

Town of Limon, Colorado

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

December 31, 2014 and 2013

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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, 2014 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, 2014 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 20, 2015, 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 20, 2015

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2014

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 \$260,566 or 1.6% during the year. The governmental net position increased by \$38,830 or 0.5%, and the business-type net position increased by \$221,736, or 2.7%.
- The governmental activities revenue changed from \$3,050,079 in 2013 to \$3,325,935 in 2014 for an increase of \$275,856 or 9.0%. This increase is due primarily to increases in grant and tax income.
- The governmental activities expenditures changed from \$3,216,761 in 2013 to \$3,287,105 in 2014, an increase of \$70,344 or 2.2%. The increase is due primarily to an increase in transfers and public works expenditures.
- The business-type activities revenue changed from \$1,765,323 in 2013 to \$1,999,079 in 2014, an increase of \$233,756 or 13.2%. This increase is due primarily to increased water and ambulance revenues.
- The business-type activities expenditures changed from \$1,638,552 in 2013 to \$1,778,154 in 2014, an increase of \$138,791 or 8.5%. This increase is due primarily to increased water and ambulance expenditures.

- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease of \$238,001 or 19.3% in fund balance. This decrease is due primarily to capital outlays and operating transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The Town has two kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current assets	\$ 1,046,416	\$ 1,073,870	\$ 1,211,062	\$ 1,566,274	\$ 2,257,478	\$ 2,640,144
Restricted assets	433,773	749,132	886,813	1,105,920	1,320,586	1,855,052
Other non-current assets	198,279	207,726	338,560	373,988	536,839	581,714
Capital assets, net	7,480,055	7,227,293	9,722,499	9,540,462	17,202,554	16,767,755
Total assets	<u>9,158,523</u>	<u>9,258,021</u>	<u>12,158,934</u>	<u>12,586,644</u>	<u>21,317,457</u>	<u>21,844,665</u>
LIABILITIES						
Current liabilities	167,889	243,983	398,012	770,124	565,901	1,014,107
Non-current liabilities	598,315	657,256	3,334,432	3,611,766	3,932,747	4,269,022
Total liabilities	<u>766,204</u>	<u>901,239</u>	<u>3,732,444</u>	<u>4,381,890</u>	<u>4,498,648</u>	<u>5,283,129</u>
DEFERRED INFLOW OF RESOURCES						
Deferred property taxes	320,907	324,200	-	-	320,907	324,200
Total deferred inflow of resources	<u>320,907</u>	<u>324,200</u>	<u>-</u>	<u>-</u>	<u>320,907</u>	<u>324,200</u>
NET POSITION	<u>\$ 8,071,412</u>	<u>\$ 8,032,582</u>	<u>\$ 8,426,490</u>	<u>\$ 8,204,754</u>	<u>\$ 16,497,902</u>	<u>\$ 16,237,336</u>
Net Position consist of:						
Invested in capital assets	\$ 6,842,799	\$ 6,526,079	\$ 6,469,848	\$ 6,031,219	\$ 13,312,647	\$ 12,557,298
Restricted net position	433,773	749,132	376,427	286,499	810,200	1,035,631
Unrestricted net position	794,840	757,371	1,580,215	1,887,036	2,375,055	2,644,407
Total net position	<u>\$ 8,071,412</u>	<u>\$ 8,032,582</u>	<u>\$ 8,426,490</u>	<u>\$ 8,204,754</u>	<u>\$ 16,497,902</u>	<u>\$ 16,237,336</u>

The net position of the Town's governmental activities as of December 31, 2014 were \$8,071,412 of which \$794,840 was unrestricted and is available for spending at the government's discretion. The remainder is net investment in capital assets of \$6,842,799, reserved for Emergency Reserve of \$78,569 and Capital Replacement Reserve of \$355,204.

The General Fund is the main operating fund of the Town. As of December 31, 2014, the General Fund balance was \$996,097, of which \$329,382 was unassigned. Unassigned fund balance represents 12.2% of 2014 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	Total
	2014	2013	2014	2013	2014	2013
Program revenues:						
Operating grants and contributions	\$ 954,010	\$ 867,893	\$ 161,430	\$ 284,823	\$ 1,115,440	\$ 1,152,716
Capital grants and contributions	107,720	171,693	17,000	4,304	124,720	175,997
Charges for services	<u>572,680</u>	<u>553,769</u>	<u>1,645,878</u>	<u>1,458,391</u>	<u>2,218,558</u>	<u>2,012,160</u>
Total program revenue	<u>1,634,410</u>	<u>1,593,355</u>	<u>1,824,308</u>	<u>1,747,518</u>	<u>3,458,718</u>	<u>3,340,873</u>
General revenues:						
Taxes	1,570,425	1,426,833	-	-	1,570,425	1,426,833
Investment earnings	4,942	13,122	12,988	15,763	17,930	28,885
Insurance proceeds	61,649	-	61,719	2,042	123,368	2,042
Other	<u>54,509</u>	<u>16,769</u>	<u>-</u>	<u>-</u>	<u>54,509</u>	<u>16,769</u>
Total general revenue	<u>1,691,525</u>	<u>1,456,724</u>	<u>74,707</u>	<u>17,805</u>	<u>1,766,232</u>	<u>1,474,529</u>
Total Revenue	<u>\$ 3,325,935</u>	<u>\$ 3,050,079</u>	<u>\$ 1,899,015</u>	<u>\$ 1,765,323</u>	<u>\$ 5,224,141</u>	<u>\$ 4,815,402</u>
Expenses						
General government	\$ 815,123	\$ 746,314	\$ -	\$ -	\$ 815,123	\$ 746,314
Airport	31,781	30,529	-	-	31,781	30,529
Public safety	420,110	415,445	-	-	420,110	415,445
Highways and streets	584,467	508,823	-	-	584,467	508,823
Public works - sanitation	231,244	212,114	-	-	231,244	212,114
Public health - cemetery	63,048	65,898	-	-	63,048	65,898
Culture and recreation	364,067	539,347	-	-	364,067	539,347
Head Start Program	648,961	607,537	-	-	648,961	607,537
Water	-	-	492,510	453,912	492,510	453,912
Water treatment plant	-	-	234,886	230,022	234,886	230,022
Sewer	-	-	332,296	312,005	332,296	312,005
Municipal recreation area	-	-	237,565	222,515	237,564	222,515
Airport fuel fund	-	-	36,518	37,289	36,518	37,289
Ambulance service fund	-	-	444,379	384,932	443,569	384,932
Interest and fiscal charges	<u>27,429</u>	<u>15,467</u>	<u>-</u>	<u>-</u>	<u>13,824</u>	<u>15,467</u>
Total expenses	<u>\$ 3,186,230</u>	<u>\$ 3,141,474</u>	<u>\$ 1,778,154</u>	<u>\$ 1,640,675</u>	<u>\$ 4,964,384</u>	<u>\$ 4,782,149</u>
Changes in net position before transfers and special items	139,705	(91,395)	120,861	124,648	220,566	33,253
Transfers	<u>(100,875)</u>	<u>(75,287)</u>	<u>100,875</u>	<u>75,287</u>	<u>-</u>	<u>-</u>
Change in net position	38,830	(166,682)	221,736	199,935	220,566	33,253
Beginning net position (restated)	<u>8,032,582</u>	<u>8,199,264</u>	<u>8,204,754</u>	<u>8,004,819</u>	<u>16,237,336</u>	<u>16,204,083</u>
Ending net position	<u>\$ 8,071,412</u>	<u>\$ 8,032,582</u>	<u>\$ 8,426,490</u>	<u>\$ 8,204,754</u>	<u>\$ 16,497,902</u>	<u>\$ 16,237,336</u>

Governmental Activities revenues in the amount of \$3,325,935 were more than expenses and transfers of \$3,287,105 by \$38,830. Business-type activities revenues and transfers in the amount of \$1,999,890 were more than expenses of \$1,778,154 by \$221,736.

