

Town of Limon, Colorado

Financial Statements and Independent Auditor's Report

December 31, 2020 and 2019

Table of Contents

	Page
Independent Auditor's Report	I
Management's Discussion and Analysis	IV-X
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Net (Expense) Revenue and Changes in Net Position—Primary Government	3
Governmental Fund Financial Statements	
Balance Sheet—Governmental Funds	4
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Proprietary Funds Statement of Net Position	8
Proprietary Funds Statement of Revenues, Expenditures and Changes in Fund Net Position	9-10
Proprietary Funds Statement of Cash Flows	11
Statement of Fiduciary Net Position—Fiduciary Funds	12
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	13
Notes to Financial Statements	14-40
Required Supplemental Information	
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances —Budget and Actual	41
Schedule of Contributions - Pension	42
Schedule of Changes in Net Pension Liability and Related Ratios	43
Other Supplementary Information	
Head Start Fund Schedule of Revenues, Expenditures and Changes in Fund Balances —Budget and Actual	44
Combining Balance Sheet Nonmajor Governmental Funds	45
Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance	46

Conservation Trust Fund Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	47
Cemetery Perpetual Fund Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	48
Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	49
Utility Fund Schedule of Revenues, Expenditures and Changes in Net Position—Budget and Actual	50
Ambulance Service Fund Schedule of Revenues, Expenditures and Changes in Net Position—Budget and Actual	51
Combining Balance Sheet Nonmajor Proprietary Funds	52
Nonmajor Proprietary Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance	53
Airport Fuel Fund Schedule of Revenues, Expenditures and Changes in Net Position—Budget and Actual	54
Municipal Golf Course Fund Schedule of Revenues, Expenditures and Changes in Net Position—Budget and Actual	55
Employee Pension Fund Schedule of Revenues, Expenditures and Changes in Net Position—Budget and Actual	56
Local Highway Finance Report	57-58
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	59
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	61
Schedule of Expenditures of Federal Awards	63
Schedule of Findings and Questioned Costs	64



1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

 303-734-4800

 303-795-3356

 www.HaynieCPAs.com

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Limon, Colorado, (the “Town”), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Limon, Colorado, as of December 31, 2020, and the respective changes in financial position and, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

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

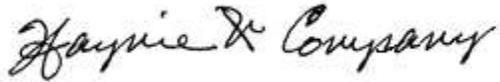
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules, schedule of debt service requirements to maturity, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and as also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of Town of Limon, Colorado, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Limon, Colorado, Colorado's internal control over financial reporting and compliance

A handwritten signature in cursive script that reads "Haynie & Company". The signature is written in black ink and is positioned above the typed address and date.

Littleton, Colorado

September 22, 2021

Town of Limon, Colorado
Management's Discussion and Analysis
December 31, 2020

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

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

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

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$999,178 or 5.62% during the year. The governmental net position increased by \$845,370 or 9.63%, and the business-type net position increased by \$153,808, or 1.64%.
- The governmental activities revenue changed from \$3,780,282 in 2019 to \$4,331,693 in 2020 for an increase of \$551,411 or 12.73%. This increase is due primarily to increases in grants and tax income.
- The governmental activities expenditures changed from \$3,436,030 in 2019 to \$3,486,323 in 2020, an increase of \$50,293 or 1.48%. The increase is due primarily to an increase in general, airport and public safety expenditures.
- The business-type activities revenue changed from \$2,148,535 in 2019 to \$2,061,433 in 2020, a decrease of \$87,102 or 4.42%. This decrease is due primarily to decreased grants and contributions.
- The business-type activities expenditures changed from \$1,864,939 in 2019 to \$1,907,625 in 2020, an increase of \$42,686 or 2.24%. This increase is due primarily to increased tax revenue.

- The General Fund (the primary operating fund) reflected on a current financial resource basis, reports an increase of \$503,644 or 23.2% in fund balance. This increase is due primarily to capital outlays and operating transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The Town has two kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current assets	\$ 1,957,532	\$ 1,495,896	\$ 1,632,518	\$ 1,477,160	\$ 3,590,050	\$ 2,973,056
Restricted assets	974,605	822,996	1,108,609	1,026,782	2,083,214	1,849,778
Other non-current assets	75,733	97,982	104,370	146,261	180,103	244,243
Capital assets, net	7,034,913	6,796,493	8,594,178	8,963,367	15,629,091	15,759,860
Total assets	<u>10,042,783</u>	<u>9,213,367</u>	<u>11,439,675</u>	<u>11,613,570</u>	<u>21,482,458</u>	<u>20,826,937</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows - pension	428,996	401,378	-	-	428,996	401,378
Total deferred outflow of resources	<u>428,996</u>	<u>401,378</u>	<u>-</u>	<u>-</u>	<u>428,996</u>	<u>401,378</u>
LIABILITIES						
Current liabilities	289,525	232,188	343,751	399,576	633,276	631,764
Non-current liabilities	798,896	825,279	1,698,167	1,970,045	2,497,063	2,795,324
Total liabilities	<u>1,088,421</u>	<u>1,057,467</u>	<u>2,041,918</u>	<u>2,369,621</u>	<u>3,130,339</u>	<u>3,427,088</u>
DEFERRED INFLOW OF RESOURCES						
Deferred inflows - pension	201,671	233,110	-	-	201,671	233,110
Deferred property taxes	399,420	387,271	-	-	399,420	387,271
Total deferred inflow of resources	<u>601,091</u>	<u>620,381</u>	<u>-</u>	<u>-</u>	<u>601,091</u>	<u>620,381</u>
NET POSITION	<u>\$ 8,782,267</u>	<u>\$ 7,936,897</u>	<u>\$ 9,397,757</u>	<u>\$ 9,243,949</u>	<u>\$ 18,180,024</u>	<u>\$ 17,180,846</u>
Net Position consist of:						
Invested in capital assets	\$ 6,717,277	\$ 6,421,900	\$ 6,966,692	\$ 7,037,274	\$ 13,683,969	\$ 13,459,174
Restricted net position	665,744	520,207	397,945	361,325	1,063,689	881,532
Unrestricted net position	1,399,246	994,790	2,033,120	1,845,350	3,432,366	2,840,140
Total net position	<u>\$ 8,782,267</u>	<u>\$ 7,936,897</u>	<u>\$ 9,397,757</u>	<u>\$ 9,243,949</u>	<u>\$ 18,180,024</u>	<u>\$ 17,180,846</u>

The net position of the Town's governmental activities as of December 31, 2020 were \$8,782,267 of which \$1,399,246 was unrestricted and is available for spending at the government's discretion. The remainder is net investment in capital assets of \$6,717,277, reserved for Emergency Reserve of \$87,555, reserved for Economic Development of \$16,566, reserved for Recreation of \$234,629 and Capital Replacement Reserve of \$205,132.

