

# **Town of Limon, Colorado**

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

**December 31, 2012 and 2011**

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Town of Limon, Colorado's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Limon, Colorado, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Limon, Colorado's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules, special reports, and the schedule of expenditures of federal awards, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, special reports, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Audit Standards*, we have also issued our report dated July 8, 2013, on our consideration of the Town of Limon, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Limon, Colorado's internal control over financial reporting and compliance.



Littleton, Colorado  
July 8, 2013

**Town of Limon, Colorado**  
**Management's Discussion and Analysis**  
**December 31, 2012**

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

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

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

**FINANCIAL HIGHLIGHTS**

- The Town's total net position increased by \$302,488 or 1.9% during the year. The governmental net position increased by \$86,362 or 1.1%, and the business-type net position increased by \$216,126, or 2.7%.
- The governmental activities revenue changed from \$2,672,793 in 2011 to \$3,213,989 in 2012 for an increase of \$541,196 or 20.2%. This increase is due primarily to large increases in grants and sales tax revenues.
- The governmental activities expenditures changed from \$3,011,707 in 2011 to \$3,127,627 in 2012, an increase of \$115,920 or 3.8%. The increase is due primarily to an increase in losses from the disposal of capital assets.
- The business-type activities revenue changed from \$1,585,686 in 2011 to \$1,790,012 in 2012, an increase of \$204,326 or 12.9%. The increase is due primarily to increased water and sewer sales.
- The business-type activities expenditures changed from \$1,583,960 in 2011 to \$1,656,258 in 2012, an increase of \$72,298 or 4.6%.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease of \$25,271 or 3.0% in fund balance.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- **Government-wide financial statements** provide both long-term and short-term information about the Town’s overall financial status. The required financial statements include statement of net 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 Municipal Recreation, Airport Fuel, and Ambulance Service, are operated similar to private business with an economic resource focus and accrual accounting. The required financial statements include Statement of Net Position, Statement of Revenues, expenses, and changes in Net Position, and Statement of cash flows. All assets and liabilities, both financial and capital, long and short-term are provided and all revenues and expenses are included regardless of when cash is received or paid.
  3. **Fiduciary Funds** include the Employee’s Pension Fund. The Town is responsible for the assets in this fund and for reporting. The above fund is reported in separate statements of Fiduciary Net Position and Change in Fiduciary Net Position. It has been excluded from the Town’s government-wide financial statements because the Town cannot use this fund to service its operations.

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

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

The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town's basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the change in financial resources that can be spent in the near future to finance the Town's programs. Because this information does not

encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.

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

## FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
Current assets	\$ 1,198,700	\$ 1,104,698	\$ 1,087,622	\$ 837,228	\$ 1,941,926	\$ 2,286,322
Restricted assets	327,835	256,823	1,286,514	937,074	1,229,897	1,614,349
Other non-current assets	278,319	308,531	555,861	282,977	591,508	834,180
Capital assets, net	<u>7,364,025</u>	<u>7,248,866</u>	<u>9,135,464</u>	<u>9,277,770</u>	<u>16,526,636</u>	<u>16,499,489</u>
Total assets	<u>9,168,879</u>	<u>8,918,918</u>	<u>12,065,461</u>	<u>11,371,049</u>	<u>20,289,967</u>	<u>21,234,340</u>
<b>LIABILITIES</b>						
Current liabilities	714,664	522,065	387,873	365,538	919,746	1,102,537
Non-current liabilities	<u>236,000</u>	<u>265,000</u>	<u>3,525,431</u>	<u>3,069,480</u>	<u>3,302,337</u>	<u>3,761,431</u>
Total liabilities	<u>950,664</u>	<u>787,065</u>	<u>3,913,304</u>	<u>3,435,018</u>	<u>4,222,083</u>	<u>4,863,968</u>
<b>NET POSITION</b>	<u>\$ 8,218,215</u>	<u>\$ 8,131,853</u>	<u>\$ 8,152,157</u>	<u>\$ 7,936,031</u>	<u>\$ 16,067,884</u>	<u>\$ 16,370,372</u>
Net Position consist of:						
Invested in capital assets	\$ 7,111,025	\$ 6,967,866	\$ 5,703,833	\$ 6,211,325	\$ 13,179,191	\$ 12,814,858
Restricted net position	327,835	256,823	285,164	283,152	539,975	612,999
Unrestricted net position	<u>779,355</u>	<u>907,164</u>	<u>2,163,160</u>	<u>1,441,554</u>	<u>2,348,718</u>	<u>2,942,515</u>
Total net position	<u>\$ 8,218,215</u>	<u>\$ 8,131,853</u>	<u>\$ 8,152,157</u>	<u>\$ 7,936,031</u>	<u>\$ 16,067,884</u>	<u>\$ 16,370,372</u>

The net position of the Town’s governmental funds as of December 31, 2012 were \$8,218,215 of which \$779,355 was unrestricted and is available for spending at the government’s discretion. The remainder is net investment in capital assets of \$7,111,025, reserved for Emergency Reserve of \$106,427 and Capital Replacement Reserve of \$221,408.

The General Fund is the main operating fund of the Town. As of December 31, 2012, the General Fund balance was \$814,234, of which \$223,645 was unassigned. Unassigned fund balance represents 10.2% of 2012 General Fund expenditures.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Program revenues:</b>						
Operating grants and contributions	\$ 887,494	\$ 849,374	\$ 192,685	\$ 148,134	\$ 1,080,179	\$ 997,508
Capital grants and contributions	326,699	52,678	26,688	-	353,387	52,678
Charges for services	<u>527,865</u>	<u>509,898</u>	<u>1,546,515</u>	<u>1,411,482</u>	<u>2,074,380</u>	<u>1,921,380</u>
Total program revenue	<u>1,742,058</u>	<u>1,411,950</u>	<u>1,765,888</u>	<u>1,559,616</u>	<u>3,507,946</u>	<u>2,826,693</u>
<b>General revenues:</b>						
Taxes	1,432,089	1,396,549	-	-	1,432,089	1,359,549
Investment earnings	11,277	12,377	18,950	20,903	30,227	33,280
Insurance proceeds	1,673	4,954	5,174	5,167	6,847	10,121
Other	<u>26,892</u>	<u>34,023</u>	<u>-</u>	<u>-</u>	<u>26,892</u>	<u>34,023</u>
Total general revenue	<u>1,471,931</u>	<u>1,477,903</u>	<u>24,124</u>	<u>26,070</u>	<u>1,496,055</u>	<u>1,473,973</u>
<b>Total Revenue</b>	<u>\$ 3,213,989</u>	<u>\$ 2,859,853</u>	<u>\$ 1,790,012</u>	<u>\$ 1,585,686</u>	<u>\$ 5,004,001</u>	<u>\$ 4,300,666</u>
<b>Expenses</b>						
General government	\$ 784,547	\$ 775,732	\$ -	\$ -	\$ 784,547	\$ 775,732
Airport	21,155	8,187	-	-	21,155	8,187
Public safety	396,922	369,949	-	-	396,922	369,949
Highways and streets	566,620	537,216	-	-	566,620	537,216
Public works - sanitation	187,551	204,551	-	-	187,551	204,551
Public health - cemetery	63,627	63,517	-	-	63,627	63,517
Culture and recreation	310,507	291,307	-	-	310,507	291,307
Head Start Program	640,764	636,257	-	-	640,764	636,257
Water	-	-	474,773	462,926	474,773	462,926
Water treatment plant	-	-	227,667	232,567	227,667	232,567
Sewer	-	-	301,690	308,266	301,690	308,266
Municipal recreation area	-	-	227,653	213,034	227,653	213,034
Airport fuel fund	-	-	36,117	40,729	36,117	40,729
Ambulance service fund	-	-	388,358	326,438	388,358	326,438
Interest and fiscal charges	<u>17,808</u>	<u>31,461</u>	<u>-</u>	<u>-</u>	<u>17,808</u>	<u>31,461</u>
Total expenses	<u>\$ 2,989,501</u>	<u>\$ 2,918,177</u>	<u>\$ 1,656,258</u>	<u>\$ 1,583,960</u>	<u>\$ 4,645,759</u>	<u>\$ 4,502,137</u>
Changes in net position before transfers and special items	224,488	(58,324)	133,754	1,726	358,242	(56,598)
Transfers	(82,372)	(83,038)	82,372	83,038	-	-
Gain (loss) on sale of assets	<u>(55,754)</u>	<u>(10,492)</u>	<u>-</u>	<u>-</u>	<u>(55,754)</u>	<u>(10,492)</u>
Change in net position	86,362	(151,854)	216,126	84,764	302,488	(67,090)
Beginning net position	<u>8,131,853</u>	<u>8,283,707</u>	<u>7,936,031</u>	<u>7,851,265</u>	<u>16,067,884</u>	<u>16,134,972</u>
Ending net position	<u>\$ 8,218,215</u>	<u>\$ 8,131,853</u>	<u>\$ 8,152,157</u>	<u>\$ 7,936,029</u>	<u>\$16,370,372</u>	<u>\$16,067,882</u>

Governmental Activities revenues in the amount of \$3,213,989 were more than expenses and transfers of \$3,127,627 by \$86,362. Business-type activities revenues and transfers in the amount of \$1,872,384 were more than expenses of \$1,656,258 by \$216,126.