BUDGETARY HIGHLIGHTS

The budget was amended on December 30, 2014 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 5, 2013. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	<u>Original</u> <u>Budget</u>	<u>New</u> <u>Budget</u>	<u>Increase</u>
General Fund	\$2,488,822	\$2,888,822	\$ 400,000
Recreation Area Fund	202,472	240,378	37,906
Utility Fund	1,145,416	1,575,416	430,000
Cemetery Perpetual Care Fund	3,000	7,700	4,700
Head Start Fund	607,537	648,961	41,424
Conservation Trust Fund	24,500	24,600	100
Capital Projects Fund	121,500	124,000	2,500
Ambulance Fund	383,714	463,714	<u>80,000</u>
			<u>\$ 996,630</u>

- Changes in the General Fund Budget are attributable to capital outlays and transfers. This increase in expenditure was offset by proceeds from taxes and insurance claims.
- Changes in the Recreation Area Fund Budget included capital expenditures and maintenance. This increase was funded primarily through proceeds from insurance claims and transfers.
- Changes in the Utility Fund Budget included increases in capital expenditures. This increase was funded primarily through State grants and water revenues.
- Changes in the Cemetery Perpetual Fund were due to increased capital expenditures. The increases were offset by prior year fund balance.
- Changes in the Head Start Fund were due to increased salaries and operations. The increases were funded by Federal grant funds.
- Changes in the Conservation Trust Fund were due to increased improvements. The increases were funded by prior year fund balance.
- Changes in the Capital Projects Fund were due to increased capital expenditures. The increase was funded by prior year fund balance.
- Changes in the Ambulance Fund were due primarily to capital expenditures and repairs. The increase was funded by grant funds, transfers and insurance claims.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2014, Limon's investment in capital assets for its governmental and business type activities, net of accumulated depreciation, was \$17,202,554. 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,278,989	\$ 1,278,989	\$ 243,476	\$ 243,476	\$ 1,522,465	\$ 1,522,465
Buildings and water and sewer systems	3,201,735	3,137,255	13,430,219	12,590,998	16,631,954	15,728,253
Equipment	2,516,087	2,071,003	1,536,797	1,592,582	4,052,884	3,663,585
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	-	-	9,957	279,799	9,957	279,799
Infrastructure	<u>4,873,328</u>	<u>4,824,704</u>	<u>-</u>	<u>-</u>	<u>4,873,328</u>	<u>4,824,704</u>
Total	\$ 11,870,139	\$ 11,311,951	\$ 16,269,444	\$ 15,755,850	\$ 28,139,583	\$ 27,067,801
Accumulated depreciation	<u>(4,390,084)</u>	<u>(4,084,658)</u>	<u>(6,546,945)</u>	<u>(6,215,388)</u>	<u>(10,937,029)</u>	<u>(10,300,046)</u>
Capital assets, net	<u>\$ 7,480,055</u>	<u>\$ 7,227,293</u>	<u>\$ 9,722,499</u>	<u>\$ 9,540,462</u>	<u>\$ 17,202,554</u>	<u>\$ 16,767,755</u>

This year's major capital asset additions include:

- Lighting energy improvement - \$278,762
- Well drilling and improvements - \$137,552
- Sewer line replacement/repair - \$320,613

Long-term Debt

As of December 31, 2014 the Town had \$4,222,197 in outstanding debt as follows.

	Governmental Activities		Business-Type Activities		Total	Total
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessment bonds	185,000	224,000	-	-	185,000	224,000
Capital leases	-	-	-	-	-	-
Bonds payable:						
2000 Water Revenue	-	-	536,241	612,073	536,241	612,073
2012 Water Revenue	-	-	2,640,000	2,790,000	2,640,000	2,790,000
2012 Bond Premium	-	-	57,707	62,993	57,707	62,993
Loans payable:						
Lease-Purchase	452,256	477,214	333,746	352,162	786,002	829,376
Capital lease	-	-	-	7,229	-	7,229
Colorado maintenance fee	<u>-</u>	<u>-</u>	<u>17,247</u>	<u>31,850</u>	<u>17,247</u>	<u>31,850</u>
Total	<u>\$ 637,256</u>	<u>\$ 701,214</u>	<u>\$ 3,584,941</u>	<u>\$ 3,856,307</u>	<u>\$ 4,222,197</u>	<u>\$ 4,557,521</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2015 is \$979,861, which is \$82,218 less than 2014 actual.
- The property tax revenue budgeted for 2015 is \$320,907, which is \$8,174 less than 2014 actual.
- Governmental funds revenues were budgeted at \$3,389,627 in 2015, which is an increase of 1.2% from the 2014 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2015 budgeted direct pass-through amounts are \$648,961, which is the same as the 2014 actual amount. The 2015 budgeted expenditures for governmental activities are projected to be \$3,565,936, which is a 1.7% increase from the 2014 actual.
- Proprietary funds revenues were budgeted at \$1,827,675 for 2015, which is a decrease of 8.6% from the 2014 actual revenues. 2015 budgeted expenditures of \$1,958,995 represent an increase from 2014 actual expenditures of 10.2%.

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, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
ASSETS	ACTIVITIES	ACTIVITIES	TOTAL
Current Assets:			
Cash and Cash Equivalents	\$ 426,172	\$ 912,141	\$ 1,338,313
Current Portion Note Receivable	-	17,271	17,271
Accounts Receivable	134,909	333,535	468,444
Allowance for Doubtful Accounts	(6,086)	(116,886)	(122,972)
Intergovernmental Receivable	93,723	-	93,723
Accrued Interest Receivable	-	1,345	1,345
Special Assessment Receivable, Current Portion	14,233	-	14,233
Property Taxes Receivable	320,907	-	320,907
Inventory and Supplies	62,558	63,656	126,214
Total Current Assets	1,046,416	1,211,062	2,257,478
Restricted Assets:			
Emergency Reserve	78,569	-	78,569
Debt Reserves	-	71,821	71,821
Water Plant Reserve	-	217,495	217,495
Water Revenue Bonds	-	306,427	306,427
Sewer Line Maint. Reserve	-	17,247	17,247
Hail Reserve	-	11,228	11,228
Equipment Reserve	355,204	262,595	617,799
Total Restricted Assets	433,773	886,813	1,320,586
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	198,279	-	198,279
Notes Receivable, Net of Current Portion	-	176,667	176,667
Loss on Bond Refunding	-	204,257	204,257
Accumulated Amortization	-	(42,364)	(42,364)
Capital Assets			
Land	1,278,989	243,476	1,522,465
Buildings and Water and Sewer Systems	3,201,735	13,430,219	16,631,954
Equipment	2,516,087	1,536,797	4,052,884
Infrastructure	4,873,328	-	4,873,328
Other Capital Assets	-	1,048,995	1,048,995
Construction in Progress	-	9,957	9,957
Accumulation Depreciation	(4,390,084)	(6,546,945)	(10,937,029)
Total Non-Current Assets	7,678,334	10,061,059	17,739,393
TOTAL ASSETS	9,158,523	12,158,934	21,317,457
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	59,310	328	59,638
Current Portion of Long Term Debt	38,941	250,509	289,450
Accounts Payable	61,378	62,440	123,818
Accrued Interest Payable	-	24,452	24,452
Compensated Absences	8,260	3,065	11,325
Contingent Construction	-	57,218	57,218
Total Current Liabilities	167,889	398,012	565,901
Non-Current Liabilities:			
Long Term Debt	598,315	3,334,432	3,932,747
Total Non-Current Liabilities	598,315	3,334,432	3,932,747
TOTAL LIABILITIES	766,204	3,732,444	4,498,648
DEFERRED INFLOW OF RESOURCES			
Deferred Revenue - Property Taxes	320,907	-	320,907
TOTAL DEFERRED INFLOW OF RESOURCES	320,907	-	320,907
NET POSITION			
Net Investment in Capital Assets	6,842,799	6,469,848	13,312,647
Restricted for:			
Emergency Reserve	78,569	70,000	148,569
Bond Reserve	-	306,427	306,427
Capital Replacement	355,204	-	355,204
Unrestricted:	794,840	1,580,215	2,375,055
TOTAL NET POSITION	\$ 8,071,412	\$ 8,426,490	\$ 16,497,902

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

Town of Limon, Colorado
Statement of Activities
For the Year Ended December 31, 2014

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>	
			<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General Government	\$ 815,123	\$ 195,311	\$ 10,154	\$ -
Airport	31,781	5,150	-	107,720
Public Works -Streets	584,467	42,959	270,329	-
Public Works - Sanitation	231,244	252,483	-	-
Public Safety - Police	420,110	60	2,725	-
Public Health - Cemetery	63,048	9,475	-	-
Culture and Recreation	364,067	67,242	21,841	-
Head Start Program	648,961	-	648,961	-
Interest and Related Costs	27,429	-	-	-
Total Governmental Activities	<u>3,186,230</u>	<u>572,680</u>	<u>954,010</u>	<u>107,720</u>
Business-Type Activities:				
Water	492,510	699,483	82,034	17,000
Water Treatment Plant	234,886	205,870	10,060	-
Sewer	332,296	189,826	-	-
Ambulance Service Fund	444,379	371,039	53,986	-
Recreation and Airport Fuel Funds	274,083	179,660	15,350	-
Total Business-Type Activities	<u>1,778,154</u>	<u>1,645,878</u>	<u>161,430</u>	<u>17,000</u>
Total Primary Government	<u>\$ 4,964,384</u>	<u>\$ 2,218,558</u>	<u>\$ 1,115,440</u>	<u>\$ 124,720</u>