The General Fund is the main operating fund of the Town. As of December 31, 2020, the General Fund balance was \$2,171,852, of which \$1,111,205 was unassigned. Unassigned fund balance represents 46.7% of 2020 General Fund expenditures.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program revenues:						
Operating grants and contributions	\$ 1,268,581	\$ 1,100,400	\$ 109,662	\$ 202,369	\$ 1,378,243	\$ 1,302,769
Capital grants and contributions	502,915	62,480	45,903	28,202	548,818	90,682
Charges for services	461,327	546,055	1,783,609	1,651,358	2,244,936	2,197,413
Total program revenue	<u>2,232,823</u>	<u>1,708,935</u>	<u>1,939,174</u>	<u>1,881,929</u>	<u>4,171,997</u>	<u>3,590,864</u>
General revenues:						
Taxes	2,025,388	1,973,822	-	-	2,025,388	1,973,822
Investment earnings	30,236	30,323	10,766	14,910	41,002	45,233
Insurance proceeds	3,558	9,053	19,993	9,479	23,551	18,532
Other	39,688	58,149	-	151,277	39,688	209,426
Total general revenue	<u>2,098,870</u>	<u>2,071,347</u>	<u>30,759</u>	<u>175,666</u>	<u>2,129,629</u>	<u>2,247,013</u>
Total Revenue	<u>\$ 4,331,693</u>	<u>\$ 3,780,282</u>	<u>\$ 1,969,933</u>	<u>\$ 2,057,595</u>	<u>\$ 6,301,626</u>	<u>\$ 5,837,877</u>
Expenses						
General government	\$ 760,539	\$ 629,727	\$ -	\$ -	\$ 760,539	\$ 629,727
Airport	41,015	84,751	-	-	41,015	84,751
Public safety	540,177	545,373	-	-	540,177	545,373
Highways and streets	475,045	585,810	-	-	475,045	585,810
Public works - sanitation	270,909	275,596	-	-	270,909	275,596
Public health - cemetery	85,907	99,297	-	-	85,907	99,297
Culture and recreation	425,263	414,018	-	-	425,263	414,018
Head Start Program	784,220	695,960	-	-	784,220	695,960
Water	-	-	524,639	515,511	524,639	515,511
Water treatment plant	-	-	225,330	247,578	225,330	247,578
Sewer	-	-	373,974	359,989	373,974	359,989
Municipal recreation area	-	-	240,061	213,813	240,061	213,813
Airport fuel fund	-	-	29,197	30,852	29,197	30,852
Ambulance service fund	-	-	514,424	497,196	514,424	497,196
Interest and fiscal charges	11,748	14,558	-	-	11,748	14,558
Total expenses	<u>3,394,823</u>	<u>3,345,090</u>	<u>1,907,625</u>	<u>1,864,939</u>	<u>5,302,448</u>	<u>5,210,029</u>
Changes in net position before transfers and special items	936,870	435,192	62,308	192,656	999,178	627,848
Transfers	(91,500)	(90,940)	91,500	90,940	-	-
Change in net position	<u>845,370</u>	<u>344,252</u>	<u>153,808</u>	<u>283,596</u>	<u>999,178</u>	<u>627,848</u>
Beginning net position	<u>7,936,897</u>	<u>7,592,645</u>	<u>9,243,949</u>	<u>8,960,353</u>	<u>17,180,846</u>	<u>16,883,251</u>
Ending net position	<u><u>8,782,267</u></u>	<u><u>7,936,897</u></u>	<u><u>9,397,757</u></u>	<u><u>9,243,949</u></u>	<u><u>18,180,024</u></u>	<u><u>17,511,099</u></u>

Governmental Activities revenues in the amount of \$4,331,693 were more than expenses and transfers of \$3,486,323 by \$845,370. Business-type activities revenues and transfers in the amount of \$2,061,433 were more than expenses of \$1,864,939 by \$283,596.

BUDGETARY HIGHLIGHTS

The budget was amended on December 28, 2020 to include the following increases for expenditures not anticipated at the time of adoption of the original budget on December 11, 2019. The additional expenditures were funded by unanticipated revenue and/or the prior year's fund balance. Funds with appropriation increases:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase</u>
Head Start Fund	\$ 695,960	\$ 784,960	\$ 89,000
Golf Fund	214,319	234,319	20,000
Capital Construction Fund	248,000	558,000	310,000
Employees' Pension Trust	370,131	450,131	<u>80,000</u>
			<u>\$ 499,000</u>

- Changes in the Head Start Fund Budget and Golf Fund Budget were due to increased salaries and personnel expenses. The increase was funded by unexpected revenue.
- Changes in the Capital Construction Fund were due to increased airport construction. The increase was funded by unexpected grant revenue.
- Changes in the Employee Pension Fund were due primarily to benefit payments. The increase was funded by unexpected revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of December 31, 2020, Limon's investment in capital assets for its governmental and business type activities, net of accumulated depreciation, was \$15,629,091. This included infrastructure assets acquired since January 1, 2004. Capital assets including land, buildings, streets, utility systems and equipment are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,248,511	\$ 1,248,511	\$ 241,797	\$ 241,797	\$ 1,490,308	\$ 1,490,308
Buildings and water and sewer systems	2,984,034	2,984,034	14,365,666	14,265,569	17,349,700	17,249,603
Equipment	3,044,616	2,984,292	1,990,573	1,988,684	5,035,189	4,972,976
Other capital assets	-	-	1,048,995	1,048,995	1,048,995	1,048,995
Construction in progress	-	-	-	-	-	-
Infrastructure	<u>6,184,860</u>	<u>5,615,240</u>	<u>-</u>	<u>-</u>	<u>6,184,860</u>	<u>5,615,240</u>
Total	<u>\$ 13,462,021</u>	<u>\$ 12,832,077</u>	<u>\$ 17,647,031</u>	<u>\$ 17,545,045</u>	<u>\$ 31,109,052</u>	<u>\$ 30,377,122</u>
Accumulated depreciation	<u>(6,427,108)</u>	<u>(6,035,584)</u>	<u>(9,052,853)</u>	<u>(8,581,678)</u>	<u>(15,479,961)</u>	<u>(14,617,262)</u>
Capital assets, net	<u>\$ 7,034,913</u>	<u>\$ 6,796,493</u>	<u>\$ 8,594,178</u>	<u>\$ 8,963,367</u>	<u>\$ 15,629,091</u>	<u>\$ 15,759,860</u>

This year's major capital asset additions include:

- RR Park Restrooms and handwash station - \$71,447
- Midfield taxiway infrastructure improvement - \$492,902
- Street Updates - \$76,718
- Dump Truck - \$18,000