## BUDGETARY HIGHLIGHTS

The budget was amended on December 27, 2012 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 14, 2011. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	<u>Original Budget</u>	<u>New Budget</u>	<u>Increase</u>
General Fund	\$2,311,908	\$2,361,908	\$ 50,000
Utility Fund	1,626,433	3,726,433	2,100,000
Recreation Area Fund	221,979	306,979	85,000
Head Start Fund	636,257	641,257	5,000
Ambulance Fund	474,725	524,725	50,000
Employees' Pension Fund	15,250	90,250	75,000
Airport Fuel Fund	40,327	41,166	<u>839</u>
			<u>\$2,365,839</u>

- Changes in the General Fund Budget are attributable to capital outlays. This increase in expenditure was offset by increased taxes collected.
- Changes in the Utility Fund Budget are attributable to the defeasance of bonds. This increase in expenditure was offset by the issuance of new bonds.
- Changes in the Recreation Area Fund Budget included capital expenditures and increased salaries. This increase was funded through increases in donations and interfund transfers.
- Changes in the Head Start Fund Budget included additional general expenditures. This increase was funded through increases in grant funds.
- Changes in the Ambulance Fund Budget included increases in capital expenditures. This increase was funded by prior year fund balance.
- Changes in the Employees' Pension Fund Budget was due to increased benefit payments, which was funded by increased investment income and prior year fund balance.
- Changes in the Airport Fuel Fund were due to increased operating expenses. The increases were offset by increased sales and prior year fund balance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2012, Limon's investment in capital assets for its governmental and business type activities net of accumulated depreciation was \$16,499,489. This included infrastructure assets acquired since January 1, 2004. Capital assets including land, buildings, streets, utility systems and equipment are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and water and sewer systems	3,089,340	2,653,875	12,178,690	12,046,080	15,268,030	14,699,955
Equipment	1,983,037	2,415,478	1,469,146	1,420,471	3,452,183	3,835,949
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Infrastructure	<u>4,763,537</u>	<u>4,716,370</u>	-	-	<u>4,763,537</u>	<u>4,716,370</u>
Total	\$ 11,114,903	\$ 11,064,712	\$ 14,940,307	\$ 14,759,022	\$ 26,055,210	\$ 25,823,734
Accumulated depreciation	<u>(3,750,878)</u>	<u>(3,815,846)</u>	<u>(5,804,843)</u>	<u>(5,481,252)</u>	<u>(9,555,721)</u>	<u>(9,297,098)</u>
Capital assets, net	<u>\$ 7,364,025</u>	<u>\$ 7,248,866</u>	<u>\$ 9,135,464</u>	<u>\$ 9,277,770</u>	<u>\$ 16,499,489</u>	<u>\$ 16,526,636</u>

This year's major capital asset additions include:

- Snow removal equipment storage building - \$332,225.
- J Avenue construction - \$47,167.
- Street shed - \$47,183.
- Railroad park pavillion - \$35,075.

### Long-term Debt

As of December 31, 2012 the Town had \$3,964,698 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessment bonds	253,000	281,000	-	-	281,000	281,000
Capital leases	-	-	-	-	-	-
Bonds payable:						
2004 Water Revenue	-	-	-	1,865,000	-	1,865,000
2001 Water G.O.	-	-	-	270,000	-	270,000
2000 Water Revenue	-	-	687,905	763,737	687,905	763,737
2012 Water Revenue	-	-	2,935,000	-	2,935,000	-
Loans payable:						
Colorado Water Conservation Board	-	-	-	252,565	-	252,565
Capital lease	-	-	46,229	84,229	46,229	84,229
Colorado maintenance fee	<u>-</u>	<u>-</u>	<u>42,564</u>	<u>44,650</u>	<u>42,564</u>	<u>44,650</u>
Total	<u>\$ 253,000</u>	<u>\$ 281,000</u>	<u>\$ 3,711,698</u>	<u>\$ 3,280,181</u>	<u>\$ 3,964,698</u>	<u>\$ 3,561,181</u>

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

- Sales tax revenues budgeted for 2013 is \$881,138, which is \$78,844 less than 2012 actual.
- The property tax revenue budgeted for 2013 is \$321,665, which is \$1,105 more than 2012 actual.
- Governmental funds revenues were budgeted at \$3,181,019 in 2013, which is a decrease of 1.9% from the 2012 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2013 budgeted direct pass-through amounts are \$640,764, which is the same as the 2012 actual amount. The 2013 budgeted expenditures for governmental activities are projected to be \$3,398,826, which is a 6.7% increase from the 2012 actual.
- Proprietary funds revenues were budgeted at \$2,036,254 for 2013, which is an increase of 15.3% from the 2012 actual revenues. 2013 budgeted expenditures of \$2,320,251 represent an increase from 2012 actual expenditures of 40.1%.

## **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, 2012**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 375,433	\$ 740,876	\$ 1,116,309
Current Portion Note Receivable	-	15,535	15,535
Accounts Receivable	307,752	437,394	745,146
Allowance for Doubtful Accounts	(6,086)	(162,583)	(168,669)
Intergovernmental Receivable	138,026	-	138,026
Accrued Interest Receivable	-	1,748	1,748
Special Assessment Receivable, Current Portion	15,188	-	15,188
Property Taxes Receivable	321,665	-	321,665
Inventory and Supplies	45,664	54,652	100,316
Prepaid Expenses	1,058	-	1,058
<b>Total Current Assets</b>	<u>1,198,700</u>	<u>1,087,622</u>	<u>2,286,322</u>
<b>Restricted Assets:</b>			
Emergency Reserve	106,427	-	106,427
Debt Reserves	-	154,487	154,487
Water Plant Reserve	-	215,164	215,164
Water Revenue Bonds	-	305,782	305,782
Sewer Line Maint. Reserve	-	42,564	42,564
Equipment Reserve	221,408	568,517	789,925
<b>Total Restricted Assets</b>	<u>327,835</u>	<u>1,286,514</u>	<u>1,614,349</u>
<b>Non-Current Assets:</b>			
Special Assessment Receivable, Net of Current Portion	259,368	-	259,368
Notes Receivable, Net of Current Portion	-	210,318	210,318
Bond Issue Costs	61,299	140,126	201,425
Accumulated Amortization	(42,348)	(31,135)	(73,483)
Loss on Bond Refunding	-	243,775	243,775
Accumulated Amortization	-	(7,223)	(7,223)
<b>Capital Assets</b>			
Land	1,278,989	243,476	1,522,465
Buildings and Water and Sewer Systems	3,089,340	12,178,690	15,268,030
Equipment	1,983,037	1,469,146	3,452,183
Infrastructure	4,763,537	-	4,763,537
Other Capital Assets	-	1,048,995	1,048,995
Accumulation Depreciation	(3,750,878)	(5,804,843)	(9,555,721)
<b>Total Non-Current Assets</b>	<u>7,642,344</u>	<u>9,691,325</u>	<u>17,333,669</u>
<b>TOTAL ASSETS</b>	<u>9,168,879</u>	<u>12,065,461</u>	<u>21,234,340</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Pooled Cash Overdraft	100,854	6,729	107,583
Current Portion of Long Term Debt	17,000	265,124	282,124
Accounts Payable	263,420	39,320	302,740
Accrued Interest Payable	-	26,230	26,230
Compensated Absences	11,725	3,830	15,555
Contingent Construction	-	57,218	57,218
Deferred Revenue - Property Taxes	321,665	-	321,665
<b>Total Current Liabilities</b>	<u>714,664</u>	<u>398,451</u>	<u>1,113,115</u>
<b>Non-Current Liabilities:</b>			
Long Term Debt	236,000	3,514,853	3,750,853
<b>Total Non-Current Liabilities</b>	<u>236,000</u>	<u>3,514,853</u>	<u>3,750,853</u>
<b>TOTAL LIABILITIES</b>	<u>950,664</u>	<u>3,913,304</u>	<u>4,863,968</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,111,025	5,703,833	12,814,858
Restricted for:			
Emergency Reserve	106,427	70,000	176,427
Bond Reserve	-	215,164	215,164
Capital Replacement	221,408	-	221,408
Unrestricted:	779,355	2,163,160	2,942,515
<b>TOTAL NET POSITION</b>	<u>\$ 8,218,215</u>	<u>\$ 8,152,157</u>	<u>\$ 16,370,372</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, 2012**

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>	
			<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental activities:</b>				
General Government	\$ 784,547	\$ 198,229	\$ 2,500	\$ -
Airport	21,155	4,185	-	326,699
Public Works -Streets	566,620	36,087	222,413	-
Public Works - Sanitation	187,551	229,040	-	-
Public Safety - Police	396,922	1,370	2,969	-
Public Health - Cemetery	63,627	3,250	-	-
Recreation	310,507	55,704	18,848	-
Head Start Program	640,764	-	640,764	-
Interest and Related Costs	17,808	-	-	-
<b>Total Governmental Activities</b>	<u>2,989,501</u>	<u>527,865</u>	<u>887,494</u>	<u>326,699</u>
<b>Business-Type Activities:</b>				
Water	474,773	665,675	-	26,688
Water Treatment Plant	227,667	240,406	12,552	-
Sewer	301,690	182,534	-	-
Ambulance Service Fund	388,358	277,707	114,872	-
Recreation and Airport Fuel Funds	263,770	180,193	65,261	-
<b>Total Business-Type Activities</b>	<u>1,656,258</u>	<u>1,546,515</u>	<u>192,685</u>	<u>26,688</u>
<b>Total Primary Government</b>	<u>\$ 4,645,759</u>	<u>\$ 2,074,380</u>	<u>\$ 1,080,179</u>	<u>\$ 353,387</u>