Property Taxes
Franchise Taxes
Sales Taxes
Motor Vehicle
Severance Tax
Cigarette Tax
Use Tax
Interest Income
Insurance Proceeds
Transfers
Other
Total General Revenues
Change in Net Position
Net Position Beginning (as restated)
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>
\$ (609,658)	\$ -	\$ (609,658)
81,089	-	81,089
(271,179)	-	(271,179)
21,239	-	21,239
(417,325)	-	(417,325)
(53,573)	-	(53,573)
(274,984)	-	(274,984)
-	-	-
(27,429)	-	(27,429)
<u>(1,551,820)</u>	<u>-</u>	<u>(1,551,820)</u>
-	306,007	306,007
-	(18,956)	(18,956)
-	(142,470)	(142,470)
-	(19,354)	(19,354)
-	(79,073)	(79,073)
-	46,154	46,154
<u>\$ (1,551,820)</u>	<u>\$ 46,154</u>	<u>\$ (1,505,666)</u>
\$ 329,081	\$ -	\$ 329,081
94,233	-	94,233
1,062,079	-	1,062,079
41,974	-	41,974
26,605	-	26,605
7,454	-	7,454
8,999	-	8,999
4,942	12,988	17,930
61,649	61,719	123,368
(100,875)	100,875	-
54,509	-	54,509
<u>1,590,650</u>	<u>175,582</u>	<u>1,766,232</u>
<u>38,830</u>	<u>221,736</u>	<u>260,566</u>
<u>8,032,582</u>	<u>8,204,754</u>	<u>16,237,336</u>
<u>\$ 8,071,412</u>	<u>\$ 8,426,490</u>	<u>\$ 16,497,902</u>

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

Town of Limon, Colorado
Balance Sheet
Governmental Funds
December 31, 2014

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 392,874	\$ -	\$ 33,298	\$ 426,172
Accounts Receivable	75,599	59,310	-	134,909
Allowance for Doubtful Accounts	(6,086)	-	-	(6,086)
Intergovernmental Receivable	93,723	-	-	93,723
Special Assessment Receivable	212,512	-	-	212,512
Property Tax Receivable	320,907	-	-	320,907
Inventories	62,558	-	-	62,558
Restricted Cash				
Capital Replacement Reserve	355,204	-	-	355,204
Emergency Reserve	78,569	-	-	78,569
Total Assets	<u>\$ 1,585,860</u>	<u>\$ 59,310</u>	<u>\$ 33,298</u>	<u>\$ 1,678,468</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	\$ -	\$ 59,310	\$ -	\$ 59,310
Accounts Payable	61,378	-	-	61,378
Retainage payable	-	-	-	-
Total Liabilities	<u>61,378</u>	<u>59,310</u>	<u>-</u>	<u>120,688</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Revenues Special Assessment	207,478	-	-	207,478
Deferred Revenues Taxes	320,907	-	-	320,907
Total Deferred Inflow of Resources	<u>528,385</u>	<u>-</u>	<u>-</u>	<u>528,385</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ 62,558	\$ -	\$ -	\$ 62,558
Restricted:				
Emergency Reserve	78,569	-	-	78,569
Conservation Trust Funds	-	-	15,021	15,021
Committed:				
Equipment Replacement	355,204	-	-	355,204
Assigned-Designated for Subsequent Year:				
General Fund	170,384	-	-	170,384
Special Revenue Funds	-	-	18,277	18,277
Unassigned:				
General Fund	329,382	-	-	329,382
Total Fund Balances	<u>996,097</u>	<u>-</u>	<u>33,298</u>	<u>1,029,395</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 1,585,860</u>	<u>\$ 59,310</u>	<u>\$ 33,298</u>	<u>\$ 1,678,468</u>

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

Town of Limon, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
December 31, 2014

Total Fund Balances - Total Governmental Funds	\$ 1,029,395
<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	11,870,139
Accumulated Depreciation	(4,390,084)
<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	(185,000)
Sale-Leaseback Payable	(452,256)
Compensated Absences	(8,260)
<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	212,512
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>
Net Position of Governmental Activities	<u>\$ 8,071,412</u>

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, 2014

	<u>GENERAL</u>	<u>HEAD START FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES:				
Taxes	\$ 1,570,425	\$ -	\$ -	\$ 1,570,425
Fines, Licenses and Permits	62,938	-	-	62,938
Intergovernmental:				
Local	221,311	-	18,026	239,337
Federal	6,272	648,961	107,720	762,953
Charges for Services	520,056	-	3,138	523,194
Interest	4,933	-	9	4,942
Donations and Grants	59,440	-	-	59,440
Insurance Claims	61,649	-	-	61,649
Miscellaneous	54,509	-	-	54,509
TOTAL REVENUES	<u>2,561,533</u>	<u>648,961</u>	<u>128,893</u>	<u>3,339,387</u>
EXPENDITURES:				
Current:				
Administration	567,045	-	-	567,045
Airport	13,272	-	-	13,272
Public Works - Streets	446,761	-	-	446,761
Public Works - Sanitation	222,983	-	-	222,983
Public Safety - Police	395,563	-	-	395,563
Public Health - Cemetery	60,722	-	-	60,722
Recreation	285,248	-	-	285,248
Head Start Program	-	648,961	-	648,961
Capital Outlay	615,678	-	157,653	773,331
Debt Service:				
Principal - Bonded Debt	63,958	-	-	63,958
Interest	27,429	-	-	27,429
TOTAL EXPENDITURES	<u>2,698,659</u>	<u>648,961</u>	<u>157,653</u>	<u>3,505,273</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(137,126)	-	(28,760)	(165,886)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In (Out)	(100,875)	-	-	(100,875)
NET CHANGE IN FUND BALANCE	(238,001)	-	(28,760)	(266,761)
FUND BALANCES, BEGINNING	<u>1,234,098</u>	<u>-</u>	<u>62,058</u>	<u>1,296,156</u>
FUND BALANCES, ENDING	<u>\$ 996,097</u>	<u>\$ -</u>	<u>\$ 33,298</u>	<u>\$ 1,029,395</u>

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

Town of Limon, Colorado
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ (266,761)
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 \$647,872 exceeded depreciation of \$374,397 in the current year.	273,475
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	63,958
This is the current-period decrease in the liability for compensated absences	2,323
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(13,452)
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	(89,684)
Accumulated depreciation of assets disposed	68,971
Net loss on disposal of assets	(20,713)
 Change in net position of governmental activities	 <u>\$ 38,830</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Net Position December 31, 2014

ASSETS	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
Current Assets:				
Cash	\$ 692,036	\$ 209,873	\$ 10,232	\$ 912,141
Current Portion of Note Receivable	17,271	-	-	17,271
Accounts Receivable	103,683	224,732	5,120	333,535
Allowances For Doubtful Accounts	(3,383)	(113,503)	-	(116,886)
Accrued Interest Receivable	1,345	-	-	1,345
Inventories	46,924	-	16,732	63,656
Total Current Assets	857,876	321,102	32,084	1,211,062
Restricted Assets:				
Water Plant Reserve	217,495	-	-	217,495
Water Revenue Bonds	306,427	-	-	306,427
Sewer Line Maint. Reserve	17,247	-	-	17,247
Bond & Emergency Reserve Funds	71,821	-	-	71,821
Hail Reserve	5,406	-	5,822	11,228
Equipment Reserve	213,441	44,424	4,730	262,595
Total Restricted Assets	831,837	44,424	10,552	886,813
Non-Current Assets:				
Notes Receivable, Net of Current Portion	176,667	-	-	176,667
Loss on Bond Refunding	204,257	-	-	204,257
Accumulated Amortization	(42,364)	-	-	(42,364)
Capital Assets:				
Water System	8,694,166	-	-	8,694,166
Sewer System and Plant	4,080,488	-	-	4,080,488
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	11,000	243,476
Buildings	-	259,020	-	259,020
Recreation Area Facilities	-	-	396,545	396,545
Equipment	688,468	697,776	150,553	1,536,797
Construction in Progress	9,957	-	-	9,957
Accumulated Depreciation	(5,691,160)	(522,211)	(333,574)	(6,546,945)
Total Non-Current Assets	9,356,918	479,617	224,524	10,061,059
TOTAL ASSETS	11,046,631	845,143	267,160	12,158,934
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	249,647	500	362	250,509
Accounts Payable	35,405	15,504	11,531	62,440
Overdrafted Cash Balances	-	-	328	328
Accrued Interest Payable	24,452	-	-	24,452
Compensated Absences	1,589	-	1,476	3,065
Contingent Construction	57,218	-	-	57,218
Total Current Liabilities	368,311	16,004	13,697	398,012
Non-Current Liabilities:				
Deposit - State of Colo. For Sewer Line Maintenance	17,247	-	-	17,247
Long-Term Debt - Net of Current Portion	3,297,436	11,495	8,254	3,317,185
Total Non-Current Liabilities	3,314,683	11,495	8,254	3,334,432
TOTAL LIABILITIES	3,682,994	27,499	21,951	3,732,444
NET POSITION				
Net investment in capital assets	5,777,702	467,622	224,524	6,469,848
Restricted for Emergency Reserve	70,000	-	-	70,000
Restricted for Bond Reserve	306,427	-	-	306,427
Unrestricted	1,209,508	350,022	20,685	1,580,215
TOTAL NET POSITION	\$ 7,363,637	\$ 817,644	\$ 245,209	\$ 8,426,490