Long-term Debt – As of December 31, 2020 the Town had \$2,278,017 in outstanding debt as follows.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Special assessment bonds	\$ 5,000	\$ 34,000	\$ -	\$ -	\$ 5,000	\$ 34,000
Bonds payable:						
2000 Water Revenue	-	-	-	102,915	-	102,915
2012 Water Revenue	-	-	1,685,000	1,855,000	1,685,000	1,855,000
2012 Bond Premium	-	-	25,990	31,276	25,990	31,276
Loans payable:						
Lease-Purchase	312,636	340,593	230,716	251,348	543,352	591,941
Colorado maintenance fee	-	-	18,675	21,778	18,675	21,778
Total	<u>\$ 317,636</u>	<u>\$ 374,593</u>	<u>\$ 1,960,381</u>	<u>\$ 2,262,317</u>	<u>\$ 2,278,017</u>	<u>\$ 2,636,910</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax revenues budgeted for 2021 is \$1,421,743, which is \$43,221 less than 2020 actual.
- The property tax revenue budgeted for 2021 is \$399,420, which is \$9,010 more than 2020 actual.
- Governmental funds revenues were budgeted at \$7,153,999 in 2021, which is an increase of 38% from the 2020 actual revenues. Governmental revenue and expenditures included direct pass-through grants to other entities. The 2021 budgeted direct pass-through amounts are \$744,674, which is the \$39,546 less than the 2020 actual amount. The 2021 budgeted expenditures for governmental activities are projected to be \$6,737,160, which is a 42% increase from the 2020 actual.
- Proprietary funds revenues were budgeted at \$2,370,852 for 2021, which is an increase of 13% from the 2020 actual revenues. 2021 budgeted expenditures of \$2,230,105 represents an increase from 2020 actual expenditures of 14%.

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, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,198,816	\$ 1,348,038	\$ 2,546,854
Current Portion Note Receivable	-	23,735	23,735
Accounts Receivable	58,766	297,143	355,909
Allowance for Doubtful Accounts	(1,777)	(124,818)	(126,595)
Intergovernmental Receivable	265,541	15,015	280,556
Prepaid expenses	-	2,311	2,311
Accrued Interest Receivable	-	1,668	1,668
Special Assessment Receivable, Current Portion	29,118	-	29,118
Property Taxes Receivable	399,420	-	399,420
Inventory and Supplies	7,648	69,426	77,074
Total Current Assets	<u>1,957,532</u>	<u>1,632,518</u>	<u>3,590,050</u>
Restricted Assets:			
Emergency Reserve	87,555	-	87,555
Debt Reserves	-	89,672	89,672
Water Plant Reserve	-	133,797	133,797
Water Revenue Bonds	-	308,273	308,273
Sewer Line Maint. Reserve	-	18,675	18,675
Capital Replacement Reserve	205,132	558,192	763,324
Equipment Reserve	308,861	-	308,861
Recreation Reserve	234,629	-	234,629
Library Reserve	121,862	-	121,862
Economic Development Reserve	16,566	-	16,566
Total Restricted Assets	<u>974,605</u>	<u>1,108,609</u>	<u>2,083,214</u>
Non-Current Assets:			
Special Assessment Receivable, Net of Current Portion	75,733	-	75,733
Notes Receivable, Net of Current Portion	-	51,414	51,414
Loss on Bond Refunding, net	-	52,956	52,956
Capital Assets			
Land	1,248,511	241,797	1,490,308
Buildings and Water and Sewer Systems	2,984,034	14,365,666	17,349,700
Equipment	3,044,616	1,990,573	5,035,189
Infrastructure	6,184,860	-	6,184,860
Other Capital Assets	-	1,048,995	1,048,995
Accumulation Depreciation	(6,427,108)	(9,052,853)	(15,479,961)
Total Non-Current Assets	<u>7,110,646</u>	<u>8,698,548</u>	<u>15,809,194</u>
TOTAL ASSETS	<u>10,042,783</u>	<u>11,439,675</u>	<u>21,482,458</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pension	428,996	-	428,996
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>428,996</u>	<u>-</u>	<u>428,996</u>
LIABILITIES			
Current Liabilities:			
Pooled Cash Overdraft	128,777	-	128,777
Current Portion of Long Term Debt	49,934	262,214	312,148
Accounts Payable	100,435	73,259	173,694
Accrued Interest Payable	-	5,977	5,977
Compensated Absences	10,379	2,301	12,680
Total Current Liabilities	<u>289,525</u>	<u>343,751</u>	<u>633,276</u>
Non-Current Liabilities:			
Net Pension Liability	531,194	-	531,194
Long Term Debt, net	267,702	1,698,167	1,965,869
Total Non-Current Liabilities	<u>798,896</u>	<u>1,698,167</u>	<u>2,497,063</u>
TOTAL LIABILITIES	<u>1,088,421</u>	<u>2,041,918</u>	<u>3,130,339</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pension	201,671	-	201,671
Deferred Revenue - Property Taxes	399,420	-	399,420
TOTAL DEFERRED INFLOW OF RESOURCES	<u>601,091</u>	<u>-</u>	<u>601,091</u>
NET POSITION			
Net Investment in Capital Assets	6,717,277	6,966,692	13,683,969
Restricted for:			
Economic Development	16,566	-	16,566
Emergency Reserve	87,555	89,672	177,227
Recreation Reserve	234,629	-	234,629
Library Reserve	121,862	-	121,862
Bond Reserve	-	308,273	308,273
Capital Replacement	205,132	-	205,132
Unrestricted:	1,399,246	2,033,120	3,432,366
TOTAL NET POSITION	<u>\$ 8,782,267</u>	<u>\$ 9,397,757</u>	<u>\$ 18,180,024</u>

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

Town of Limon, Colorado
Statement of Activities
For the Year Ended December 31, 2020

<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	\$ 760,539	\$ 81,118	\$ 94,626	\$ -
Airport	41,015	7,319	12,245	481,735
Public Works -Streets	475,045	26,251	253,185	21,180
Public Works - Sanitation	270,909	306,988	-	-
Public Safety - Police	540,177	250	2,478	-
Public Health - Cemetery	85,907	4,075	10,000	-
Culture and Recreation	425,263	35,326	119,552	-
Head Start Program	784,220	-	784,220	-
Interest and Related Costs	11,748	-	-	-
Total Governmental Activities	<u>3,394,823</u>	<u>461,327</u>	<u>1,276,306</u>	<u>502,915</u>
Business-Type Activities:				
Water	524,639	820,939	-	45,903
Water Treatment Plant	225,330	222,806	1,691	-
Sewer	373,974	259,791	-	-
Ambulance Service Fund	514,424	290,945	103,151	-
Golf and Airport Fuel Funds	269,258	189,128	4,820	-
Total Business-Type Activities	<u>1,907,625</u>	<u>1,783,609</u>	<u>109,662</u>	<u>45,903</u>
Total Primary Government	<u>\$ 5,302,448</u>	<u>\$ 2,244,936</u>	<u>\$ 1,385,968</u>	<u>\$ 548,818</u>