Property Taxes  
Franchise Taxes  
Sales Taxes  
Motor Vehicle  
Severance Tax  
Cigarette Tax  
Use Tax  
Interest Income  
Insurance Proceeds  
Gain (Loss) on Sale of Assets  
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>
\$ (583,818)	\$ -	\$ (583,818)
309,729	-	309,729
(308,120)	-	(308,120)
41,489	-	41,489
(392,583)	-	(392,583)
(60,377)	-	(60,377)
(235,955)	-	(235,955)
-	-	-
<u>(17,808)</u>	<u>-</u>	<u>(17,808)</u>
<u>(1,247,443)</u>	<u>-</u>	<u>(1,247,443)</u>
-	217,590	217,590
-	25,291	25,291
-	(119,156)	(119,156)
-	4,221	4,221
-	(18,316)	(18,316)
<u>-</u>	<u>109,630</u>	<u>109,630</u>
\$ <u>(1,247,443)</u>	\$ <u>109,630</u>	\$ <u>(1,137,813)</u>
\$ 320,560	\$ -	\$ 320,560
86,716	-	86,716
959,982	-	959,982
47,421	-	47,421
4,328	-	4,328
8,067	-	8,067
5,015	-	5,015
11,277	18,950	30,227
1,673	5,174	6,847
(55,754)	-	(55,754)
(82,372)	82,372	-
<u>26,892</u>	<u>-</u>	<u>26,892</u>
<u>1,333,805</u>	<u>106,496</u>	<u>1,440,301</u>
<u>86,362</u>	<u>216,126</u>	<u>302,488</u>
<u>8,131,853</u>	<u>7,936,031</u>	<u>16,067,884</u>
\$ <u>8,218,215</u>	\$ <u>8,152,157</u>	\$ <u>16,370,372</u>

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

**Town of Limon, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

<b>ASSETS</b>	<b><u>GENERAL</u></b>	<b><u>HEAD START FUND</u></b>	<b><u>CAPITAL CONSTRUCTION FUND</u></b>	<b><u>NONMAJOR GOVERNMENTAL FUNDS</u></b>	<b><u>TOTALS</u></b>
Cash	\$ 359,232	\$ -	\$ -	\$ 16,201	\$ 375,433
Accounts Receivable	50,946		256,806	-	307,752
Allowance for Doubtful Accounts	(6,086)		-	-	(6,086)
Intergovernmental Receivable	82,176	55,850	-	-	138,026
Special Assessment Receivable	274,556	-	-	-	274,556
Property Tax Receivable	321,665	-	-	-	321,665
Inventories	45,664	-	-	-	45,664
Prepaid Expenses	1,058	-	-	-	1,058
Restricted Cash					
Capital Replacement Reserve	221,408	-	-	-	221,408
Debt Reserves	-	-	-	-	-
Emergency Reserve	106,427	-	-	-	106,427
<b>Total Assets</b>	<b><u>\$ 1,457,046</u></b>	<b><u>\$ 55,850</u></b>	<b><u>\$ 256,806</u></b>	<b><u>\$ 16,201</u></b>	<b><u>\$ 1,785,903</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Pooled Cash Overdraft	\$ -	\$ 55,850	\$ 45,004	\$ -	\$ 100,854
Accounts Payable	51,625	-	211,795	-	263,420
Deferred Revenue Special Assessment	269,522	-	-	-	269,522
Deferred Revenues Taxes	321,665	-	-	-	321,665
<b>Total Liabilities</b>	<b><u>642,812</u></b>	<b><u>55,850</u></b>	<b><u>256,799</u></b>	<b><u>-</u></b>	<b><u>955,461</u></b>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	\$ 45,664	\$ -	\$ -	\$ -	\$ 45,664
Prepaid Expenses	1,058	-	-	-	1,058
Restricted:					
Emergency Reserve	106,427	-	-	-	106,427
Conservation Trust Funds	-	-	-	5,061	5,061
Committed:					
Equipment Replacement	221,408	-	7	-	221,415
Assigned-Designated for Subsequent Year:					
General Fund	216,032	-	-	-	216,032
Capital Projects Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	11,140	11,140
Unassigned:					
General Fund	223,645	-	-	-	223,645
<b>Total Fund Balances</b>	<b><u>814,234</u></b>	<b><u>-</u></b>	<b><u>7</u></b>	<b><u>16,201</u></b>	<b><u>830,442</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,457,046</u></b>	<b><u>\$ 55,850</u></b>	<b><u>\$ 256,806</u></b>	<b><u>\$ 16,201</u></b>	<b><u>\$ 1,785,903</u></b>

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

**Town of Limon, Colorado**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**December 31, 2012**

Total Fund Balances - Total Governmental Funds	\$ 830,442
<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	11,114,903
Accumulated Depreciation	(3,750,878)
<p>Long term liabilities are not due and payable in the current period and therefore are not reported in governmental funds. Long term debt was adjusted as follows:</p>	
Special Assessment Bonds	(253,000)
Compensated Absences	(11,725)
<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	274,556
Special Assessment - Allowance for Doubtful Accounts	(5,034)
Bond issue costs to be amortized over the life of the debt.	61,299
Accumulated amortization on bond issue costs.	<u>(42,348)</u>
 <b>Net Position of Governmental Activities</b>	 <b><u>\$ 8,218,215</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, 2012**

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>CAPITAL CONSTRUCTION FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
<b>REVENUES:</b>					
Taxes	\$ 1,432,089	\$ -	\$ -	\$ -	\$ 1,432,089
Fines, Licenses and Permits	82,386	-	-	-	82,386
Intergovernmental:					
Local	184,544	-	27,697	18,848	231,089
Federal	4,120	640,764	299,002	-	943,886
Charges for Services	471,670	-	-	800	472,470
Interest	11,192	-	-	85	11,277
Donations and Grants	39,218	-	-	-	39,218
Insurance Proceeds	1,673	-	-	-	1,673
Miscellaneous	26,892	-	-	-	26,892
<b>TOTAL REVENUES</b>	<u>2,253,784</u>	<u>640,764</u>	<u>326,699</u>	<u>19,733</u>	<u>3,240,980</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Administration	531,237	-	-	-	531,237
Airport	11,347	-	-	-	11,347
Public Works - Streets	520,956	-	-	-	520,956
Public Works - Sanitation	179,290	-	-	-	179,290
Public Safety - Police	371,770	-	-	-	371,770
Public Health - Cemetery	61,960	-	-	-	61,960
Recreation	265,136	-	-	-	265,136
Head Start Program	-	640,764	-	-	640,764
Capital Outlay	196,240	-	346,082	14,500	556,822
Debt Service:					
Principal - Bonded Debt	28,000	-	-	-	28,000
Interest	17,808	-	-	-	17,808
<b>TOTAL EXPENDITURES</b>	<u>2,183,744</u>	<u>640,764</u>	<u>346,082</u>	<u>14,500</u>	<u>3,185,090</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	70,040	-	(19,383)	5,233	55,890
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfer In (Out)	(95,311)	-	19,378	(6,439)	(82,372)
<b>NET CHANGE IN FUND BALANCE</b>	(25,271)	-	(5)	(1,206)	(26,482)
<b>FUND BALANCES, BEGINNING</b>	<u>839,505</u>	<u>-</u>	<u>12</u>	<u>17,407</u>	<u>856,924</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 814,234</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 16,201</u>	<u>\$ 830,442</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, 2012**

Net change in fund balances - total governmental funds	\$ (26,482)
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 \$542,965 were more than depreciation of \$371,818 in the current year.	171,147
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	28,000
This is the current-period decrease in the liability for compensated absences	441
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(26,991)
Bond issuance costs are reported on the statement of net assets as a deferred charge and amortized over the life of the debt. Current period amortization as reported on the statement of net activities.	(3,999)
The statement of activities reports a gain or loss on the sale of assets based on the proceeds received and the net book value of the assets at the time of sale. The loss on disposal is calculated as follows:	
Cost of assets disposed	(492,774)
Accumulated depreciation of assets disposed	437,020
Net loss on disposal of assets	(55,754)
 <b>Change in net position of governmental activities</b>	 <b><u>\$ 86,362</u></b>

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

# Town of Limon, Colorado

## Proprietary Funds Statement of Net Position December 31, 2012

ASSETS	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
<b>Current Assets:</b>				
Cash	\$ 706,988	\$ 32,266	\$ 1,622	\$ 740,876
Current Portion of Note Receivable	15,535	-	-	15,535
Accounts Receivable	59,821	377,521	52	437,394
Allowances For Doubtful Accounts	(3,383)	(159,200)	-	(162,583)
Prepaid Expenses	-	-	-	-
Accrued Interest Receivable	1,748	-	-	1,748
Inventories	36,129	-	18,523	54,652
<b>Total Current Assets</b>	<u>816,838</u>	<u>250,587</u>	<u>20,197</u>	<u>1,087,622</u>
<b>Restricted Assets:</b>				
Water Plant Reserve	215,164	-	-	215,164
Water Revenue Bonds	305,782	-	-	305,782
Sewer Line Maint. Reserve	42,564	-	-	42,564
Bond & Emergency Reserve Funds	154,487	-	-	154,487
Equipment Reserve	542,752	8,100	17,665	568,517
<b>Total Restricted Assets</b>	<u>1,260,749</u>	<u>8,100</u>	<u>17,665</u>	<u>1,286,514</u>
<b>Non-Current Assets:</b>				
Notes Receivable, Net of Current Portion	210,318	-	-	210,318
Bond Issue Costs	124,626	15,500	-	140,126
Accumulated Amortization	(18,218)	(12,917)	-	(31,135)
Loss on Bond Refunding	243,775	-	-	243,775
Accumulated Amortization	(7,223)	-	-	(7,223)
<b>Capital Assets:</b>				
Water System	7,888,347	-	-	7,888,347
Sewer System and Plant	3,692,329	-	-	3,692,329
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	11,000	243,476
Buildings	-	215,749	-	215,749
Recreation Area Facilities	-	-	382,265	382,265
Equipment	568,888	760,165	140,093	1,469,146
Accumulated Depreciation	(5,028,331)	(488,410)	(288,102)	(5,804,843)
<b>Total Non-Current Assets</b>	<u>8,910,950</u>	<u>535,119</u>	<u>245,256</u>	<u>9,691,325</u>
<b>TOTAL ASSETS</b>	<u>10,988,537</u>	<u>793,806</u>	<u>283,118</u>	<u>12,065,461</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Current Portion of Long-Term Debt	226,124	39,000	-	265,124
Accounts Payable	28,263	7,822	3,235	39,320
Overdrafted Cash Balances	-	-	6,729	6,729
Accrued Interest Payable	25,467	763	-	26,230
Compensated Absences	2,312	588	930	3,830
Contingent Construction	57,218	-	-	57,218
<b>Total Current Liabilities</b>	<u>339,384</u>	<u>48,173</u>	<u>10,894</u>	<u>398,451</u>
<b>Non-Current Liabilities:</b>				
Deposit - State of Colo. For Sewer Line Maintenance	42,564	-	-	42,564
Long-Term Debt - Net of Current Portion	3,465,060	7,229	-	3,472,289
<b>Total Non-Current Liabilities</b>	<u>3,507,624</u>	<u>7,229</u>	<u>-</u>	<u>3,514,853</u>
<b>TOTAL LIABILITIES</b>	<u>3,847,008</u>	<u>55,402</u>	<u>10,894</u>	<u>3,913,304</u>
<b>NET POSITION</b>				
Net investment in capital assets	4,972,270	486,307	245,256	5,703,833
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	215,164	-	-	215,164
Unrestricted	1,884,095	252,097	26,968	2,163,160
<b>TOTAL NET POSITION</b>	<u>\$ 7,141,529</u>	<u>\$ 738,404</u>	<u>\$ 272,224</u>	<u>\$ 8,152,157</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, 2012