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, 2014

	UTILITY FUND			
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	TOTAL
OPERATING REVENUES				
Sales	\$ 691,154	\$ 205,870	\$ 187,142	\$ 1,084,166
Less, Contractual Adjustments and Bad Debts	-	-	-	-
Net Sales	691,154	205,870	187,142	1,084,166
Other User Charges	6,236	-	2,684	8,920
Miscellaneous	2,093	-	-	2,093
Total Operating Revenues	699,483	205,870	189,826	1,095,179
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	31,904	6,227	31,501	69,632
Insurance	8,611	8,329	5,672	22,612
Utilities	29,111	30,943	60,087	120,141
Testing	2,034	-	14,091	16,125
Salaries and Benefits	127,284	43,723	116,379	287,386
Other Expenses	19,463	10,328	11,670	41,461
Administration	13,884	2,000	2,982	18,866
Loss on disposal of assets	-	-	-	-
Depreciation	165,873	90,371	87,952	344,196
Total Operating Expenses	398,164	191,921	330,334	920,419
Income (Loss) From Operations	301,319	13,949	(140,508)	174,760
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	11,252	1,665	-	12,917
Tap Fees	-	-	17,000	17,000
Donations	-	-	-	-
Intergovernmental - Local	82,034	-	-	82,034
Intergovernmental - Federal	-	10,060	-	10,060
Insurance Proceeds	-	-	10,618	10,618
Interest Expense	(94,346)	(42,965)	(1,962)	(139,273)
Total Non-Operating Revenues (Expenses)	(1,060)	(31,240)	25,656	(6,644)
Net Income Before Contributions and Transfers	300,259	(17,291)	(114,852)	168,116
Transfers In (Out)	-	-	-	-
CHANGE IN NET POSITION	\$ 300,259	\$ (17,291)	\$ (114,852)	168,116
NET POSITION, BEGINNING OF YEAR				7,195,521
NET POSITION, END OF YEAR				\$ 7,363,637

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 813,976	\$ 167,054	\$ 2,065,196
<u>449,283</u>	<u>-</u>	<u>449,283</u>
364,693	167,054	1,615,913
-	10,364	19,284
<u>6,346</u>	<u>2,242</u>	<u>10,681</u>
<u>371,039</u>	<u>179,660</u>	<u>1,645,878</u>
-	48,191	48,191
22,118	15,469	107,219
7,238	7,474	37,324
9,887	21,087	151,115
-	498	16,623
213,874	125,294	626,554
111,959	30,166	183,586
-	-	18,866
13,458	2,108	15,566
<u>65,434</u>	<u>23,536</u>	<u>433,166</u>
<u>443,968</u>	<u>273,823</u>	<u>1,638,210</u>
<u>(72,929)</u>	<u>(94,163)</u>	<u>7,668</u>
54	17	12,988
-	-	17,000
105	15,350	15,455
53,071	-	135,105
810	-	10,870
37,693	13,408	61,719
<u>(411)</u>	<u>(260)</u>	<u>(139,944)</u>
<u>91,322</u>	<u>28,515</u>	<u>113,193</u>
18,393	(65,648)	120,861
<u>38,208</u>	<u>62,667</u>	<u>100,875</u>
<u>56,601</u>	<u>(2,981)</u>	<u>221,736</u>
<u>761,043</u>	<u>248,190</u>	<u>8,204,754</u>
<u>\$ 817,644</u>	<u>\$ 245,209</u>	<u>\$ 8,426,490</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, 2014

	UTILITY FUND	AMBULANCE SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 1,259,218	\$ 421,000	\$ 180,217	\$ 1,860,435
Payments to Suppliers for Goods and Services	(648,443)	(163,292)	(118,198)	(929,933)
Payments to Employees	(288,886)	(214,462)	(125,835)	(629,183)
Net Cash From Operating Activities	321,889	43,246	(63,816)	301,319
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	105	15,350	15,455
Intergovernmental Grants	92,094	53,881	-	145,975
Insurance Proceeds	10,618	37,693	13,408	61,719
Transfer From Other Fund	-	38,208	62,667	100,875
Net Cash From Non-Capital Financing Activities	102,712	129,887	91,425	324,024
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	(14,603)	-	-	(14,603)
Tap Fees	17,000	-	-	17,000
Transfer From (To) Restricted Assets	211,922	5,079	2,106	219,107
Purchase of Capital Assets	(556,007)	(40,538)	(18,763)	(615,308)
Interest Paid	(141,129)	(530)	(260)	(141,919)
Debt Principal Payments	(248,398)	(7,888)	(477)	(256,763)
Note - Frazier Farms	16,381	-	-	16,381
Net Cash From Capital and Financing Activities	(714,834)	(43,877)	(17,394)	(776,105)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	12,947	54	17	13,018
Net Cash From Investing Activities	12,947	54	17	13,018
Net Change in Cash and Cash Equivalents	(277,286)	129,310	10,232	(137,744)
CASH AND CASH EQUIVALENTS				
Beginning of Year	969,322	80,563	-	1,049,885
End of Year	\$ 692,036	\$ 209,873	\$ 10,232	\$ 912,141
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Net Operating Income (Loss)	\$ 174,760	\$ (72,929)	\$ (94,163)	\$ 7,668
Depreciation	344,196	65,434	23,536	433,166
Amortization	18,156	-	-	18,156
(Increase) Decrease in Accounts Receivable, Net	164,039	49,961	557	214,557
(Increase) Decrease in Inventory	(3,616)	-	7,388	3,772
Increase (Decrease) in Accounts Payable	(352,028)	1,368	6,460	(344,200)
Increase (Decrease) in Other Accrued Liabilities	(22,118)	-	(7,053)	(29,171)
Increase (Decrease) in Compensated Absences	(1,500)	(588)	(541)	(2,629)
Net Cash From Operating Activities	\$ 321,889	\$ 43,246	\$ (63,816)	\$ 301,319
Noncash Capital Financing Activities:				
Interest subsidy	\$ 10,060			\$ 10,060

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

Town of Limon, Colorado
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2014

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 58,728
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	1,009,796
International Stocks	34,372
Mutual Funds	573,545
Money Markets and Other	<u>68,477</u>
 TOTAL ASSETS	 <u>1,744,918</u>
 LIABILITIES AND NET POSITION	
LIABILITIES:	
	<u>-</u>
 TOTAL LIABILITIES	 <u>-</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,744,918</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, 2014

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 53,862
Employer Contribution	52,500
Interest Income	77
Investment Income, Net of Expenses	70,267
Total Additions	176,706
DEDUCTIONS:	
Benefit Payments	501
Administrative Expenses	7,947
Total Deductions	8,448
CHANGE IN PLAN NET POSITION	168,258
PLAN NET POSITION, BEGINNING OF YEAR	1,576,660
PLAN NET POSITION, END OF YEAR	\$ 1,744,918

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2014

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

Related Organizations

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

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

Fund Accounting

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Government-wide and Fund Financial Statements

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

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

Fund Equity

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

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

Capital Assets

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

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

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

Long-term Obligations

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

Budget and Budgetary Accounting

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

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

Public hearings are conducted to obtain taxpayer comments.

Prior to January 1, the budget is legally enacted through the passage of an ordinance. Amendments can be made until year end. On December 30, 2014, the Board approved a resolution appropriating additional sums of money for the year 2014. 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 2014 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.

The Capital Projects Fund expenditures exceeded budgeted appropriations by \$1,460, which may be a violation of State statutes.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

Encumbrances

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

Cash and Investments

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

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

Property Taxes

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

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

Property taxes are computed using mills, where one mill is equal to \$1 on \$1,000 of assessed value. The mill levy for 2014 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	\$ 62,558
Utility - Treatment supplies, meters and parts	46,924
Municipal Recreation Area - Merchandise & Concessions	3,468
Airport Fuel Fund - Airplane fuel	<u>13,264</u>
Total Inventories	<u>\$ 126,214</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

By ordinance, the Town's policy regarding vacation time is to not let it accumulate beyond one year, although some exceptions are made upon approval of management. Any unused vacation time is paid upon termination. Also by ordinance, any employee accumulating sick leave beyond 60 days shall continue to accrue sick leave at the rate of one-half day per month and shall have the additional leave added to vacation leave for the following year. The liability for vacation pay included in these financial statements includes such sick leave accrued to December 31, 2014.

Compliance with Colorado Contraband Forfeiture Act

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

Bond Discounts and Issuance Costs

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

2. Cash and Investments

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

Cash Deposits – The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2014, none of the Town's deposits are deemed to be exposed to custodial credit risk.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

2. Cash and Investments (continued)

The Town's cash deposits at December 31, 2014 was \$2,657,989 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 \$509 and the remaining \$2,657,480 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	<u>1,676,411</u>	<u>1,657,480</u>
Total cash and certificates of deposit	<u>\$ 2,676,411</u>	<u>\$ 2,657,480</u>

The difference between the bank balance and carrying balance is \$18,931, which were outstanding items that had not cleared the banks as of December 31, 2014.

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

2. Cash and Investments (continued)

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

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

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

The Employees' Pension Plan investments at December 31, 2014 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	\$ 1,009,796	n/a	Not Rated	n/a
International Stocks	34,372	n/a	Not Rated	n/a
Mutual Funds	573,545	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>68,477</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,686,190</u>			

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

2. Cash and Investments (continued)

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

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

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

Cash and Cash Equivalents	\$ 1,338,313
Pooled Cash Overdraft	(59,638)
Restricted Cash	1,320,586
Fiduciary Funds – Cash	58,728
Fiduciary Funds – Investments	<u>1,686,190</u>
Total	<u>\$ 4,344,179</u>

3. Restricted Assets

Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2014 of \$78,569 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, 2014 is \$355,204. Reserves are held in bank savings accounts and certificates of deposit.