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

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

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (584,795)	\$ -	\$ (584,795)
460,284	-	460,284
(174,429)	-	(174,429)
36,079	-	36,079
(537,449)	-	(537,449)
(71,832)	-	(71,832)
(270,385)	-	(270,385)
-	-	-
(11,748)	-	(11,748)
<u>(1,154,275)</u>	<u>-</u>	<u>(1,154,275)</u>
-	342,203	342,203
-	(833)	(833)
-	(114,183)	(114,183)
-	(120,328)	(120,328)
-	<u>(75,310)</u>	<u>(75,310)</u>
-	<u>31,549</u>	<u>31,549</u>
<u>\$ (1,154,275)</u>	<u>\$ 31,549</u>	<u>\$ (1,122,726)</u>
\$ 390,410	\$ -	\$ 390,410
100,658	-	100,658
1,464,964	-	1,464,964
49,270	-	49,270
7,178	-	7,178
6,844	-	6,844
6,064	-	6,064
30,236	10,766	41,002
3,558	19,993	23,551
(91,500)	91,500	-
<u>29,688</u>	<u>-</u>	<u>29,688</u>
<u>1,999,645</u>	<u>122,259</u>	<u>2,121,904</u>
<u>845,370</u>	<u>153,808</u>	<u>999,178</u>
<u>7,936,897</u>	<u>9,243,949</u>	<u>17,180,846</u>
<u>\$ 8,782,267</u>	<u>\$ 9,397,757</u>	<u>\$ 18,180,024</u>

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

Town of Limon, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

ASSETS	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Cash	\$ 1,096,281	\$ -	\$ 102,535	\$ 1,198,816
Accounts Receivable	58,766	-	-	58,766
Allowance for Doubtful Accounts	(1,777)	-	-	(1,777)
Intergovernmental Receivable	136,764	128,777	-	265,541
Special Assessment Receivable	104,851	-	-	104,851
Property Tax Receivable	399,420	-	-	399,420
Inventories	7,648	-	-	7,648
Restricted Cash:				
Economic Development	16,566	-	-	16,566
Capital Replacement Reserve	205,132	-	-	205,132
Equipment Reserve	308,861	-	-	308,861
Recreation Reserve	234,629	-	-	234,629
Library Reserve	121,862	-	-	121,862
Emergency Reserve	87,555	-	-	87,555
Total Assets	<u>\$ 2,776,558</u>	<u>\$ 128,777</u>	<u>\$ 102,535</u>	<u>\$ 3,007,870</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Pooled Cash Overdraft	\$ -	\$ 128,777	\$ -	\$ 128,777
Accounts Payable	100,435	-	-	100,435
Total Liabilities	<u>100,435</u>	<u>128,777</u>	<u>-</u>	<u>229,212</u>
DEFERRED INFLOW OF RESOURCES				
Deferred Revenue Special Assessment	104,851	-	-	104,851
Deferred Revenues Taxes	399,420	-	-	399,420
Total Deferred Inflow of Resources	<u>504,271</u>	<u>-</u>	<u>-</u>	<u>504,271</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ 7,648	\$ -	\$ -	\$ 7,648
Restricted:				
Economic Development Reserve	16,566	-	-	16,566
Emergency Reserve	87,555	-	-	87,555
Recreation Reserve	234,629	-	-	234,629
Equipment Reserve	308,861	-	-	308,861
Library Reserve	121,862	-	-	121,862
Conservation Trust Funds	-	-	68,093	68,093
Committed:				
Equipment Replacement	205,132	-	-	205,132
Assigned-Designated for Subsequent Year:				
General Fund	78,394	-	-	78,394
Other Funds	-	-	34,442	34,442
Unassigned:				
General Fund	1,111,205	-	-	1,111,205
Total Fund Balances	<u>2,171,852</u>	<u>-</u>	<u>102,535</u>	<u>2,274,387</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 2,776,558</u>	<u>\$ 128,777</u>	<u>\$ 102,535</u>	<u>\$ 3,007,870</u>

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

Town of Limon, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2020

Total Fund Balances - Total Governmental Funds \$ 2,274,387

The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Governmental Capital assets	13,462,021
Accumulated Depreciation	(6,427,108)
Deferred Outflows Related to Pension	428,996

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

Special Assessment Bonds	(5,000)
Sale-Leaseback Payable	(312,636)
Net Pension Liability	(531,194)
Deferred Inflows Related to Pension	(201,671)
Compensated Absences	(10,379)

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

Special Assessment Receivable	109,885
Special Assessment - Allowance for Doubtful Accounts	<u>(5,034)</u>

Net Position of Governmental Activities **\$ 8,782,267**

Town of Limon, Colorado
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2020

	GENERAL	HEAD START FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES:				
Taxes	\$ 2,025,388	\$ -	\$ -	\$ 2,025,388
Fines, Licenses and Permits	79,645	-	-	79,645
Intergovernmental:				
Local	231,098	-	19,993	251,091
Federal	101,051	784,220	481,735	1,367,006
Charges for Services	404,807	-	600	405,407
Interest	30,232	-	4	30,236
Donations and Grants	146,004	-	10,000	156,004
Insurance Claims	3,558	-	-	3,558
Miscellaneous	29,688	-	-	29,688
	3,051,471	784,220	514,607	4,350,298
TOTAL REVENUES				
EXPENDITURES:				
Current:				
Administration	538,130	-	-	538,130
Airport	24,163	-	-	24,163
Public Works - Streets	427,935	-	-	427,935
Public Works - Sanitation	254,082	-	-	254,082
Public Safety - Police	520,804	-	-	520,804
Public Health - Cemetery	81,852	-	-	81,852
Recreation	342,314	-	-	342,314
Head Start Program	-	784,220	-	784,220
Capital Outlay	121,342	-	554,350	675,692
Debt Service:				
Principal - Bonded Debt	56,957	-	-	56,957
Interest	11,748	-	-	11,748
	2,379,327	784,220	554,350	3,717,897
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	672,144	-	(39,743)	632,401
OTHER FINANCING SOURCES (USES)				
Operating Transfer In (Out)	(168,500)	-	77,000	(91,500)
NET CHANGE IN FUND BALANCE				
	503,644	-	37,257	540,901
FUND BALANCES, BEGINNING				
	1,668,208	-	65,278	1,733,486
FUND BALANCES, ENDING				
	\$ 2,171,852	\$ -	\$ 102,535	\$ 2,274,387

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, 2020

Net change in fund balances - total governmental funds	\$ 540,901
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized outlays of \$675,692 were less than depreciation of \$437,272 in the current year.	238,420
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	56,957
This is the current-period increase in the liability for compensated absences	(786)
Special assessment revenues in the governmental funds that provide current financial resources, but have not been included in the statement of activities.	(18,605)
Pension expense does not use current financial resources and is not included in fund financial statements. Current-year pension contributions are reported as deferred outflows.	(66,517)
	<u>95,000</u>
 Change in net position of governmental activities	 <u>\$ 845,370</u>