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
<b>OPERATING REVENUES</b>				
Sales	\$ 659,465	\$ 240,406	\$ 180,576	\$ 1,080,447
Less, Contractual Adjustments and Bad Debts	192	-	51	243
Net Sales	659,273	240,406	180,525	1,080,204
Other User Charges	6,373	-	2,009	8,382
Miscellaneous	29	-	-	29
<b>Total Operating Revenues</b>	<b>665,675</b>	<b>240,406</b>	<b>182,534</b>	<b>1,088,615</b>
<b>OPERATING EXPENSES</b>				
Cost of Resale Items	-	-	-	-
Maintenance	19,446	6,181	25,582	51,209
Insurance	1,009	4,035	3,026	8,070
Utilities	45,649	34,820	54,402	134,871
Testing	2,851	-	4,289	7,140
Salaries and Benefits	107,849	38,595	107,425	253,869
Other Expenses	21,023	11,117	7,732	39,872
Administration	14,543	2,000	3,438	19,981
Amortization	6,632	-	-	6,632
Depreciation	142,216	84,361	95,796	322,373
<b>Total Operating Expenses</b>	<b>361,218</b>	<b>181,109</b>	<b>301,690</b>	<b>844,017</b>
<b>Income (Loss) From Operations</b>	<b>304,457</b>	<b>59,297</b>	<b>(119,156)</b>	<b>244,598</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Revenue	15,043	1,983	-	17,026
Tap Fees	11,488	-	15,200	26,688
Donations	-	-	-	-
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	12,552	-	12,552
Insurance Proceeds	-	-	-	-
Interest Expense	(113,555)	(46,558)	-	(160,113)
Total Non-Operating Revenues (Expenses)	<b>(87,024)</b>	<b>(32,023)</b>	<b>15,200</b>	<b>(103,847)</b>
<b>Net Income Before Contributions and Transfers</b>	217,433	27,274	(103,956)	140,751
Transfers In (Out)	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>\$ 217,433</b>	<b>\$ 27,274</b>	<b>\$ (103,956)</b>	<b>140,751</b>
<b>NET POSITION, BEGINNING OF YEAR</b>				<b>7,000,776</b>
<b>NET POSITION, END OF YEAR</b>				<b>\$ 7,141,527</b>

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 565,343	\$ 169,957	\$ 1,815,747
<u>295,465</u>	<u>-</u>	<u>295,708</u>
269,878	169,957	1,520,039
-	8,125	16,507
<u>7,829</u>	<u>2,111</u>	<u>9,969</u>
<u>277,707</u>	<u>180,193</u>	<u>1,546,515</u>
-	53,130	53,130
19,288	8,359	78,856
9,970	3,426	21,466
7,382	23,077	165,330
-	375	7,515
195,081	121,673	570,623
92,186	31,563	163,621
-	-	19,981
1,550	-	8,182
<u>59,414</u>	<u>22,167</u>	<u>403,954</u>
<u>384,871</u>	<u>263,770</u>	<u>1,492,658</u>
<u>(107,164)</u>	<u>(83,577)</u>	<u>53,857</u>
1,732	192	18,950
-	-	26,688
4,608	65,261	69,869
110,264	-	110,264
-	-	12,552
5,174	-	5,174
<u>(3,487)</u>	<u>-</u>	<u>(163,600)</u>
<u>118,291</u>	<u>65,453</u>	<u>79,897</u>
11,127	(18,124)	133,754
<u>20,050</u>	<u>62,322</u>	<u>82,372</u>
<u>31,177</u>	<u>44,198</u>	<u>216,126</u>
<u>707,230</u>	<u>228,025</u>	<u>7,936,031</u>
<u>\$ 738,407</u>	<u>\$ 272,223</u>	<u>\$ 8,152,157</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, 2012

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts From Customers	\$ 1,086,478	\$ 174,786	\$ 180,283	\$ 1,441,547
Payments to Suppliers for Goods and Services	(254,261)	(134,606)	(129,952)	(518,819)
Payments to Employees	(253,918)	(194,493)	(121,106)	(569,517)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>578,299</b>	<b>(154,313)</b>	<b>(70,775)</b>	<b>353,211</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Donations	-	4,605	65,261	69,866
Intergovernmental Grants	12,552	110,264	-	122,816
Insurance Proceeds	-	5,174	-	5,174
Transfer From Other Fund	-	20,050	62,322	82,372
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<b>12,552</b>	<b>140,093</b>	<b>127,583</b>	<b>280,228</b>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:</b>				
State of Colorado - Sewer Line Maintenance	(2,086)	-	-	(2,086)
Tap Fees	26,690	-	-	26,690
Transfer To Restricted Assets	(498,067)	160,970	23,657	(313,440)
Sale of Capital Assets	-	-	-	-
Purchase of Capital Assets	(84,364)	(86,257)	(91,027)	(261,648)
Interest Paid	(175,504)	(4,116)	-	(179,620)
Debt Proceeds	3,125,041	-	-	3,125,041
Debt Principal Payments	(2,881,761)	(38,000)	-	(2,919,761)
Note - Frazier Farms	14,734	-	-	14,734
<b>Net Cash (Used) By Capital and Financing Activities</b>	<b>(475,317)</b>	<b>32,597</b>	<b>(67,370)</b>	<b>(510,090)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Revenue	17,431	1,732	193	19,356
<b>Net Cash Provided By Investing Activities</b>	<b>17,431</b>	<b>1,732</b>	<b>193</b>	<b>19,356</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>132,965</b>	<b>20,109</b>	<b>(10,369)</b>	<b>142,705</b>
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Beginning of Year</b>	<b>574,023</b>	<b>12,157</b>	<b>11,991</b>	<b>598,171</b>
<b>End of Year</b>	<b>\$ 706,988</b>	<b>\$ 32,266</b>	<b>\$ 1,622</b>	<b>\$ 740,876</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities</b>				
Net Operating Income (Loss)	\$ 244,598	\$ (107,164)	\$ (83,577)	\$ 53,857
Depreciation	322,373	59,414	22,167	403,954
Amortization	6,632	1,550	-	8,182
(Increase) Decrease in Accounts Receivable, Net	(2,137)	(102,921)	90	(104,968)
(Increase) Decrease in Inventory	291	-	(5,970)	(5,679)
(Increase) Decrease in Prepaid Expense	2,085	637	633	3,355
Increase (Decrease) in Accounts Payable	4,506	(6,417)	(6,774)	(8,685)
Increase (Decrease) in Overdraft Cash Balances	-	-	2,089	2,089
Increase (Decrease) in Compensated Absences	(49)	588	567	1,106
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 578,299</b>	<b>\$ (154,313)</b>	<b>\$ (70,775)</b>	<b>\$ 353,211</b>
<b>Noncash Capital Financing Activities:</b>				
Interest subsidy	\$ 12,552			\$ 12,552

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

**Town of Limon, Colorado**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2012**

	<b>EMPLOYEES' PENSION TRUST</b>
<b>ASSETS:</b>	
Cash	\$ 46,094
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	762,151
International Stocks	46,480
Mutual Funds	399,012
Money Markets and Other	<u>47,975</u>
 <b>TOTAL ASSETS</b>	 <u>1,301,712</u>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES:</b>	
	<u>-</u>
 <b>TOTAL LIABILITIES</b>	 <u>-</u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	 <u><u>\$ 1,301,712</u></u>

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

**Town of Limon, Colorado**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2012**

	<b>EMPLOYEES' PENSION PLAN</b>
<b>ADDITIONS:</b>	
Employee Contribution	\$ 52,650
Employer Contribution	42,800
Interest Income	201
Investment Income, Net of Expenses	132,048
Total Additions	227,699
<b>DEDUCTIONS:</b>	
Benefit Payments	82,350
Administrative Expenses	2,949
Total Deductions	85,299
<b>CHANGE IN PLAN NET POSITION</b>	142,400
<b>PLAN NET POSITION, BEGINNING OF YEAR</b>	1,159,312
<b>PLAN NET POSITION, END OF YEAR</b>	\$ 1,301,712

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

# Town of Limon, Colorado

## Notes to Financial Statements

### December 31, 2012

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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. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies.