Utility Fund – reserve of \$217,495 for operation and maintenance of the water treatment plant. \$35,267 of the \$217,495 is required by the 2000 water revenue bonds and is held in a bank savings account. The remaining \$182,228 is not required by a bond issue and is held in bank certificates of deposit.

Utility Fund – funds held as required reserve for 2012 water revenue bonds. Amount held in a bank savings account totals \$306,427 at December 31, 2014.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$71,821, as of December 31, 2014 are held in a bank savings account and certificates of deposit.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

3. Restricted Assets (continued)

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 \$17,247, as of December 31, 2014, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2014 is \$213,441. Reserve is held in a bank savings account.

Utility Fund – funds reserved for repair of hail damage. As of December 31, 2014, the balance held in a bank savings account was \$5,406.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2014 is \$44,424. 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 \$4,730, as of December 31, 2014, is in a bank savings account and certificate of deposit.

Municipal Recreation Area Fund – funds reserved for repair of hail damage. As of December 31, 2014 the balance held in a bank savings account was \$5,822.

4. Note Receivable and Special Assessment Receivable

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

The special assessment receivable resulted from 2004 and 2005 street and sidewalk improvements. Payments on the 2004 assessment including principal and interest, at a rate of 6.65% are due from affected residents from 2009 to 2024 in the amount of \$9,078 each year. Residents are permitted to pay their accounts in full at any time, which would also decrease total future annual payment requirements.

Payments on the 2005 assessment including principal and interest, at a rate of 7% are due from 2009 to 2025 in the amount of \$19,445 each year. Residents are permitted to pay their accounts in full any time, which would also decrease total future annual payment requirements.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

5. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2013	Additions	Conveyances or Retirements	Balance December 31, 2014
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,278,989	\$ -	\$ -	\$ 1,278,989
Depreciable assets:				
Buildings	3,137,255	93,400	(28,920)	3,201,735
Equipment	2,071,003	505,848	(60,764)	2,516,087
Infrastructure	4,824,704	48,624	-	4,873,328
Total depreciable assets	<u>10,032,962</u>	<u>647,872</u>	<u>(89,684)</u>	<u>10,591,150</u>
Total capital assets	<u>11,311,951</u>	<u>647,872</u>	<u>(89,684)</u>	<u>11,870,139</u>
Less accumulated depreciation for:				
Buildings	(1,579,853)	(91,304)	14,056	(1,657,101)
Equipment	(1,407,068)	(107,083)	54,915	(1,459,236)
Infrastructure	<u>(1,097,737)</u>	<u>(176,010)</u>	-	<u>(1,273,747)</u>
Total accumulated depreciation	<u>(4,084,658)</u>	<u>(374,397)</u>	<u>68,971</u>	<u>(4,390,084)</u>
Depreciable assets, net	<u>5,948,304</u>	<u>273,475</u>	<u>(20,713)</u>	<u>6,201,066</u>
Governmental activities assets, net	<u>\$ 7,227,293</u>	<u>\$ 273,475</u>	<u>\$ (20,713)</u>	<u>\$ 7,480,055</u>

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

General government	\$ 36,349
Airport	18,509
Public safety - police	24,547
Highways and streets	44,440
Public works - sanitation	8,261
Public health - cemetery	2,326
Culture and recreation	63,955
Infrastructure	<u>176,010</u>
Total governmental activities depreciation expense	<u>\$ 374,397</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

5. Capital Assets (continued)

	Balance December 31, 2013	Additions	Conveyances or Retirements	Balance December 31, 2014
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	243,476	-	-	243,476
Construction in progress	<u>279,799</u>	-	<u>(269,842)</u>	<u>9,957</u>
Total non-depreciable assets	<u>1,572,270</u>	<u>-</u>	<u>(269,842)</u>	<u>1,302,428</u>
Depreciable assets:				
Water system, plant & equipment	8,880,681	435,584	-	9,316,265
Sewer system, plant & equipment	3,761,797	388,159	(3,100)	4,146,856
Rec area facilities & equipment	528,938	21,707	(3,546)	558,099
Ambulance building & equipment	<u>1,012,165</u>	<u>60,160</u>	<u>(115,529)</u>	<u>956,796</u>
	<u>14,183,581</u>	<u>905,610</u>	<u>(122,175)</u>	<u>14,967,016</u>
Total capital assets	<u>15,755,851</u>	<u>905,610</u>	<u>(392,017)</u>	<u>16,269,444</u>
Less Accumulated depreciation for:				
Water system, plant & equipment	(3,620,028)	(256,244)	-	(3,876,272)
Sewer system, plant & equipment	(1,730,036)	(87,952)	3,100	(1,814,888)
Rec area facilities & equipment	(311,476)	(23,536)	1,438	(333,574)
Ambulance building & equipment	<u>(553,848)</u>	<u>(65,434)</u>	<u>97,071</u>	<u>(522,211)</u>
Total accumulated depreciation	<u>(6,215,388)</u>	<u>(433,166)</u>	<u>101,609</u>	<u>(6,546,945)</u>
Depreciable assets, net	<u>7,968,193</u>	<u>472,444</u>	<u>20,566</u>	<u>8,420,071</u>
Business-type activities assets, net	<u>\$ 9,540,463</u>	<u>\$ 472,444</u>	<u>\$ 290,408</u>	<u>\$ 9,722,499</u>

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

Water	\$ 165,873
Water treatment	90,371
Sewer	87,952
Municipal recreation	23,536
Ambulance	<u>65,434</u>
Total business-type activities depreciation expense	<u>\$ 433,166</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

6. Retirement Plan

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

Employees' Pension Plan:

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

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

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

Membership in the Plan consisted of the following at January 1, 2014, the date of the latest actuarial valuation:

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

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.

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

6. Retirement Plan (continued)

Schedule of Changes in Total Pension Liability for the year ended December 31, 2014:

Total Pension Liability as of Beginning of Year	\$ 1,785,056
Service Cost	69,227
Interest on Total Pension Liability	<u>124,954</u>
Total Pension Liability as of End of Year	<u>\$ 1,979,237</u>

Three-year Trend information is as follows:

For Each Year Ended	Employer Annual Required Contribution and Pension Cost	Employer Contribution	Percentage Contributed	Net Pension Obligation
12/31/2012	\$ 95,141	\$ 95,450	100.0%	\$ -
12/31/2013	\$ 94,516	\$ 103,739	109.8%	\$ -
12/31/2014	\$ 78,258	\$ 106,362	135.9%	\$ -

The above information is based on the following assumptions used in the January 1, 2014 actuarial valuation:

Method	Entry Aged Normal
Discount Rate:	
Pre-retirement	7.00%
Post-retirement	5.00%
Mortality	GATT table
Salary Scale	2.50%

7. Contingency—Constitutional Amendment

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

The Town has reserved \$78,569 within the General Fund and \$70,000 within the Utility Fund for the emergency reserve under the TABOR amendment.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

7. Contingency—Constitutional Amendment (continued)

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

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

8. Long-Term Debt

Revenue Bonds – The Town issues bonds where the government pledges income derived from the acquired or constructed assets or from a specific revenue source to pay debt service. Revenue bonds at December 31, 2014 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 2014 a principal payment of \$150,000 was made. Additionally, interest payments totaling \$77,600 were made, which are included as a direct expense under Water in the Statement of Activities.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2015	\$ 150,000	\$ 74,600	\$ 224,600
2016	150,000	71,600	221,600
2017	160,000	68,600	228,600
2018	155,000	65,400	220,400
2019	170,000	60,750	230,750
2020-2024	1,245,000	212,550	1,457,550
2025	610,000	18,300	628,300
	<u>\$ 2,640,000</u>	<u>\$ 571,800</u>	<u>\$ 3,211,800</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

8. Long-Term Debt (continued)

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

During 2014 principal payments of \$75,832 and interest payments of \$31,180 were made in addition to the federal subsidy interest amount of \$10,060 for a total of \$41,240 which is included as a direct expense under Water Treatment Plant in the Statement of Activities.

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest Before Federal Subsidy</u>	<u>Total</u>	<u>Federal Interest Subsidy</u>	<u>Net After Federal Subsidy</u>
2015	\$ 81,249	\$ 37,710	\$ 118,959	\$ 8,814	\$ 110,145
2016	81,249	33,923	115,172	7,478	107,694
2017	86,665	29,970	116,635	6,142	110,492
2018	92,082	25,570	117,652	4,718	112,934
2019	92,082	14,448	106,530	3,205	103,325
2020	<u>102,914</u>	<u>6,014</u>	<u>108,928</u>	<u>1,691</u>	<u>107,237</u>
	<u>\$ 536,241</u>	<u>\$ 147,635</u>	<u>\$ 683,876</u>	<u>\$ 32,048</u>	<u>\$ 651,828</u>

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

During 2014 a principal payment of \$7,000 was made. An interest payment of \$4,307 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, 2014

8. Long-Term Debt (continued)

Annual debt service requirements on the bonds are as follows:

	Principal	Interest	Total
2015	\$ 5,000	\$ 3,894	\$ 8,894
2016	5,000	3,599	8,599
2017	6,000	3,304	9,304
2018	6,000	2,950	8,950
2019	6,000	2,596	8,596
2020-2024	38,000	6,903	44,903
	\$ 66,000	\$ 23,246	\$ 89,246

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 2014, a principal payment of \$32,000 was made. Additionally, interest payments of \$9,517 were made, which are included under governmental activities in the Statement of Activities.