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

Town of Limon, Colorado

Proprietary Funds Statement of Net Position December 31, 2020

ASSETS	UTILITY	AMBULANCE	NON-MAJOR	TOTALS
Current Assets:	FUND	SERVICE	PROPRIETARY	
	FUND	FUND	FUNDS	TOTALS
Cash	\$ 1,150,574	\$ 180,922	\$ 16,542	\$ 1,348,038
Current Portion of Note Receivable	23,735	-	-	23,735
Accounts Receivable	72,364	224,025	754	297,143
Allowances For Doubtful Accounts	(4,208)	(120,610)	-	(124,818)
Intergovernmental Receivable	-	15,015	-	15,015
Prepaid Expenses	-	2,311	-	2,311
Accrued Interest Receivable	1,668	-	-	1,668
Inventories	50,894	-	18,532	69,426
Total Current Assets	1,295,027	301,663	35,828	1,632,518
Restricted Assets:				
Water Plant Reserve	133,797	-	-	133,797
Water Revenue Bonds	308,273	-	-	308,273
Sewer Line Maint. Reserve	18,675	-	-	18,675
Bond & Emergency Reserve Funds	89,672	-	-	89,672
Equipment Reserve	435,420	122,772	-	558,192
Total Restricted Assets	985,837	122,772	-	1,108,609
Non-Current Assets:				
Notes Receivable, Net of Current Portion	51,414	-	-	51,414
Loss on Bond Refunding, net	52,956	-	-	52,956
Capital Assets:				
Water System	8,976,555	-	-	8,976,555
Sewer System and Plant	4,781,534	-	-	4,781,534
Water Rights	1,048,995	-	-	1,048,995
Land	187,444	45,032	9,321	241,797
Buildings	-	292,669	-	292,669
Recreation Area Facilities	-	-	314,908	314,908
Equipment	856,831	1,004,764	128,978	1,990,573
Accumulated Depreciation	(7,907,186)	(822,884)	(322,783)	(9,052,853)
Total Non-Current Assets	8,048,543	519,581	130,424	8,698,548
TOTAL ASSETS	10,329,407	944,016	166,252	11,439,675
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	260,843	795	576	262,214
Accounts Payable	47,438	22,912	2,909	73,259
Accrued Interest Payable	5,977	-	-	5,977
Compensated Absences	25	2,276	-	2,301
Total Current Liabilities	314,283	25,983	3,485	343,751
Non-Current Liabilities:				
Deposit - State of Colo. For				
Sewer Line Maintenance	18,675	-	-	18,675
Long-Term Debt - Net of Current Portion	1,666,610	7,511	5,371	1,679,492
Total Non-Current Liabilities	1,685,285	7,511	5,371	1,698,167
TOTAL LIABILITIES	1,999,568	33,494	8,856	2,041,918
NET POSITION				
Net investment in capital assets	6,324,993	511,275	130,424	6,966,692
Restricted for Emergency Reserve	89,672	-	-	89,672
Restricted for Bond Reserve	308,273	-	-	308,273
Unrestricted	1,606,901	399,247	26,972	2,033,120
TOTAL NET POSITION	\$ 8,329,839	\$ 910,522	\$ 157,396	\$ 9,397,757

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, 2020

	UTILITY FUND			TOTAL
	WATER DEPARTMENT	WATER TREATMENT	SEWER DEPARTMENT	
OPERATING REVENUES				
Sales	\$ 772,457	\$ 222,806	\$ 253,896	\$ 1,249,159
Less, Contractual Adjustments and Bad Debts	638	-	90	728
Net Sales	771,819	222,806	253,806	1,248,431
Other User Charges	2,605	-	5,985	8,590
Miscellaneous	46,515	-	-	46,515
Total Operating Revenues	820,939	222,806	259,791	1,303,536
OPERATING EXPENSES				
Cost of Resale Items	-	-	-	-
Maintenance	44,310	2,143	30,557	77,010
Insurance	9,400	8,672	6,516	24,588
Utilities	54,377	28,907	72,262	155,546
Testing	847	-	15,232	16,079
Salaries and Benefits	131,314	46,126	128,367	305,807
Other Expenses	21,773	36,979	6,583	65,335
Administration	11,306	2,000	3,690	16,996
Depreciation	180,313	96,473	109,383	386,169
Total Operating Expenses	453,640	221,300	372,590	1,047,530
Income (Loss) From Operations	367,299	1,506	(112,799)	256,006
NON-OPERATING REVENUES (EXPENSES)				
Interest Revenue	8,358	2,220	-	10,578
Tap Fees	33,629	-	12,274	45,903
Donations	-	-	-	-
Intergovernmental - Local	-	-	-	-
Intergovernmental - Federal	-	1,691	-	1,691
Insurance Proceeds	-	-	-	-
Interest Expense	(70,999)	(4,030)	(1,384)	(76,413)
Total Non-Operating Revenues (Expenses)	(29,012)	(119)	10,890	(18,241)
Net Income Before Contributions and Transfers	338,287	1,387	(101,909)	237,765
Transfers In (Out)	-	-	-	-
CHANGE IN NET POSITION	\$ 338,287	\$ 1,387	\$ (101,909)	237,765
NET POSITION, BEGINNING OF YEAR				8,092,074
NET POSITION, END OF YEAR				\$ 8,329,839

<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
\$ 767,336	\$ 183,793	\$ 2,200,288
<u>478,553</u>	<u>-</u>	<u>479,281</u>
288,783	183,793	1,721,007
-	305	8,895
<u>2,162</u>	<u>5,030</u>	<u>53,707</u>
<u>290,945</u>	<u>189,128</u>	<u>1,783,609</u>
-	43,216	43,216
13,926	34,480	125,416
8,000	6,008	38,596
5,394	22,548	183,488
-	360	16,439
303,911	133,420	743,138
101,267	16,205	182,807
-	-	16,996
<u>81,670</u>	<u>12,836</u>	<u>480,675</u>
<u>514,168</u>	<u>269,073</u>	<u>1,830,771</u>
<u>(223,223)</u>	<u>(79,945)</u>	<u>(47,162)</u>
188	-	10,766
-	-	45,903
49,996	4,820	54,816
53,155	-	53,155
-	-	1,691
-	19,993	19,993
<u>(256)</u>	<u>(185)</u>	<u>(76,854)</u>
<u>103,083</u>	<u>24,628</u>	<u>109,470</u>
(120,140)	(55,317)	62,308
<u>33,500</u>	<u>58,000</u>	<u>91,500</u>
<u>(86,640)</u>	<u>2,683</u>	<u>153,808</u>
<u>997,162</u>	<u>154,713</u>	<u>9,243,949</u>
<u>\$ 910,522</u>	<u>\$ 157,396</u>	<u>\$ 9,397,757</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, 2020