##### **Reporting Entity**

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

##### **Related Organizations**

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

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

##### **Fund Accounting**

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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

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

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

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

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net 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, 2012**

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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.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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

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

**Fund Equity**

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

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Board of Trustees.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
  
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the criteria described above. If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town's policy to use the most restrictive classification first.

**Capital Assets**

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

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

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

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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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 27, 2012, the Board approved a resolution appropriating additional sums of money for the year 2012. 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 2012 the Board of Trustees budgeted all funds and appropriated spending limits by fund. Therefore, the comparisons of actual and budget amounts relating to legal requirements shown in the financial statements is based on “total expenditures” plus “operating transfers to other funds” in the various fund types. All appropriations lapse at year end.

**Encumbrances**

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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**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 2012 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	\$ 45,664
Utility - Treatment supplies, meters and parts	36,129
Municipal Recreation Area - Merchandise & Concessions	3,875
Airport Fuel Fund - Airplane fuel	<u>14,648</u>
Total Inventories	<u>\$ 100,316</u>

**Compensated Absences**

By ordinance, the Town's policy regarding vacation time is to not let it accumulate beyond one year, although some exceptions are made upon approval of management. Any unused vacation time is paid upon termination. Also by ordinance, any employee accumulating sick leave beyond 60 days shall continue to accrue sick leave at the rate of one-half day per month and shall have the additional leave added to vacation leave for the following year. The liability for vacation pay included in these financial statements includes such sick leave accrued to December 31, 2012.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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**Compliance with Colorado Contraband Forfeiture Act**

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

**Bond Discounts and Issuance Costs**

Utility Fund bond discount and issuance costs of \$103,699 for the 2000 to 2004 issues are being amortized over the term of the bonds (15 to 20 years) on the straight-line method. Ambulance Fund loan costs of \$15,500 are being amortized over the 10 year term of the loan on the straight-line method. Costs of Proprietary Funds' issues prior to 1989 were either expensed or added to the cost of the related assets. Bond issue and loan costs of \$61,299 on debt not related to Proprietary Funds are being amortized over their term (10 to 20 years) on the straight-line method in the government-wide financial statements, but expensed currently in the governmental funds financial statements.

**New Accounting Pronouncements**

Effective January 1, 2012, the District implemented the provisions of GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB No. 63).

GASB No. 63 provides guidance for reporting deferred outflows and deferred inflows of resources as introduced and defined in GASB Concepts Statement No. 4 "Elements of Financial Statements" (Concepts Statement No. 4). Concepts Statement No. 4 defines a deferred outflow of resources as a consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets applicable to a future reporting period. The impact on the Town's financial statements has been to replace the term "net assets" with "net position".

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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.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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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, 2012, none of the Town's deposits are deemed to be exposed to custodial credit risk.

The Town's deposits as of December 31, 2012 are shown below.

The Town's cash deposits at December 31, 2012 was \$2,623,075 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 \$521 and the remaining \$2,622,554 is explained below:

Cash balances and certificates of deposit:

	Bank Balance	Carrying Balance
Insured (FDIC)	\$ 1,000,000	\$ 1,000,000
Collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name	1,666,307	1,622,554
Total cash and certificates of deposit	\$ 2,666,307	\$ 2,622,554

The difference between the bank balance and carrying balance is \$43,753, which were outstanding items that had not cleared the banks as of December 31, 2012.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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

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

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

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

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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1. The aggregate amount of moneys invested in corporate stocks or corporate bonds, notes, or debentures which are convertible into corporate stock or in investment trust shares shall not exceed 65% of the then book value of the fund.
2. No investment of the fund in common or preferred stock, or both, of any single corporation shall be of an amount which exceeds 5% of the then book value of the fund, nor shall the fund acquire more than 12% of the outstanding stock or bonds of any single corporation.

The Employees' Pension Plan investments at December 31, 2012 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	\$ 762,151	n/a	Not Rated	n/a
International Stocks	46,480	n/a	Not Rated	n/a
Mutual Funds	399,012	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>47,975</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,255,618</u>			

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

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

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

Cash and Cash Equivalents	\$ 1,116,309
Pooled Cash Overdraft	(107,583)
Restricted Cash	1,614,349
Fiduciary Funds – Cash	46,094
Fiduciary Funds – Investments	<u>1,255,618</u>
Total	<u>\$ 3,924,787</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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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, 2012 of \$106,427 is 3% of the Town’s annual expenditures in the governmental fund types. Reserve is held in bank certificates of deposit.

General Fund – equipment replacement reserves. Accumulation at December 31, 2012 is \$221,408. Reserves are held in bank savings accounts and certificates of deposit.

Utility Fund – reserve for operations and maintenance of the water treatment plant. Total required accumulation at December 31, 2012 is \$215,164. Reserve is held in a bank savings account.

Utility Fund – funds held for future water projects construction from proceeds of 2012 water revenue bonds. Amount held in a bank savings account totals \$305,782 at December 31, 2012.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$154,487, as of December 31, 2012 are held in a bank savings account and certificates of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$42,564, as of December 31, 2012, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2012 is \$550,852. Reserve is held in a bank savings account.

Municipal Recreation Area Fund – accumulation of special green fees, which is spent on golf course improvements and equipment. The amount accumulated of \$17,665, as of December 31, 2012, is in a bank savings account and certificate of deposit.

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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, 2012**

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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 \$9,078 each year. Residents are permitted to pay their accounts in full at any time, which would also decrease total future annual payment requirements.

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

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**5. Capital Assets**

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Capital asset activity for the year was as follows:

	Balance December 31, 2011	Additions	Conveyances or Retirements	Balance December 31, 2012
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	2,653,875	435,465	-	3,089,340
Equipment	2,415,478	60,333	(492,774)	1,983,037
Infrastructure	4,716,370	47,167	-	4,763,537
Total depreciable assets	<u>9,785,723</u>	<u>542,965</u>	<u>(492,774)</u>	<u>9,835,914</u>
Total capital assets	<u>11,064,712</u>	<u>542,965</u>	<u>(492,774)</u>	<u>11,114,903</u>
Less accumulated depreciation for:				
Buildings	(1,420,495)	(73,757)	-	(1,494,252)
Equipment	(1,643,371)	(126,315)	436,786	(1,332,900)
Infrastructure	(751,980)	(171,746)	-	(923,726)
Total accumulated depreciation	<u>(3,815,846)</u>	<u>(371,818)</u>	<u>436,786</u>	<u>(3,750,878)</u>
Depreciable assets, net	<u>5,969,877</u>	<u>171,147</u>	<u>(55,988)</u>	<u>6,085,036</u>
Governmental activities assets, net	<u>\$ 7,248,866</u>	<u>\$ 171,147</u>	<u>\$ (55,988)</u>	<u>\$ 7,364,025</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

**5. Capital Assets**

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

General government	\$ 28,400
Airport	9,808
Public safety - police	25,152
Highways and streets	213,411
Public works - sanitation	8,261
Public health - cemetery	1,667
Culture and recreation	45,371
Rural health	<u>39,748</u>
Total governmental activities depreciation expense	<u>\$ 371,818</u>

	Balance December 31, 2011	Additions	Conveyances or Retirements	Balance December 31, 2012
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	<u>243,476</u>	<u>-</u>	<u>-</u>	<u>243,476</u>
Total non-depreciable assets	<u>1,292,471</u>	<u>-</u>	<u>-</u>	<u>1,292,471</u>
Depreciable assets:				
Water system, plant & equipment	8,322,414	84,363	(19,013)	8,387,764
Sewer system, plant & equipment	3,787,158	-	(25,361)	3,761,797
Rec area facilities & equipment	431,333	91,028	-	522,361
Ambulance building & equipment	<u>925,646</u>	<u>98,257</u>	<u>(47,989)</u>	<u>975,914</u>
	<u>13,466,551</u>	<u>273,648</u>	<u>(92,363)</u>	<u>13,647,836</u>
Total capital assets	<u>14,759,022</u>	<u>273,648</u>	<u>(92,363)</u>	<u>14,940,307</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(3,183,056)	(226,579)	19,013	(3,390,622)
Sewer system, plant & equipment	(1,567,274)	(95,796)	25,361	(1,637,709)
Rec area facilities & equipment	(265,935)	(22,167)	-	(288,102)
Ambulance building & equipment	<u>(464,987)</u>	<u>(59,414)</u>	<u>35,989</u>	<u>(488,410)</u>
Total accumulated depreciation	<u>(5,481,252)</u>	<u>(403,954)</u>	<u>80,363</u>	<u>(5,804,843)</u>
Depreciable assets, net	<u>7,985,299</u>	<u>(130,306)</u>	<u>(12,000)</u>	<u>7,842,993</u>
Business-type activities assets, net	<u>\$ 9,277,770</u>	<u>\$ (130,306)</u>	<u>\$ (12,000)</u>	<u>\$ 9,135,464</u>

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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**5. Capital Assets (continued)**

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

Water	\$ 142,216
Water treatment	84,361
Sewer	95,796
Municipal recreation	22,167
Ambulance	<u>59,414</u>
Total business-type activities depreciation expense	<u>\$ 403,954</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 is a single-employer defined benefit pension plan administered by the Town of Limon. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Town Board of Trustees has the authority to establish and amend benefit provisions. The Plan does not issue a publicly available financial report.

There is no provision for cost-of-living increases after benefits begin.

The plan covers full-time and special part-time Town employees.

Membership in the Plan consisted of the following at January 1, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	1
Active Plan Members	<u>23</u>
Total	26

Funding Policy. 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.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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**6. Retirement Plan (continued)**

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

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

Annual required contribution	\$ 95,141
Contributions made	\$ (95,450)
Net pension obligation beginning of year	<u>\$ -0-</u>
Net pension obligation end of year	<u><u>\$ -0-</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 2.0% per year. Both (a) and (b) included an inflation component of 2.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value method.