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

	Principal	Interest	Total
2015	\$ 15,000	\$ 7,378	\$ 23,378
2016	15,000	6,448	21,448
2017	16,000	5,518	21,518
2018	17,000	4,526	21,526
2019	18,000	3,472	21,472
2020-2021	38,000	3,472	41,472
	\$ 119,000	\$ 30,814	\$ 149,814

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

8. Long-Term Debt (continued)

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

During 2014, total principal payments of \$43,375. Additionally, total interest payments of \$23,644 were made.

Scheduled annual debt service requirements to maturity are as follows.

	Principal	Interest	Total
2015	\$ 32,915	\$ 22,557	\$ 55,472
2016	35,687	21,583	57,270
2017	38,632	20,526	59,158
2018	41,756	19,384	61,140
2019	45,071	18,149	63,220
2020-2024	282,526	68,592	330,387
2025-2028	309,415	20,971	405,668
	\$ 786,002	\$ 191,762	\$ 977,765

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2014

8. Long-Term Debt (continued)

Total changes in Long-Term Liabilities during 2014 are as follows:

	Balance December 31, 2013	Additions	Payments	Balance December 31, 2014	Due Within One Year
Governmental activities:					
Special assessment bonds	\$ 224,000	\$ -	\$ (39,000)	\$ 185,000	\$ 20,000
Lease-Purchase	<u>477,214</u>	<u>\$ -</u>	<u>(24,959)</u>	<u>452,256</u>	<u>18,941</u>
	<u>\$ 701,214</u>	<u>\$ -</u>	<u>\$ (63,958)</u>	<u>\$ 637,256</u>	<u>\$ 38,941</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	\$ 2,790,000	\$ -	\$ (150,000)	\$ 2,640,000	\$ 150,000
2012 Bond Premium	62,993	-	(5,286)	57,707	5,286
2000 Water Revenue	612,073	-	(75,832)	536,241	81,249
Loans payable:					
Lease-Purchase	352,162	-	(18,416)	333,746	13,974
Capital lease	7,229	-	(7,229)	-	-
Colorado Maintenance Fee	<u>31,850</u>	<u>2,599</u>	<u>(17,202)</u>	<u>17,247</u>	<u>-</u>
	<u>3,856,307</u>	<u>2,599</u>	<u>(273,965)</u>	<u>3,584,941</u>	<u>250,509</u>
Total long-term liabilities	<u>\$ 4,557,521</u>	<u>\$ 2,599</u>	<u>\$ (337,923)</u>	<u>\$ 4,222,197</u>	<u>\$ 289,450</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, 2014:

Actual Property Value (taxable)	\$ 111,105,614
	x <u>3%</u>
	3,333,168

General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 3,333,168</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, 2014

9. Risk Management

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

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

Property, Casualty, Errors and Omissions and Liability Insurance

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

During 2014 the Town paid \$76,534 for insurance coverage to the pool which is included in the operating expense of the general and enterprise funds.

Workers' Compensation Insurance

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

During 2014 the Town paid \$45,405 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, 2014

10. Interfund Transactions

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

The Town had the following interfund transactions during 2014:

Transfer from General Fund to Municipal Recreation Area Fund for general purposes.	\$ 59,667
Transfer from General Fund to Airport Fuel Fund for general operations.	3,000
Transfer from General Fund to Ambulance Fund for general operations.	<u>38,208</u>
Total General Fund transfers	<u>\$ 100,875</u>

11. Contingent Construction Payable

During the year 2000, the Town obtained two acres of land for a water treatment plant, in exchange for providing certain street, water and sewer improvements for seller's adjacent property. The agreed-upon value was \$114,000. The Town's obligation in this trade consists of two elements: (1) an obligation to complete certain improvements with an estimated cost of \$41,622, which were completed by the Town in 2001, and (2) a contingent liability to pay the seller's obligation of \$72,378 for improvements in the event the seller develops the adjacent land within 20 years. During 2006, the Town paid \$15,160 for those improvements resulting in a remaining contingent payable of \$57,218. There were no payments made under this agreement in 2014.

12. Employment Agreements

During 2003, the Town entered into employment agreements with four members of management. The agreements cover a variety of matters, including lump sum payment of three months' salary and three months' benefits, in the event the Board does not reappoint the employee after a regular municipal election, and he or she is willing and able to perform his or her duties. As of December 31, 2014, 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, 2014

13. Water Rights Lease

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

In May 2014, the original agreement was assigned to River Bend Ranch, LLC and amended to extend the lease for a 5 year term, with an option for an additional 5 year term. The amendment also requires lease payments of \$7,332 per year, adjusted annually in accordance with the Denver/Boulder/Greeley consumer price index. Half of the total annual payment is due on June 1st and the remaining half is due on December 1st of each year.

Town of Limon, Colorado

Required Supplementary Information

Town of Limon, Colorado
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 1,388,559	\$ 1,388,559	\$ 1,570,425	\$ 181,866
Fines, Licenses and Permits	72,100	72,100	62,938	(9,162)
Intergovernmental - Local	225,041	225,041	221,311	(3,730)
Intergovernmental - Federal	54,576	54,576	6,272	(48,304)
Charges for Services	484,264	484,264	520,056	35,792
Interest	12,416	12,416	4,933	(7,483)
Donations and Grants	21,081	21,081	59,440	38,359
Insurance Claims	-	-	61,649	61,649
Miscellaneous	27,000	27,000	54,509	27,509
TOTAL REVENUES	<u>2,285,037</u>	<u>2,285,037</u>	<u>2,561,533</u>	<u>276,496</u>
EXPENDITURES				
Current:				
General Government	574,267	574,267	567,045	7,222
Airport	12,880	12,880	13,272	(392)
Public Works - Streets	585,694	585,694	446,761	138,933
Public Works - Sanitation	204,082	204,082	222,983	(18,901)
Public Safety	391,930	391,930	395,563	(3,633)
Public Health - Cemetery	75,709	75,709	60,722	14,987
Culture and Recreation	302,522	302,522	285,248	17,274
Capital Outlay	175,065	175,065	615,678	(440,613)
Debt Service:				
Principal	43,958	43,958	63,958	(20,000)
Interest	31,740	31,740	27,429	4,311
Supplemental Appropriation	-	400,000	-	400,000
TOTAL EXPENDITURES	<u>2,397,847</u>	<u>2,797,847</u>	<u>2,698,659</u>	<u>99,188</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(112,810)	(512,810)	(137,126)	375,684
OTHER FINANCIAL SOURCES (USES)				
Loan Funds Received	-	-	-	-
Operating Transfers (Out)	(90,975)	(90,975)	(100,875)	(9,900)
NET CHANGE IN FUND BALANCE	(203,785)	(603,785)	(238,001)	365,784
FUND BALANCES, BEGINNING OF YEAR	<u>860,005</u>	<u>860,005</u>	<u>1,234,098</u>	<u>374,093</u>
FUND BALANCES, END OF YEAR	<u>\$ 656,220</u>	<u>\$ 256,220</u>	<u>\$ 996,097</u>	<u>\$ 739,877</u>

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

Town of Limon, Colorado
Schedule of Funding Progress for the Town of Limon
Employees' Pension Plan
For the Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
	(a)	(b)	(b)-(a)	(a)/(b)
1/1/2012	1,139,882	1,235,023	95,141	92.30%
1/1/2013	1,548,173	1,785,056	236,883	86.73%
1/1/2014	1,715,240	1,979,237	263,997	86.66%

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

Town of Limon, Colorado

Other Supplementary Information

Town of Limon, Colorado
Head Start Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental - Federal	\$ 607,537	\$ 607,537	\$ 648,961	\$ 41,424
Total Revenues	<u>607,537</u>	<u>607,537</u>	<u>648,961</u>	<u>41,424</u>
EXPENDITURES:				
Head Start Program	607,537	607,537	648,961	(41,424)
Supplemental Appropriation	<u>-</u>	<u>41,424</u>	<u>-</u>	<u>41,424</u>
Total Expenditures	<u>607,537</u>	<u>648,961</u>	<u>648,961</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(41,424)</u>	<u>-</u>	<u>41,424</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ (41,424)</u>	<u>\$ -</u>	<u>\$ 41,424</u>

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	<u>CAPITAL CONSTRUCTION FUND</u>	<u>CONSER- VATION TRUST FUND</u>	<u>CEMETERY PERPET- UAL CARE</u>	<u>TOTALS</u>
ASSETS:				
Cash	\$ 13,831	\$ 15,021	\$ 4,446	\$ 33,298
TOTAL ASSETS	<u>\$ 13,831</u>	<u>\$ 15,021</u>	<u>\$ 4,446</u>	<u>\$ 33,298</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Restricted	-	15,021	-	15,021
Assigned-Designated for Subsequent Year	<u>13,831</u>	<u>-</u>	<u>4,446</u>	<u>18,277</u>
TOTAL FUND BALANCES	<u>13,831</u>	<u>15,021</u>	<u>4,446</u>	<u>33,298</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,831</u>	<u>\$ 15,021</u>	<u>\$ 4,446</u>	<u>\$ 33,298</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, 2014