	<u>UTILITY FUND</u>	<u>AMBULANCE SERVICE FUND</u>	<u>NON-MAJOR PROPRIETARY FUNDS</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts From Customers	\$ 1,308,778	\$ 292,157	\$ 188,838	\$ 1,789,773
Payments to Suppliers for Goods and Services	(393,104)	(117,351)	(118,075)	(628,530)
Payments to Employees	<u>(306,239)</u>	<u>(302,991)</u>	<u>(133,420)</u>	<u>(742,650)</u>
Net Cash From Operating Activities	<u>609,435</u>	<u>(128,185)</u>	<u>(62,657)</u>	<u>418,593</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	49,996	4,820	54,816
Intergovernmental Grants	1,691	53,155	-	54,846
Insurance proceeds	-	-	19,993	19,993
Transfer From Other Fund	<u>-</u>	<u>33,500</u>	<u>58,000</u>	<u>91,500</u>
Net Cash From Non-Capital Financing Activities	<u>1,691</u>	<u>136,651</u>	<u>82,813</u>	<u>221,155</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:				
State of Colorado - Sewer Line Maintenance	(3,103)	-	-	(3,103)
Tap Fees	45,903	-	-	45,903
Transfer From (To) Restricted Assets	(81,642)	(185)	-	(81,827)
Purchase of Capital Assets	(105,286)	-	(6,200)	(111,486)
Interest Paid	(68,363)	(256)	(185)	(68,804)
Debt Principal Payments	(290,537)	(739)	(535)	(291,811)
Note - Frasier Farms	<u>22,510</u>	<u>-</u>	<u>-</u>	<u>22,510</u>
Net Cash From Capital and Financing Activities	<u>(480,518)</u>	<u>(1,180)</u>	<u>(6,920)</u>	<u>(488,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Revenue	<u>11,339</u>	<u>188</u>	<u>-</u>	<u>11,527</u>
Net Cash From Investing Activities	<u>11,339</u>	<u>188</u>	<u>-</u>	<u>11,527</u>
Net Change in Cash and Cash Equivalents	141,947	7,474	13,236	162,657
CASH AND CASH EQUIVALENTS				
Beginning of Year	<u>1,008,627</u>	<u>173,448</u>	<u>3,306</u>	<u>1,185,381</u>
End of Year	<u>\$ 1,150,574</u>	<u>\$ 180,922</u>	<u>\$ 16,542</u>	<u>\$ 1,348,038</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Net Operating Income (Loss)	\$ 256,006	\$ (223,223)	\$ (79,945)	\$ (47,162)
Depreciation	386,169	81,670	12,836	480,675
(Increase) Decrease in Accounts Receivable, Net	5,242	1,212	(290)	6,164
(Increase) Decrease in Prepaid Expenses	-	-	-	-
(Increase) Decrease in Inventory	(2,930)	-	4,529	1,599
Increase (Decrease) in Accounts Payable	(34,620)	11,236	213	(23,171)
Increase (Decrease) in Compensated Absences	<u>(432)</u>	<u>920</u>	<u>-</u>	<u>488</u>
Net Cash From Operating Activities	<u>\$ 609,435</u>	<u>\$ (128,185)</u>	<u>\$ (62,657)</u>	<u>\$ 418,593</u>
Noncash Capital Financing Activities:				
Interest subsidy	\$ 1,691			\$ 1,691

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

Town of Limon, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	EMPLOYEES' PENSION TRUST
ASSETS:	
Cash	\$ 23,490
Investments - Stocks, Bonds and Mutual Funds - At Fair Market Value:	
Domestic Stocks	482,688
International Stocks	24,103
Mutual Funds	1,099,892
Money Markets and Other	70,763
 TOTAL ASSETS	 1,700,936
 LIABILITIES AND NET POSITION	
LIABILITIES:	
Accrued Expenses	-
 TOTAL LIABILITIES	 -
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 \$ 1,700,936

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, 2020

	EMPLOYEES' PENSION PLAN
ADDITIONS:	
Employee Contribution	\$ 55,880
Employer Contribution	95,000
Interest Income	379
Investment Income, Net of Expenses	164,386
Total Additions	315,645
 DEDUCTIONS:	
Benefit Payments	434,158
Administrative Expenses	6,451
Total Deductions	440,609
 CHANGE IN PLAN NET POSITION	(124,964)
 PLAN NET POSITION, BEGINNING OF YEAR	1,825,899
PLAN NET POSITION, END OF YEAR	\$ 1,700,935

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

Town of Limon, Colorado

Notes to Financial Statements

December 31, 2020

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, as amended. GASB Statement 14, as amended, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either A) the primary government must be able to impose its will, or B) the primary government may potentially benefit financially or be financially responsible for the component unit.

Related Organizations

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

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

Fund Accounting

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Government-wide and Fund Financial Statements

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

Fund Equity

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

Capital Assets

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

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

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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 2020 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	\$ 7,648
Utility - Treatment supplies, meters and parts	50,894
Golf Course Fund - Merchandise & Concessions	1,191
Airport Fuel Fund - Airplane fuel	<u>17,341</u>
Total Inventories	<u>\$ 77,074</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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, 2020.

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, 2020, 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, 2020

2. Cash and Investments (continued)

The Town's cash deposits at December 31, 2020 was \$4,525,281 which include cash, investments, and restricted assets in the primary government Statement of Net Position and cash in the Employee's Pension Plan in the Statement of Fiduciary Net Position. Cash on hand was \$500 and the remaining \$4,524,781 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	3,494,324	3,524,781
Total cash and certificates of deposit	\$ 4,494,324	\$ 4,524,781

The difference between the bank balance and carrying balance is \$30,457, which were outstanding items that had not cleared the banks as of December 31, 2020.

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, 2020

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, 2020 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	\$ 482,688	n/a	Not Rated	n/a
International Stocks	24,103	n/a	Not Rated	n/a
Mutual Funds	1,099,892	n/a	3-4 Stars	Morningstar
Money Market and Other	<u>70,763</u>	n/a	Not Rated	n/a
Total Investments	<u>\$ 1,677,446</u>			

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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	\$ 2,546,854
Pooled Cash Overdraft	(128,777)
Restricted Cash	2,083,214
Fiduciary Funds – Cash	23,490
Fiduciary Funds – Investments	<u>1,677,446</u>
Total	<u>\$ 6,202,227</u>

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

3. Restricted Assets

Restricted assets are for the following purposes:

General Fund – Emergency reserve under Article X, Section 20 of the Colorado Constitution. Accumulation at December 31, 2020 of \$87,555 is 3% of the Town’s annual expenditures in the governmental fund types. Reserve is held in a bank certificate of deposit.

General Fund – equipment replacement reserves. Accumulation at December 31, 2020 is \$308,861. Reserves are held in a bank certificate of deposit.