Schedule of Funding Progress (Based on Entry Age Normal Method).

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Liability or (Funding Excess) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>
1/1/2008	\$ 1,117,242	\$ 1,128,134	\$ 10,892	99%
1/1/2009	\$ 733,590	\$ 1,072,120	\$ 338,530	68%
1/1/2010	\$ 939,547	\$ 1,171,182	\$ 231,635	80%
1/1/2011	\$ 1,113,019	\$ 1,326,529	\$ 213,510	84%
1/1/2012	\$ 1,139,882	\$ 1,235,023	\$ 95,141	92%

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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**6. Retirement Plan (continued)**

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Five-year Trend information:

<b>For Each Year Ended</b>	<b>Employer Annual Required Contribution and Pension Cost</b>	<b>Employer Contribution</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation</b>
12/31/2008	\$ 5,668	\$ 5,668	100.0%	\$ -
12/31/2009	\$ 40,337	\$ 40,337	100.0%	\$ -
12/31/2010	\$ 32,000	\$ 32,000	100.0%	\$ -
12/31/2011	\$ 25,241	\$ 25,241	100.0%	\$ -
12/31/2012	\$ 95,141	\$ 95,450	100.0%	\$ -

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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 \$106,427 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the Tabor amendment.

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

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

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**8. Long-Term Debt**

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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The Town had one general obligation bond issue outstanding during 2012, with interest from 4.8% to 5.6%, which was paid in full in 2012.

**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, 2012 are as follows:

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

During 2012 a principal payment of \$120,000 was made. Additionally, an interest payment of \$21,416 was made, which is included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2013	\$ 145,000	\$ 80,500	\$ 225,500
2014	150,000	77,600	227,600
2015	150,000	74,600	224,600
2016	150,000	71,600	221,600
2017	160,000	68,600	228,600
2018-2022	985,000	275,700	1,260,700
2023-2025	1,195,000	81,300	1,276,300
	\$ 2,935,000	\$ 729,900	\$ 3,664,900

**2004 Water Revenue Bonds** – These bonds were payable from Utility Fund Water revenues, together with interest from 5.30% to 5.50%. During 2012 the bonds were paid in full from the proceeds of the Series 2012 bonds.

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

During 2012 principal payments of \$75,832 and interest payments of \$35,032 were made in addition to the federal subsidy interest amount of \$11,526 for a total of \$46,558 which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest Before Federal Subsidy</u>	<u>Total</u>	<u>Federal Interest Subsidy</u>	<u>Net After Federal Subsidy</u>
2013	\$ 75,832	\$ 44,765	\$ 120,597	\$ 11,306	\$ 109,291
2014	75,832	41,240	117,072	10,060	107,012
2015	81,249	37,710	118,959	8,814	110,145
2016	81,249	33,923	115,172	7,478	107,694
2017	92,082	24,552	116,634	6,142	110,492
2018-2020	<u>281,661</u>	<u>49,715</u>	<u>331,376</u>	<u>9,614</u>	<u>321,762</u>
	<u>\$ 687,905</u>	<u>\$ 231,905</u>	<u>\$ 919,810</u>	<u>\$ 53,414</u>	<u>\$ 866,396</u>

**Colorado Water Conservation Board Note** – The Town received a loan from the State of Colorado for improvements to the water utility system, which was paid in full during 2012 from the proceeds of the Series 2012 bonds.

**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 2012 a principal payment of \$5,000 was made. Additionally, an interest payment of \$4,602 was made which is included under governmental activities in the Statement of Activities.

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

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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Annual debt service requirements on the bonds are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 4,000	\$ 4,425	\$ 8,425
2014	5,000	4,189	9,189
2015	5,000	3,894	8,894
2016	5,000	3,599	8,599
2017	6,000	3,304	9,304
2018-2022	34,000	11,033	45,033
2023-2024	14,000	1,416	15,416
	\$ 73,000	\$ 33,630	\$ 106,630

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

During 2012, a principal payment of \$23,000 was made. Additionally, interest payments of \$13,206 were made, which are included under governmental activities in the Statement of Activities.

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	13,000	12,524	25,524
2014	14,000	11,718	25,718
2015	15,000	13,640	28,640
2016	15,000	12,710	27,710
2017	16,000	11,780	27,780
2018-2022	98,000	42,594	140,594
2023	9,000	4,712	13,712
	\$ 180,000	\$ 109,678	\$ 289,678

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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

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

Total changes in Long-Term Liabilities during 2012 are as follows:

	Balance December 31, 2011	Additions	Payments	Balance December 31, 2012	Due Within One Year
Governmental activities:					
Special assessment bonds	281,000	-	(28,000)	253,000	17,000
	<u>281,000</u>	<u>-</u>	<u>(28,000)</u>	<u>253,000</u>	<u>17,000</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	\$ -	\$ 3,055,000	\$ (120,000)	\$ 2,935,000	\$ 145,000
2012 Bond Premium	-	70,041	(1,762)	68,279	5,292
2004 Water Revenue	1,865,000	-	(1,865,000)	-	-
2001 G.O.	270,000	-	(270,000)	-	-
2000 Water Revenue	763,737	-	(75,832)	687,905	75,832
Loans payable:					
Colorado Water Conservation Board	252,565	-	(252,565)	-	-
Capital lease	84,229	-	(38,000)	46,229	39,000
Colorado Maintenance Fee	44,650	2,772	(4,858)	42,564	-
	<u>3,280,181</u>	<u>3,057,772</u>	<u>(2,626,255)</u>	<u>3,779,977</u>	<u>265,127</u>
Total long-term liabilities	<u>\$ 3,561,181</u>	<u>\$ 3,057,772</u>	<u>\$(2,654,255)</u>	<u>\$ 4,032,977</u>	<u>\$ 282,124</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, 2012:

Actual Property Value (taxable)	\$107,969,406
	x 3%
	<u>3,239,082</u>
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,239,082</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, 2012**

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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 2012 the Town paid \$33,678 for insurance coverage to the pool which is included in the operating expense of the general and enterprise funds.

**Workers' Compensation Insurance**

The Town is exposed to various risks of loss related to injuries of employees while on the job. In 2009 the Town discontinued its membership in the Colorado Intergovernmental Risk Sharing Agency, Workers Compensation Pool (CIRSA), and obtained coverage from a commercial insurance provider.

During 2012 the Town paid \$39,722 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, 2012**

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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 2012:

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 55,883
Transfer from General Fund to Ambulance Fund for general operations.	20,050
Transfer from General Fund to Capital Construction Fund for general purposes.	<u>19,378</u>
Total General Fund transfers	<u>\$ 95,311</u>
Transfer from Conservation Trust Fund to Municipal Recreation Area Fund for improvements.	<u>\$ 6,439</u>

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**11. Contingent Construction Payable**

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During the year 2000, the Town obtained two acres of land for a water treatment plant, in exchange for providing certain street, water and sewer improvements for seller's adjacent property. The agreed-upon value was \$114,000. The Town's obligation in this trade consists of two elements: (1) an obligation to complete certain improvements with an estimated cost of \$41,622, which were completed by the Town in 2001, and (2) a contingent liability to pay the seller's obligation of \$72,378 for improvements in the event the seller develops the adjacent land within 20 years. During 2006, the Town paid \$15,160 for those improvements resulting in a remaining contingent payable of \$57,218. There were no payments made under this agreement in 2012.

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**12. 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, 2012, three of these individuals were employed, by appointment, by the Town. The fourth individual is now an at-will employee.

**Town of Limon, Colorado**  
**Notes to Financial Statements (continued)**  
**December 31, 2012**

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**13. Water Rights Lease**

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On June 2, 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.

**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, 2012**

	<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	\$ 1,307,580	\$ 1,307,580	\$ 1,432,089	\$ 124,509
Fines, Licenses and Permits	68,100	68,100	82,386	14,286
Intergovernmental - Local	188,666	188,666	184,544	(4,122)
Intergovernmental - Federal	3,500	3,500	4,120	620
Charges for Services	459,509	459,509	471,670	12,161
Interest	20,670	20,670	11,192	(9,478)
Donations and Grants	18,785	18,785	39,218	20,433
Insurance Claims	-	-	1,673	1,673
Miscellaneous	30,000	30,000	26,892	(3,108)
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<b>TOTAL REVENUES</b>	<u>2,096,810</u>	<u>2,146,810</u>	<u>2,253,784</u>	<u>106,974</u>
<b>EXPENDITURES</b>				
Current:				
General Government	512,837	512,837	531,236	(18,399)
Airport	10,170	10,170	11,347	(1,177)
Public Works - Streets	565,850	565,850	520,956	44,894
Public Works - Sanitation	195,537	195,537	179,290	16,247
Public Safety	375,890	375,890	371,770	4,120
Public Health - Cemetery	69,564	69,564	61,960	7,604
Recreation	295,190	295,190	265,136	30,054
Capital Outlay	123,266	123,266	196,240	(72,974)
Debt Service:				
Principal - Lease Purchases	-	-	-	-
Principal - Bonded Debt	16,000	16,000	28,000	(12,000)
Interest	17,185	17,185	17,808	(623)
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>TOTAL EXPENDITURES</b>	<u>2,181,489</u>	<u>2,231,489</u>	<u>2,183,743</u>	<u>47,746</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(84,679)	(84,679)	70,041	154,720
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Operating Transfers (Out)	<u>(130,420)</u>	<u>(130,420)</u>	<u>(95,312)</u>	<u>35,108</u>
<b>NET CHANGE IN FUND BALANCE</b>	(215,099)	(215,099)	(25,271)	189,828
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>837,132</u>	<u>641,561</u>	<u>839,505</u>	<u>197,944</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 622,033</u>	<u>\$ 426,462</u>	<u>\$ 814,234</u>	<u>\$ 387,772</u>