	CAPITAL CONSTRUCTION FUND	CONSER- VATION TRUST FUND	CEMETERY PERPET- UAL CARE	TOTALS
REVENUES:				
Interest	\$ -	\$ 9	\$ -	\$ 9
Intergovernmental - Local	-	18,026	-	18,026
Intergovernmental - Federal	107,720			107,720
Perpetual Care	<u>-</u>	<u>-</u>	<u>3,138</u>	<u>3,138</u>
 TOTAL REVENUES	 <u>107,720</u>	 <u>18,035</u>	 <u>3,138</u>	 <u>128,893</u>
 EXPENDITURES:				
Capital Outlay	<u>125,460</u>	<u>24,563</u>	<u>7,630</u>	<u>157,653</u>
 TOTAL EXPENDITURES	 <u>125,460</u>	 <u>24,563</u>	 <u>7,630</u>	 <u>157,653</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (17,740)	 (6,528)	 (4,492)	 (28,760)
 OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 (17,740)	 (6,528)	 (4,492)	 (28,760)
 FUND BALANCE, BEGINNING OF YEAR	 <u>31,571</u>	 <u>21,549</u>	 <u>8,938</u>	 <u>62,058</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 13,831</u>	 <u>\$ 15,021</u>	 <u>\$ 4,446</u>	 <u>\$ 33,298</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental - State	\$ 19,000	\$ 19,000	\$ 18,026	\$ (974)
Interest	<u>293</u>	<u>293</u>	<u>9</u>	<u>(284)</u>
Total Revenues	<u>19,293</u>	<u>19,293</u>	<u>18,035</u>	<u>(1,258)</u>
EXPENDITURES:				
Operating				
Recreation - capital outlay	24,500	24,500	24,563	(63)
Supplemental Appropriation	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Expenditures	<u>24,500</u>	<u>24,600</u>	<u>24,563</u>	<u>37</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(5,207)	(5,307)	(6,528)	(1,221)
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(5,207)	(5,307)	(6,528)	(1,221)
FUND BALANCE, BEGINNING OF YEAR	<u>19,683</u>	<u>19,683</u>	<u>21,549</u>	<u>1,866</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,476</u>	<u>\$ 14,376</u>	<u>\$ 15,021</u>	<u>\$ 645</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Perpetual Care	\$ 800	\$ 800	\$ 3,138	\$ 2,338
Interest	<u>45</u>	<u>45</u>	<u>-</u>	<u>(45)</u>
Total Revenues	<u>845</u>	<u>845</u>	<u>3,138</u>	<u>2,293</u>
EXPENDITURES:				
Public Health - Capital Outlay	3,000	3,000	7,630	(4,630)
Supplemental Appropriation	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>4,700</u>
Total Expenditures	<u>3,000</u>	<u>7,700</u>	<u>7,630</u>	<u>70</u>
NET CHANGE IN FUND BALANCE	(2,155)	(6,855)	(4,492)	2,363
FUND BALANCE, BEGINNING OF YEAR	<u>8,989</u>	<u>8,989</u>	<u>8,938</u>	<u>(51)</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,834</u>	<u>\$ 2,134</u>	<u>\$ 4,446</u>	<u>\$ 2,312</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Intergovernmental - Federal	\$ 98,000	\$ 98,000	\$ 107,720	\$ 9,720
TOTAL REVENUES	<u>98,000</u>	<u>98,000</u>	<u>107,720</u>	<u>9,720</u>
EXPENDITURES				
Capital Outlay	121,500	121,500	125,460	(3,960)
Supplemental Appropriation	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
TOTAL EXPENDITURES	<u>121,500</u>	<u>124,000</u>	<u>125,460</u>	<u>(1,460)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,500)	(26,000)	(17,740)	8,260
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	<u>23,500</u>	<u>23,500</u>	<u>-</u>	<u>(23,500)</u>
NET CHANGE IN FUND BALANCE	-	(2,500)	(17,740)	(15,240)
FUND BALANCE, BEGINNING OF YEAR	<u>104</u>	<u>104</u>	<u>31,571</u>	<u>31,467</u>
FUND BALANCE, END OF YEAR	<u>\$ 104</u>	<u>\$ (2,396)</u>	<u>\$ 13,831</u>	<u>\$ 16,227</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales, Net Contractual Adjustments and Bad Debts	\$ 1,003,073	\$ 1,003,073	\$1,084,166	\$ 81,093
Other User Charges	7,400	7,400	8,920	1,520
Miscellaneous	100	100	2,093	1,993
Interest	15,923	15,923	12,917	(3,006)
Insurance Proceeds	-	-	10,618	10,618
Note Principal - Frasier	16,380	16,380	16,381	1
DOC Maintenance	2,556	2,556	2,553	(3)
DOC Maintenance Expenses from Restricted Account	3,000	3,000	17,202	14,202
Tap Fees	3,460	3,460	17,000	13,540
Intergovernmental-Federal	10,060	10,060	10,060	-
Intergovernmental-Local	<u>14,371</u>	<u>14,371</u>	<u>82,034</u>	<u>67,663</u>
Total Revenues	<u>1,076,323</u>	<u>1,076,323</u>	<u>1,263,944</u>	<u>187,621</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	536,768	536,768	576,223	(39,455)
Interest Expense	125,622	125,622	126,402	(780)
Debt Principal	243,113	243,113	243,113	-
Capital Expenditures	234,360	234,360	556,007	(321,647)
DOC Maintenance Revenue to Restricted Account	2,553	2,553	2,553	-
System Maintenance Paid from Colorado Reserve Account	3,000	3,000	17,202	(14,202)
Supplemental Appropriation	<u>-</u>	<u>430,000</u>	<u>-</u>	<u>430,000</u>
Total Expenditures	<u>1,145,416</u>	<u>1,575,416</u>	<u>1,521,500</u>	<u>53,916</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ (69,093)</u>	<u>\$ (499,093)</u>	(257,556)	<u>\$ 241,537</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			243,113	
Capital Expenditures			556,007	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(16,381)	
Less: Depreciation and Amortization			<u>(357,067)</u>	
Change in Net Position GAAP			<u>\$ 168,116</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Sales, Net Contractual Adjustments and Bad Debts	\$ 353,375	\$ 353,375	\$ 364,693	\$ 11,318
Interest	200	200	54	(146)
Donations and Grants	2,250	2,250	105	(2,145)
Intergovernmental - Local	36,500	36,500	53,071	16,571
Intergovernmental - Federal	-	-	810	810
Insurance Proceeds	-	-	37,693	37,693
Miscellaneous	3,200	3,200	6,346	3,146
Transfer From Other Funds	<u>18,550</u>	<u>18,550</u>	<u>38,208</u>	<u>19,658</u>
Total Revenues	<u>414,075</u>	<u>414,075</u>	<u>500,980</u>	<u>86,905</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	209,803	209,803	213,874	(4,071)
Maintenance	21,000	21,000	22,118	(1,118)
Insurance	6,238	6,238	7,238	(1,000)
Utilities	7,051	7,051	9,887	(2,836)
Other Expenses	104,827	104,827	111,959	(7,132)
Principal Payment	7,888	7,888	7,888	-
Interest Expense	1,266	1,266	411	855
Capital Outlay	25,641	25,641	58,935	(33,294)
Supplemental Appropriation	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Total Expenditures	<u>383,714</u>	<u>463,714</u>	<u>432,310</u>	<u>31,404</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 30,361</u>	<u>\$ (49,639)</u>	68,670	<u>\$ 118,309</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			7,888	
Add: Capital Outlay			58,935	
Less: Loss on Disposal of Assets			(13,458)	
Less: Depreciation			<u>(65,434)</u>	
Change In Net Position GAAP			<u>\$ 56,601</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2014

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
ASSETS			
Current assets:			
Cash	\$ 10,232	\$ -	\$ 10,232
Inventories	3,468	13,264	16,732
Accounts Receivable	4,862	258	5,120
Total Current Assets	<u>18,562</u>	<u>13,522</u>	<u>32,084</u>
Restricted Assets:			
Hail Reserve	5,822		5,822
Equipment Reserve	4,730	-	4,730
Total Restricted Assets	<u>10,552</u>	<u>-</u>	<u>10,552</u>
Non-Current Assets:			
Capital Assets:			
Land	11,000	-	11,000
Recreation Area Facilities	396,545	-	396,545
Equipment	150,553	-	150,553
Accumulated Depreciation	(333,574)	-	(333,574)
Total Non-Current Assets	<u>224,524</u>	<u>-</u>	<u>224,524</u>
TOTAL ASSETS	<u>253,638</u>	<u>13,522</u>	<u>267,160</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	362	-	362
Accounts Payable	10,911	620	11,531
Overdrafted Cash Balances		328	328
Compensated Absences	1,476	-	1,476
Total Current Liabilities	<u>12,749</u>	<u>948</u>	<u>13,697</u>
Non-Current Liabilities:			
Long-Term Debt - Net of Current Portion	8,254	-	8,254
Total Non-Current Liabilities	<u>8,254</u>	<u>-</u>	<u>8,254</u>
TOTAL LIABILITIES	<u>21,003</u>	<u>948</u>	<u>21,951</u>
NET POSITION			
Net Investment in Capital Assets	224,524	-	224,524
Unrestricted	8,111	12,574	20,685
TOTAL NET POSITION	<u>232,635</u>	<u>12,574</u>	<u>245,209</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 253,638</u>	<u>\$ 13,522</u>	<u>\$ 267,160</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, 2014