General Fund – economic development reserve. Accumulation at December 31, 2020 is \$16,566. Reserves are held in a bank savings account.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

3. Restricted Assets (continued)

General Fund – capital replacement reserve. Accumulation at December 31, 2020 is \$205,132. Reserve is held in bank checking and savings accounts.

General Fund – recreation reserve. Accumulation at December 31, 2020 is \$234,629. Reserve is held in a bank savings account.

General Fund – library reserve. Accumulation at December 31, 2020 is \$121,862. Reserve is held in a certificate of deposit.

Utility Fund – reserve of \$133,797 for operation and maintenance of the water treatment plant. \$38,292 of the \$133,797 is held in a bank savings account. The remaining \$95,505 is held in a bank certificate of deposit.

Utility Fund – funds held as required reserve for 2012 water revenue bonds. Amount held in a bank savings account totals \$308,273 at December 31, 2020.

Utility Fund – reserve for Emergency Reserve and repayment of revenue bonds. Reserves in the amount of \$89,672, as of December 31, 2020 are held in a bank checking account and a certificate of deposit.

Utility Fund – accumulation of monthly fee from State of Colorado for maintenance of the sewer system serving the Limon Correctional Facility. This fee will be discontinued as of 2031. The amount accumulated of \$18,675, as of December 31, 2020, is in a bank savings account.

Utility Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2020 is \$435,420. Reserve is held in a bank savings account and certificate of deposit.

Ambulance Fund – equipment maintenance and replacement reserve. Accumulation at December 31, 2020 is \$122,772. Reserve is held in a bank savings account.

4. Note Receivable and Special Assessment Receivable

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

4. Note Receivable and Special Assessment Receivable (continued)

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

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

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

5. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2019	Additions	Conveyances or Retirements	Balance December 31, 2020
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,248,511	\$ -	\$ -	\$ 1,248,511
Depreciable assets:				
Buildings	2,984,034	-	-	2,984,034
Equipment	2,984,292	106,071	(45,747)	3,044,616
Infrastructure	5,615,240	569,620	-	6,184,860
Total depreciable assets	<u>11,583,566</u>	<u>675,691</u>	<u>(45,747)</u>	<u>12,213,510</u>
Total capital assets	<u>12,832,077</u>	<u>675,691</u>	<u>(45,747)</u>	<u>13,462,021</u>
Less accumulated depreciation for:				
Buildings	(1,853,075)	(90,101)	-	(1,943,176)
Equipment	(1,984,629)	(136,613)	45,747	(2,075,495)
Infrastructure	(2,197,879)	(210,558)	-	(2,408,437)
Total accumulated depreciation	<u>(6,035,584)</u>	<u>(437,272)</u>	<u>45,747</u>	<u>(6,427,108)</u>
Depreciable assets, net	<u>5,547,982</u>	<u>238,419</u>	<u>-</u>	<u>5,786,402</u>
Governmental activities assets, net	<u>\$ 6,796,493</u>	<u>\$ 238,419</u>	<u>\$ -</u>	<u>\$ 7,034,913</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Capital Assets (continued)

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

General government	\$ 40,186
Airport	16,852
Public safety - police	19,373
Highways and streets	47,110
Public works - sanitation	16,827
Public health - cemetery	4,055
Culture and recreation	82,949
Infrastructure	<u>209,920</u>
Total governmental activities depreciation expense	<u>\$ 437,272</u>

	Balance		Conveyances	Balance
	December 31,		or	December 31,
	2019	Additions	Retirements	2020
Business-type activities:				
Non-depreciable assets:				
Water rights	\$ 1,048,995	\$ -	\$ -	\$ 1,048,995
Land	241,797	-	-	241,797
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>1,290,792</u>	<u>-</u>	<u>-</u>	<u>1,290,792</u>
Depreciable assets:				
Water system, plant & equipment	9,704,530	53,683	-	9,758,213
Sewer system, plant & equipment	4,805,104	51,603	-	4,856,707
Golf area facilities & equipment	447,186	6,200	(9,500)	443,886
Ambulance building & equipment	1,297,433	-	-	1,297,433
Total depreciable assets	<u>16,254,253</u>	<u>111,486</u>	<u>(9,500)</u>	<u>16,356,239</u>
Total capital assets	<u>17,545,045</u>	<u>111,486</u>	<u>(9,500)</u>	<u>17,647,031</u>
Less accumulated depreciation for:				
Water system, plant & equipment	(5,196,709)	(276,786)	-	(5,473,495)
Sewer system, plant & equipment	(2,324,308)	(109,383)	-	(2,433,691)
Golf area facilities & equipment	(319,447)	(12,836)	9,500	(322,783)
Ambulance building & equipment	(741,214)	(81,670)	-	(822,884)
Total accumulated depreciation	<u>(8,581,678)</u>	<u>(480,675)</u>	<u>9,500</u>	<u>(9,052,853)</u>
Depreciable assets, net	<u>7,672,575</u>	<u>(369,189)</u>	<u>-</u>	<u>7,303,386</u>
Business-type activities assets, net	<u>\$ 8,963,367</u>	<u>\$ (369,189)</u>	<u>\$ -</u>	<u>\$ 8,594,178</u>

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

5. Capital Assets (continued)

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

Water	\$ 276,786
Sewer	109,383
Golf Course	12,836
Ambulance	<u>81,670</u>
Total business-type activities depreciation expense	<u>\$ 480,675</u>

6. Retirement Plan

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

Employees' Pension Plan:

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

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Retirement Plan (continued)

Membership in the Plan consisted of the following at January 1, 2020, the date of the latest actuarial valuation:

Terminated plan members entitled to, but not yet receiving benefits	5
Active Plan Members	<u>24</u>
Total	29

Plan members are required to contribute 4% of compensation not exceeding \$550 per month and 6% of compensation in excess of \$550. The Town is required to contribute at an actuarially determined rate. Actual employer contributions for the year ended December 31, 2020, were \$95,000 and covered payroll was \$948,015.