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

**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, 2012**

	<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 - Federal	\$ 636,257	\$ 641,257	\$ 640,764	\$ (493)
<b>Total Revenues</b>	<u>636,257</u>	<u>641,257</u>	<u>640,764</u>	<u>(493)</u>
<b>EXPENDITURES:</b>				
Head Start Program	<u>636,257</u>	<u>641,257</u>	<u>640,764</u>	<u>493</u>
<b>Total Expenditures</b>	<u>636,257</u>	<u>641,257</u>	<u>640,764</u>	<u>493</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, 2012

	<b>CONSER- VATION TRUST FUND</b>	<b>CEMETERY PERPET- UAL CARE</b>	<b>TOTALS</b>
<b>ASSETS:</b>			
Cash	\$ 5,061	\$ 11,140	\$ 16,201
Accounts Receivable	-	-	-
Intergovernmental Receivable	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 5,061</u>	<u>\$ 11,140</u>	<u>\$ 16,201</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Pooled Cash Overdraft	\$ -	\$ -	\$ -
Accounts Payable	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>FUND BALANCES</b>			
Restricted	5,061	-	5,061
Assigned-Designated for Subsequent Year	-	11,140	11,140
<b>TOTAL FUND BALANCES</b>	<u>5,061</u>	<u>11,140</u>	<u>16,201</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,061</u>	<u>\$ 11,140</u>	<u>\$ 16,201</u>

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

**Town of Limon, Colorado**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<b>CONSER- VATION TRUST FUND</b>	<b>CEMETERY PERPET- UAL CARE</b>	<b>TOTALS</b>
<b>REVENUES:</b>			
Interest	\$ 34	\$ 51	\$ 85
Intergovernmental - Local	18,848	-	18,848
Perpetual Care	-	800	800
Donations and Grants	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>18,882</u>	<u>851</u>	<u>19,733</u>
<b>EXPENDITURES:</b>			
Current:			
Public Health - Cemetery	-	-	-
Recreation	-	-	-
Capital Outlay	<u>14,500</u>	<u>-</u>	<u>14,500</u>
<b>TOTAL EXPENDITURES</b>	<u>14,500</u>	<u>-</u>	<u>14,500</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	4,382	851	5,233
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In (Out)	<u>(6,439)</u>	<u>-</u>	<u>(6,439)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,057)	851	(1,206)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>7,118</u>	<u>10,289</u>	<u>17,407</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 5,061</u>	<u>\$ 11,140</u>	<u>\$ 16,201</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, 2012**

	<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 - State	\$ 16,000	\$ 16,000	\$ 18,848	\$ 2,848
Interest	57	57	34	(23)
Supplemental Appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>16,057</u>	<u>16,057</u>	<u>18,882</u>	<u>2,825</u>
<b>EXPENDITURES:</b>				
Operating				
Recreation	-	-	-	-
Capital Outlay	14,500	14,500	14,500	-
Supplemental Appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,557	1,557	4,382	2,825
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers (Out)	<u>(7,100)</u>	<u>(7,100)</u>	<u>(6,439)</u>	<u>661</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,543)	(5,543)	(2,057)	3,486
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>5,684</u>	<u>5,684</u>	<u>7,118</u>	<u>1,434</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 141</u>	<u>\$ 141</u>	<u>\$ 5,061</u>	<u>\$ 4,920</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, 2012**

	<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	\$ 1,600	\$ 1,600	\$ 800	\$ (800)
Interest	<u>99</u>	<u>99</u>	<u>51</u>	<u>(48)</u>
<b>Total Revenues</b>	<u>1,699</u>	<u>1,699</u>	<u>851</u>	<u>(848)</u>
<b>EXPENDITURES:</b>				
Public Health - Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,699	1,699	851	(848)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>9,916</u>	<u>9,916</u>	<u>10,289</u>	<u>373</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 11,615</u>	<u>\$ 11,615</u>	<u>\$ 11,140</u>	<u>\$ (475)</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, 2012**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH FINAL BUDGET</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Donations and Grants	<u>607,895</u>	<u>607,895</u>	<u>326,699</u>	<u>(281,196)</u>
<b>TOTAL REVENUES</b>	<u>607,895</u>	<u>607,895</u>	<u>326,699</u>	<u>(281,196)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>675,790</u>	<u>675,790</u>	<u>346,082</u>	<u>329,708</u>
<b>TOTAL EXPENDITURES</b>	<u>675,790</u>	<u>675,790</u>	<u>346,082</u>	<u>329,708</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(67,895)	(67,895)	(19,383)	48,512
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In (Out)	<u>67,895</u>	<u>67,895</u>	<u>19,378</u>	<u>(48,517)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(5)	(5)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>56</u>	<u>56</u>	<u>12</u>	<u>(44)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 56</u>	<u>\$ 56</u>	<u>\$ 7</u>	<u>\$ (49)</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, 2012**

	<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>				
Sales, Net Contractual Adjustments and Bad Debts	\$ 1,003,091	\$ 1,003,091	\$1,080,204	\$ 77,113
Other User Charges	6,400	6,400	8,382	1,982
Interest	20,849	20,849	17,026	(3,823)
Bond Funds	-	2,100,000	3,125,041	1,025,041
Note Principal - Frasier	14,733	14,733	14,734	1
DOC Maintenance	2,556	2,556	(2,086)	(4,642)
DOC Maintenance Expenses from Restricted Account	3,000	3,000	-	(3,000)
Tap Fees	3,460	3,460	26,688	23,228
Intergovernmental-Federal	12,552	12,552	12,552	-
Insurance Proceeds	-	-	-	-
Grants	324,469	324,469	-	(324,469)
Miscellaneous	500	500	29	(471)
<b>Total Revenues</b>	<u>1,391,610</u>	<u>3,491,610</u>	<u>4,282,570</u>	<u>790,960</u>
<b>EXPENDITURES:</b>				
Operating Expenses (other than depreciation and amortization)	544,726	544,726	515,012	29,714
Interest Expense	157,973	157,973	160,113	(2,140)
Debt Principal	210,701	2,310,701	2,881,761	(571,060)
Capital Expenditures	707,477	707,477	84,364	623,113
DOC Maintenance Revenue to Restricted Account	2,556	2,556	(2,086)	4,642
System Maintenance Paid from Colorado Reserve Account	3,000	3,000	-	3,000
<b>Total Expenditures</b>	<u>1,626,433</u>	<u>3,726,433</u>	<u>3,639,164</u>	<u>87,269</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>\$ (234,823)</u>	<u>\$ (234,823)</u>	643,406	<u>\$ 878,229</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			2,881,761	
Capital Expenditures			84,364	
Less Budgetary Items Shown as Revenue:				
Bond Funds Received			(3,125,041)	
Principal Portion of Note Receivable			(14,734)	
Less: Depreciation and Amortization			<u>(329,005)</u>	
<b>Change in Net Position GAAP</b>			<u>\$ 140,751</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, 2012**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>		<b>FINAL BUDGET</b>
<b>REVENUES:</b>				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
Sales, Net Contractual Adjustments and Bad Debts \$341,334	\$ 303,353	\$ 303,353	\$ 269,878	\$ (33,475)
Interest	390	390	1,732	1,342
Donations and Grants	2,250	2,250	4,608	2,358
Intergovernmental - Local	144,247	144,247	110,264	(33,983)
Insurance Proceeds	-	-	5,174	5,174
Miscellaneous	2,189	2,189	7,829	5,640
Transfer From Other Funds	15,237	15,237	20,050	4,813
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<b>Total Revenues</b>	<u>467,666</u>	<u>517,666</u>	<u>419,535</u>	<u>(98,131)</u>
<b>EXPENDITURES:</b>				
Operating				
Salaries and Benefits	202,858	202,858	195,081	7,777
Maintenance	17,300	17,300	19,288	(1,988)
Insurance	3,026	3,026	9,970	(6,944)
Utilities	7,842	7,842	7,382	460
Other Expenses	203,426	203,426	92,186	111,240
Principal Payment	27,143	27,143	38,000	(10,857)
Interest Expense	4,130	4,130	3,487	643
Capital Outlay	9,000	9,000	98,257	(89,257)
Supplemental Appropriation	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>Total Expenditures</b>	<u>474,725</u>	<u>524,725</u>	<u>463,651</u>	<u>61,074</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (7,059)</u>	<u>\$ (7,059)</u>	(44,116)	<u>\$ (37,057)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add: Principal Portion of Debt Service			38,000	
Add: Capital Outlay			98,257	
Less Amortization			(1,550)	
Less Depreciation			<u>(59,414)</u>	
Change In Net Position GAAP			<u>\$ 31,177</u>	

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

# Town of Limon, Colorado

## Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2012

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 1,622	\$ -	\$ 1,622
Inventories	3,875	14,648	18,523
Prepaid Expenses			-
Accounts Receivable	-	52	52
<b>Total Current Assets</b>	<u>5,497</u>	<u>14,700</u>	<u>20,197</u>
<b>Restricted Assets:</b>			
Equipment Reserve	<u>17,665</u>	-	<u>17,665</u>
<b>Total Restricted Assets</b>	<u>17,665</u>	-	<u>17,665</u>
<b>Non-Current Assets:</b>			
<b>Capital Assets:</b>			
Land	11,000	-	11,000
Recreation Area Facilities	382,265	-	382,265
Equipment	140,093	-	140,093
Accumulated Depreciation	<u>(288,102)</u>	-	<u>(288,102)</u>
<b>Total Non-Current Assets</b>	<u>245,256</u>	-	<u>245,256</u>
<b>TOTAL ASSETS</b>	<u>268,418</u>	<u>14,700</u>	<u>283,118</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	2,545	690	3,235
Overdrafted Cash Balances	-	6,729	6,729
Compensated Absences	<u>930</u>	-	<u>930</u>
<b>TOTAL LIABILITIES</b>	<u>3,475</u>	<u>7,419</u>	<u>10,894</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	245,256	-	245,256
Unrestricted	<u>19,687</u>	<u>7,281</u>	<u>26,968</u>
<b>TOTAL NET POSITION</b>	<u>264,943</u>	<u>7,281</u>	<u>272,224</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 268,418</u>	<u>\$ 14,700</u>	<u>\$ 283,118</u>