	<u>MUNICIPAL RECREATION AREA</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
OPERATING REVENUES			
Sales	\$ 132,396	\$ 34,658	\$ 167,054
Other User Charges	10,364	-	10,364
Miscellaneous	<u>2,242</u>	<u>-</u>	<u>2,242</u>
Total Operating Revenues	<u>145,002</u>	<u>34,658</u>	<u>179,660</u>
OPERATING EXPENSES			
Cost of Resale Items	17,962	30,229	48,191
Maintenance	12,110	3,359	15,469
Insurance	6,117	1,357	7,474
Utilities	21,087	-	21,087
Testing	-	498	498
Salaries and Benefits	125,294	-	125,294
Other Expenses	29,090	1,076	30,166
Loss on Disposal of Assets	2,108	-	2,108
Depreciation	<u>23,536</u>	<u>-</u>	<u>23,536</u>
Total Operating Expenses	<u>237,304</u>	<u>36,519</u>	<u>273,823</u>
Income (Loss) From Operations	<u>(92,302)</u>	<u>(1,861)</u>	<u>(94,163)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	17	-	17
Donations	15,350	-	15,350
Insurance Proceeds	13,408	-	13,408
Interest Expense	<u>(260)</u>	<u>-</u>	<u>(260)</u>
Total Non-Operating Revenues (Expenses)	<u>28,515</u>	<u>-</u>	<u>28,515</u>
Net Income Before Contributions and Transfers	(63,787)	(1,861)	(65,648)
Transfers In (Out)	<u>59,667</u>	<u>3,000</u>	<u>62,667</u>
CHANGE IN NET POSITION	<u>(4,120)</u>	<u>1,139</u>	<u>(2,981)</u>
NET POSITION, BEGINNING OF YEAR	<u>236,755</u>	<u>11,435</u>	<u>248,190</u>
NET POSITION, END OF YEAR	<u>\$ 232,635</u>	<u>\$ 12,574</u>	<u>\$ 245,209</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Sales	\$ 42,000	\$ 42,000	\$ 34,658	\$ (7,342)
Transfer From Other Funds	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>37,658</u>	<u>(4,342)</u>
EXPENDITURES:				
Operating Expenses	<u>41,448</u>	<u>41,448</u>	<u>36,519</u>	<u>4,929</u>
Total Expenditures	<u>41,448</u>	<u>41,448</u>	<u>36,519</u>	<u>4,929</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 552</u>	<u>\$ 552</u>	<u>\$ 1,139</u>	<u>\$ 587</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, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Sales	\$ 131,858	\$ 131,858	\$ 132,396	\$ 538
Other User Charges	8,985	8,985	10,364	1,379
Interest	135	135	17	(118)
Donations	12,148	12,148	15,350	3,202
Insurance Proceeds	-	-	13,408	13,408
Miscellaneous	5,091	5,091	2,242	(2,849)
Transfers from Other Funds	<u>48,925</u>	<u>48,925</u>	<u>59,667</u>	<u>10,742</u>
Total Revenues	<u>207,142</u>	<u>207,142</u>	<u>233,444</u>	<u>26,302</u>
EXPENDITURES:				
Salaries and Benefits	124,135	124,135	125,294	(1,159)
Cost of Resale Items	16,000	16,000	17,962	(1,962)
Maintenance	5,050	5,050	12,110	(7,060)
Insurance	6,117	6,117	6,117	-
Utilities	20,474	20,474	21,087	(613)
Other Expenses	27,734	27,734	29,090	(1,356)
Capital Expenditures	1,700	1,700	20,827	(19,127)
Principal Payments	477	477	477	-
Interest Expense	785	785	260	525
Supplemental Appropriation	<u>-</u>	<u>37,906</u>	<u>-</u>	<u>37,906</u>
Total Expenditures	<u>202,472</u>	<u>240,378</u>	<u>233,224</u>	<u>7,154</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 4,670</u>	<u>\$ (33,236)</u>	220	<u>\$ 33,456</u>
RECONCILIATION TO GAAP BASIS				
Principal payments			477	
Add budgetary items shown as Expenditures:				
Capital Expenditures			20,827	
Loss on Disposal of Assets			(2,108)	
Less: Depreciation and Amortization			<u>(23,536)</u>	
Change In Net Position GAAP			<u>\$ (4,120)</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, 2014

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Employee Contribution	\$ 52,573	\$ 52,573	\$ 53,862	\$ 1,289
Employer Contribution	52,502	52,502	52,500	(2)
Interest Income	300	300	77	(223)
Investment Income				
Net of Expenses	<u>30,000</u>	<u>30,000</u>	<u>70,267</u>	<u>40,267</u>
Total Revenues	<u>135,375</u>	<u>135,375</u>	<u>176,706</u>	<u>41,331</u>
EXPENDITURES:				
Benefit Payments	10,000	10,000	501	9,499
Administrative Expenses	<u>9,500</u>	<u>9,500</u>	<u>7,947</u>	<u>1,553</u>
Total Expenditures	<u>19,500</u>	<u>19,500</u>	<u>8,448</u>	<u>11,052</u>
CHANGE IN NET POSITION	115,875	115,875	168,258	52,383
NET POSITION, BEGINNING OF YEAR	<u>1,462,393</u>	<u>1,462,393</u>	<u>1,576,660</u>	<u>114,267</u>
NET POSITION, END OF YEAR	<u>\$ 1,578,268</u>	<u>\$ 1,578,268</u>	<u>\$ 1,744,918</u>	<u>\$ 166,650</u>

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: LIMON
		YEAR ENDING : December 2014
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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	174,084
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	328,582
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	18,505
2. General fund appropriations	181,949	b. Snow and ice removal	10,063
3. Other local imposts (from page 2)	429,787	c. Other	138,343
4. Miscellaneous local receipts (from page 2)	133,177	d. Total (a. through c.)	166,911
5. Transfers from toll facilities		4. General administration & miscellaneous	21,870
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	211,754
a. Bonds - Original Issues		6. Total (1 through 5)	903,201
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	13,824
7. Total (1 through 6)	744,913	b. Redemption	39,000
B. Private Contributions	28,988	c. Total (a. + b.)	52,824
C. Receipts from State government (from page 2)	81,709	2. Notes:	
D. Receipts from Federal Government (from page 2)	107,720	a. Interest	2,577
E. Total receipts (A.7 + B + C + D)	963,330	b. Redemption	4,728
		c. Total (a. + b.)	7,305
		3. Total (1.c + 2.c)	60,129
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	963,330

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	224,000		39,000	185,000
1. Bonds (Refunding Portion)				
B. Notes (Total)	90,402		4,728	85,674

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	963,330	963,330	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 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	94,489	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	28,988
1. Sales Taxes	161,376	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	173,922	g. Other Misc Gravel Sales	9,956
6. Total (1. through 5.)	335,298	h. Other Franchise fees	94,233
c. Total (a. + b.)	429,787	i. Total (a. through h.)	133,177
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	72,868	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	8,841	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	107,720
f. Total (a. through e.)	8,841	g. Total (a. through f.)	107,720
4. Total (1. + 2. + 3.f)	81,709	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	23,487		23,487
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	101,973	48,624	150,597
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	101,973	48,624	150,597
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	125,460	48,624	174,084
			(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, 2014, 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 20, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance

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

Purpose of this Report

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

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

Littleton, Colorado

July 20, 2015



**Haynie &
Company**

Certified Public Accountants (a professional corporation)

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

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE 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, 2014. 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, 2014.

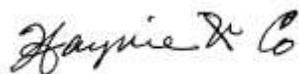
Report on Internal Control Over Compliance

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 20, 2015

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

<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>648,961</u>
Total Department of Health and Human Services			<u>648,961</u>
Department of Transportation			
Pass-through program from:			
State of Colorado			
Highway Planning and Construction	20.205		107,720
Pass-through program from:			
East Central Council of Local Governments			
Transportation Grant	20.xxx		<u>6,272</u>
Total Department of Transportation			<u>113,992</u>
Total Expenditures of Federal Awards			<u>\$ 762,953</u>

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

Town of Limon, Colorado

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2014

1. Summary of Auditor's Results

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

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

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

Material noncompliance noted: **None**

Federal Awards:

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

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

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

Audit findings required to be reported in accordance with Circular A-133, Section .510(a): **None**

The following programs are considered to be major:

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

Dollar threshold used to distinguish Type A and Type B programs: **\$300,000**

Qualifies as low-risk auditee: **No**

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