Appropriation	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
<b>Total Expenditures</b>	<u>224,159</u>	<u>230,159</u>	<u>228,238</u>	<u>1,921</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	<u>\$ 431</u>	<u>\$ 431</u>	3,568	<u>\$ 3,137</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Principal payments			575	
Add budgetary items shown as Expenditures:				
Capital Expenditures			-	
Less: Depreciation and Amortization			<u>(13,555)</u>	
<b>Change In Net Position GAAP</b>			<u>\$ (9,412)</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, 2021**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Employee Contribution	\$ 64,000	\$ 64,000	\$ 61,839	\$ (2,161)
Employer Contribution	100,000	100,000	100,000	-
Interest Income	150	150	108	(42)
Investment Income				
Net of Expenses	275,000	275,000	192,893	(82,107)
Supplemental Appropriations	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
<b>Total Revenues</b>	<u>439,150</u>	<u>446,150</u>	<u>354,840</u>	<u>(91,310)</u>
<b>EXPENDITURES:</b>				
Benefit Payments	3,143	3,143	3,209	(66)
Administrative Expenses	7,000	7,000	12,892	(5,892)
Supplemental Appropriations	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
<b>Total Expenditures</b>	<u>10,143</u>	<u>17,143</u>	<u>16,101</u>	<u>1,042</u>
<b>CHANGE IN NET POSITION</b>	429,007	429,007	338,739	(90,268)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,835,001</u>	<u>1,835,001</u>	<u>1,700,935</u>	<u>(134,066)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,264,008</u>	<u>\$ 2,264,008</u>	<u>\$ 2,039,674</u>	<u>\$ (224,334)</u>

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

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: LIMON
		YEAR ENDING : December 2021
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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	440,005
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	46,544
2. General fund appropriations	250,299	b. Snow and ice removal	11,954
3. Other local imposts (from page 2)	344,087	c. Other	52,373
4. Miscellaneous local receipts (from page 2)	147,485	d. Total (a. through c.)	110,871
5. Transfers from toll facilities		4. General administration & miscellaneous	29,753
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	275,073
a. Bonds - Original Issues		6. Total (1 through 5)	855,702
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	295
7. Total (1 through 6)	741,871	b. Redemption	5,000
<b>B. Private Contributions</b>	30,630	c. Total (a. + b.)	5,295
<b>C. Receipts from State government</b> (from page 2)	95,876	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	1,677
<b>E. Total receipts (A.7 + B + C + D)</b>	868,377	b. Redemption	5,703
		c. Total (a. + b.)	7,380
		3. Total (1.c + 2.c)	12,675
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	868,377

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	5,000		5,000	0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	59,225		5,703	53,522

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	868,377	868,377	0	0

**Notes and Comments:**

Other Road and Street Services is Street Lighting (Other than for traffic light) of \$52,373.



**INDEPENDENT AUDITOR’S 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 the 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 the governmental activities, the business-type activities, and each major fund of Town of Limon, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Town of Limon, Colorado’s basic financial statements, and have issued our report thereon dated September , 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Limon, Colorado’s internal control over financial reporting (internal control) 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 Town of Limon, Colorado’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Limon, Colorado’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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’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.

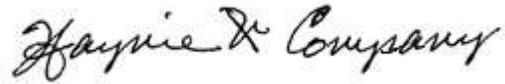
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Limon, Colorado’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Littleton, Colorado

September 30, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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 Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Limon, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Limon, Colorado's major federal programs for the year ended December 31, 2021. Town of Limon, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Limon, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Limon, Colorado and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Limon, Colorado's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Limon, Colorado's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Limon, Colorado's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Limon, Colorado's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Limon, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Limon, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Town of Limon, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

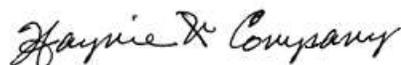
### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado

September 30, 2022

**Town of Limon, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

<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 - cluster (provided to a sub-recipient)	93.600		\$ 1,243,249
Total Department of Health and Human Services			<u>1,243,249</u>
Department of Transportation			
Direct program:			
Airport Improvement Program	20.106		32,000
Pass-through program from:			
East Central Council of Local Governments			
Transportation Grant	20.530		6,180
Total Department of Transportation			<u>38,180</u>
National Endowment for the Humanities Grants to States			
Direct program:			
Grants to States	45.310		5,500
Total National Endowment for the Humanities Grants to States			<u>5,500</u>
Total Expenditures of Federal Awards			<u>\$ 1,286,929</u>

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

# Town of Limon, Colorado

## Supplemental Information

### Schedule of Findings and Questioned Costs for the Year Ended December 31, 2021

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

Type of report issued on the financial statements:	<b>Unmodified</b>
Material weaknesses in financial reporting internal control noted:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	<b>None</b>
Material noncompliance noted:	<b>None</b>
Material weaknesses in internal control over major programs:	<b>None</b>
Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:	<b>None</b>
Type of report issued on compliance for major programs:	<b>Unmodified</b>
Audit findings required to be reported:	<b>None</b>
The following programs are considered to be major:	
<b>U.S. Department of Health and Human Services, Head Start — CFDA 93.600</b>	
Dollar threshold used to distinguish Type A and Type B programs:	<b>\$750,000</b>
Low-risk entity qualification:	<b>No</b>

#### 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