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

**Town of Limon, Colorado**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended December 31, 2012**

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
<b>OPERATING REVENUES</b>			
Sales	\$ 132,087	\$ 37,870	\$ 169,957
Other User Charges	8,125	-	8,125
Miscellaneous	<u>2,111</u>	<u>-</u>	<u>2,111</u>
<b>Total Operating Revenues</b>	<u>142,323</u>	<u>37,870</u>	<u>180,193</u>
<b>OPERATING EXPENSES</b>			
Cost of Resale Items	20,339	32,791	53,130
Maintenance	8,359		8,359
Insurance	1,854	1,572	3,426
Utilities	23,077	-	23,077
Testing	-	375	375
Salaries and Benefits	121,673	-	121,673
Other Expenses	30,184	1,379	31,563
Depreciation	<u>22,167</u>	<u>-</u>	<u>22,167</u>
<b>Total Operating Expenses</b>	<u>227,653</u>	<u>36,117</u>	<u>263,770</u>
<b>Income (Loss) From Operations</b>	<u>(85,330)</u>	<u>1,753</u>	<u>(83,577)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Revenue	192	-	192
Donations	65,261	-	65,261
Insurance Proceeds		-	-
Interest Expense	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>65,453</u>	<u>-</u>	<u>65,453</u>
Net Income Before Contributions and Transfers	(19,877)	1,753	(18,124)
Transfers In (Out)	<u>62,322</u>	<u>-</u>	<u>62,322</u>
<b>CHANGE IN NET POSITION</b>	<u>42,445</u>	<u>1,753</u>	<u>44,198</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>227,465</u>	<u>6,268</u>	<u>233,733</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 269,910</u>	<u>\$ 8,021</u>	<u>\$ 277,931</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, 2012**

	<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>				
Sales	\$ 45,302	\$ 45,302	\$ 37,870	\$ (7,432)
Subsequent Appropriations	<u>-</u>	<u>839</u>	<u>-</u>	<u>(839)</u>
<b>Total Revenues</b>	<u>45,302</u>	<u>46,141</u>	<u>37,870</u>	<u>(8,271)</u>
<b>EXPENDITURES:</b>				
Operating Expenses	40,327	40,327	36,117	4,210
Subsequent Appropriations	<u>-</u>	<u>839</u>	<u>-</u>	<u>839</u>
<b>Total Expenditures</b>	<u>40,327</u>	<u>41,166</u>	<u>36,117</u>	<u>5,049</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	<u>\$ 4,975</u>	<u>\$ 4,975</u>	<u>\$ 1,753</u>	<u>\$ (3,222)</u>

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

**Town of Limon, Colorado**  
**Municipal Recreation Fund**  
**Schedule of Revenues, Expenditures**  
**And Changes in Net Position—Budget and Actual**  
**For the Year Ended December 31, 2012**

	<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	\$ 125,283	\$ 125,283	\$ 132,087	\$ 6,804
Other User Charges	7,430	7,430	8,125	695
Interest	605	605	192	(413)
Donations	4,350	4,350	65,261	60,911
Insurance Proceeds	-	-	-	-
Miscellaneous	5,879	5,879	2,111	(3,768)
Transfers from Other Funds	54,328	54,328	62,322	7,994
Supplemental Appropriation	<u>-</u>	<u>85,000</u>	<u>-</u>	<u>(85,000)</u>
<b>Total Revenues</b>	<u>197,875</u>	<u>282,875</u>	<u>270,098</u>	<u>(12,777)</u>
<b>EXPENDITURES:</b>				
Salaries and Benefits	110,818	110,818	121,673	(10,855)
Cost of Resale Items	15,000	15,000	20,339	(5,339)
Maintenance	9,150	9,150	8,359	791
Insurance	1,681	1,681	1,854	(173)
Utilities	24,736	24,736	23,077	1,659
Other Expenses	23,944	23,944	30,184	(6,240)
Capital Expenditures	36,650	36,650	91,028	(54,378)
Supplemental Appropriation	<u>-</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
<b>Total Expenditures</b>	<u>221,979</u>	<u>306,979</u>	<u>296,514</u>	<u>10,465</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues over Expenditures</b>	<u>\$ (24,104)</u>	<u>\$ (24,104)</u>	(26,416)	<u>\$ (2,312)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Add budgetary items shown as Expenditures:				
Capital Expenditures			91,028	
Less: Depreciation and Amortization			<u>(22,167)</u>	
<b>Change In Net Position GAAP</b>			<u>\$ 42,445</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, 2012**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Employee Contribution	\$ 48,279	\$ 48,279	\$ 52,650	\$ 4,371
Employer Contribution	24,649	24,649	42,800	18,151
Interest Income	300	300	201	(99)
Investment Income				
Net of Expenses	<u>20,000</u>	<u>95,000</u>	<u>132,048</u>	<u>37,048</u>
<b>Total Revenues</b>	<u>93,228</u>	<u>168,228</u>	<u>227,699</u>	<u>59,471</u>
<b>EXPENDITURES:</b>				
Benefit Payments	10,000	85,000	82,350	2,650
Administrative Expenses	<u>5,250</u>	<u>5,250</u>	<u>2,949</u>	<u>2,301</u>
<b>Total Expenditures</b>	<u>15,250</u>	<u>90,250</u>	<u>85,299</u>	<u>4,951</u>
<b>CHANGE IN NET POSITION</b>	77,978	77,978	142,400	64,422
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,195,962</u>	<u>1,195,962</u>	<u>1,159,312</u>	<u>(36,650)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,273,940</u>	<u>\$ 1,273,940</u>	<u>\$ 1,301,712</u>	<u>\$ 27,772</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 2012
This Information From The Records Of (example - City of _ or County of _): TOWN OF LIMON	Prepared By:	David Copsey, CPA For Town of Limon

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	47,166
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	470,762
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	30,913
2. General fund appropriations	135,223	b. Snow and ice removal	9,673
3. Other local imposts (from page 2)	456,774	c. Other	52,981
4. Miscellaneous local receipts (from page 2)	145,152	d. Total (a. through c.)	93,567
5. Transfers from toll facilities		4. General administration & miscellaneous	21,777
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	185,885
a. Bonds - Original Issues		6. Total (1 through 5)	819,157
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	17,808
7. Total (1 through 6)	737,149	b. Redemption	28,000
<b>B. Private Contributions</b>	45,116	c. Total (a. + b.)	45,808
<b>C. Receipts from State government</b> (from page 2)	82,700	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	864,965	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	45,808
		<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>	864,965

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	281,000		28,000	253,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	864,965	864,965	0	0

**Notes and Comments:**

Other Road and Street Services is Street Lighting (Other than for traffic light)

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2012

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	92,125	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	50,652
1. Sales Taxes	215,334	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	149,315	g. Other Misc Gravel Sales	7,784
6. Total (1. through 5.)	364,649	h. Other Franchise fees	86,716
c. Total (a. + b.)	456,774	i. Total (a. through h.)	145,152
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	74,292	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	8,408	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,408	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	82,700	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		47,166	47,166
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	47,166	47,166
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	47,166	47,166
			(Carry forward to page 1)

Notes and Comments:



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Town of Limon, Colorado (the "Town"), which comprise the statement of financial position as of December 31, 2012, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report July 8, 2013.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

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



Littleton, Colorado

July 8, 2013



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

**INDEPENDENT AUDITORS' REPORT**  
**ON COMPLIANCE WITH REQUIREMENTS APPLICABLE**  
**TO EACH MAJOR PROGRAM AND ON**  
**INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH**  
**OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133**

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

**Report on Compliance for Each Major Program**

We have audited Town of Limon, Colorado's (the "Town") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement, that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2012. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Program**

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified above for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado

July 8, 2013

**Town of Limon, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2012**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Health and Human Services:			
Direct program:			
Administration for Children and Families			
Head Start (provided to a sub-recipient)	93.600		\$ <u>640,764</u>
Department of Transportation			
Pass-through program from:			
State of Colorado			
Highway Planning and Construction	20.205		24,942
Airport Improvement Program	20.106		299,002
Pass-through program from:			
East Central Council of Local Governments			
Formula Grant for Other Than Urbanized Areas	20.509		<u>4,120</u>
Total Department of Transportation			<u>328,064</u>
Total Expenditures of Federal Awards			\$ <u>968,828</u>

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

# Town of Limon, Colorado

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## Schedule of Findings and Questioned Costs for the Year Ended December 31, 2012

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### 1. Summary of Auditor's Results

Type of report issued on the financial statements:	<b>Unqualified</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>
<b><i>Federal Awards:</i></b>	
Material weaknesses in internal control over major programs:	<b>None</b>
<i>Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:</i>	<b>None</b>
<i>Type of report issued on compliance for major programs:</i>	<b>Unqualified</b>
Audit findings required to be reported in accordance with Circular A-133, Section .510(a):	<b>None</b>
<i>The following programs are considered to be major:</i>	
<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
93.600	U.S. Department of Health and Human Services, Head Start
Dollar threshold used to distinguish Type A and Type B programs:	<b>\$300,000</b>
Risk type qualification:	<b>Low-risk</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