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

The Town's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Entry Age	Normal
Investment Return	7.0 percent pre-retirement and 3.5% post-retirement
Salary Scale	2.50 percent

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

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Retirement Plan (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60%	8.0%-10.0%
Fixed income	35%	3.4%-4.5%
Cash	<u>5%</u>	1.0%-2.0%
Total	<u>100%</u>	

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

Changes in Town's Net Pension Liability

Changes in the Town's net pension liability for the year ended December 31, 2020 was calculated as follows:

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Retirement Plan (continued)

	Increase (Decrease)		
	Total Pension Liability [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] – [b]
Balance, December 31, 2019	\$ 2,282,135	\$ 1,781,515	\$ 500,620
Changes for the year:			
Service cost	77,664	-	77,664
Interest	144,553	-	144,553
Difference between expected and actual experience	110,237	-	110,237
Net investment income (loss)	-	157,450	(157,450)
Contributions – employees	-	55,880	(55,880)
Contributions – employer	-	95,000	(95,000)
Benefit payments	(434,158)	(434,158)	-
Administrative expense	-	(6,450)	6,450
Net changes	(101,704)	(132,278)	30,574
Balance, December 31, 2020	\$ 2,180,431	\$ 1,649,237	\$ 531,194

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

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

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

	Discount rate	Net pension liability
1% decrease	6.0%	\$ 911,018
Current discount rate	7.0%	\$ 531,194
1% increase	8.0%	\$ 213,586

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

6. Retirement Plan (continued)

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

For the year ended December 31, 2020, the Town recognized pension expense of \$66,517. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 165,763	\$ (41,912)
Changes of assumptions	176,957	(7,949)
Net difference between projected and actual earnings on Plan investments	82,276	(151,810)
Total	\$ 428,996	\$ (201,671)

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

Year ending December 31,	
2021	\$ 5,215
2022	35,300
2023	(7,837)
2024	21,301
2025	29,878
Thereafter	143,469

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 \$87,555 within the General Fund and \$89,672 within the Utility Fund for the emergency reserve under the TABOR amendment.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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, 2020 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 2020 a principal payment of \$170,000 was made. Additionally, interest payments totaling \$55,650 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
2021	\$ 240,000	\$ 50,550	\$ 290,550
2022	250,000	43,350	293,350
2023	290,000	35,850	325,850
2024	295,000	27,150	322,150
2025	610,000	18,300	628,300
	\$ 1,685,000	\$ 175,200	\$ 1,860,200

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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 2020 principal payments of \$102,915 and interest payments of \$6,014 were made, which is included as a direct expense under Water Treatment Plant in the Statement of Activities. There was no remaining balance as of December 31, 2020.

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 2020 a principal payment of \$7,000 was made. An interest payment of \$708 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.

Annual debt service requirements on the bonds are as follows:

	Principal	Interest	Total
2021	\$ 5,000	\$ 295	\$ 5,295
	\$ 5,000	\$ 295	\$ 5,295

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.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Long-Term Debt (continued)

During 2020, a principal payment of \$22,000 was made. Additionally, interest payments of \$1,364 were made, which are included under governmental activities in the Statement of Activities. There was no remaining balance as of December 31, 2020.

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 2020, total principal payments of \$48,589. Additionally, total interest payments of \$16,816 were made.

Scheduled annual debt service requirements to maturity are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 52,317	\$ 15,381	\$ 67,698
2022	56,269	13,835	70,104
2023	60,457	12,173	72,630
2024	64,895	10,387	75,282
2025	69,593	8,473	78,066
2026-2028	<u>239,821</u>	<u>12,498</u>	<u>252,319</u>
	<u>\$ 543,352</u>	<u>\$ 72,747</u>	<u>\$ 616,099</u>

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

8. Long-Term Debt (continued)

Total changes in Long-Term Liabilities during 2020 are as follows:

	Balance December 31, 2019	Additions	Payments	Balance December 31, 2020	Due Within One Year
Governmental activities:					
Bonds payable:					
Special assessment bonds	\$ 34,000	\$ -	\$ (29,000)	\$ 5,000	\$ 5,000
	<u>34,000</u>	<u>-</u>	<u>(29,000)</u>	<u>5,000</u>	<u>5,000</u>
Loans payable:					
Lease-Purchase	340,593	-	(27,957)	312,636	30,103
	<u>340,593</u>	<u>-</u>	<u>(27,957)</u>	<u>312,636</u>	<u>30,103</u>
Business-type activities:					
Bonds payable:					
2012 Water Revenue	1,855,000	-	(170,000)	1,685,000	240,000
2012 Bond Premium	31,276	-	(5,286)	25,990	5,286
2000 Water Revenue	102,915	-	(102,915)	-	-
	<u>1,989,191</u>	<u>-</u>	<u>(278,201)</u>	<u>1,710,990</u>	<u>245,286</u>
Loans payable:					
Lease-Purchase	251,348	-	(20,632)	230,716	22,214
Colorado Maintenance Fee	21,778	2,604	(5,707)	18,675	-
	<u>273,126</u>	<u>2,604</u>	<u>(26,339)</u>	<u>249,391</u>	<u>22,214</u>
Total long-term liabilities	<u>\$ 2,636,910</u>	<u>\$ 2,604</u>	<u>\$ (361,497)</u>	<u>\$ 2,278,017</u>	<u>\$ 302,603</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, 2020:

Actual Property Value (taxable)	\$ 153,185,759
	<u>x 3%</u>
	4,595,573
General Obligation Bonds issued, other than for Water & Sewer purposes, which are specifically exempted for the limitation	<u>-</u>
Available Debt Margin	<u>\$ 4,595,573</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, 2020

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 2020 the Town paid \$76,826 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 2020 the Town paid \$72,228 for workers compensation coverage, which is included in the operating expense of the general and enterprise funds.

10. Interfund Transactions

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

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

10. Interfund Transactions (continued)

The Town had the following interfund transactions during 2020:

Transfer from General Fund to Ambulance Fund for general operations.	\$ (33,500)
Transfer from General Fund to Golf Course Fund for general operations	(58,000)
Transfer from General Fund to Capital Projects Fund for general operations	(77,000)
Transfer to Capital Projects Fund from General Fund for general operations	<u>77,000</u>
 Total transfers, net	 <u>\$ (91,500)</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 2020, there were no payments made on those improvements resulting in a remaining contingent payable of \$46,164. Since the agreement expired in 2020, this remaining contingent payable was written off and is part of the miscellaneous revenue in the water department Statement of Revenues, Expenditures and Changes in Fund Net Position.

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, 2020, two of these individuals are no longer employed by the Town.

Town of Limon, Colorado
Notes to Financial Statements (continued)
December 31, 2020

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

In June 2019, the lease was amended to extend the lease for a 5-year term with the option for an additional 5-year term. The amendment requires lease payments of \$4,000 per year. Half of the total annual payment is due on June 1st and the remaining half is due on December 1st of each year.

14. Risks and Uncertainties

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

Town of Limon, Colorado

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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,872,133	\$ 1,872,133	\$ 2,025,388	\$ 153,255
Fines, Licenses and Permits	79,060	79,060	79,645	585
Intergovernmental - Local	217,247	217,247	231,098	13,851
Intergovernmental - Federal	6,180	6,180	101,051	94,871
Charges for Services	424,775	424,775	404,807	(19,968)
Interest	31,982	31,982	30,232	(1,750)
Donations and Grants	106,500	106,500	146,004	39,504
Insurance Claims	1,000	1,000	3,558	2,558
Miscellaneous	27,000	27,000	29,688	2,688
Supplemental Appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>2,765,877</u>	<u>2,765,877</u>	<u>3,051,471</u>	<u>285,594</u>
EXPENDITURES				
Current:				
General Government	596,305	596,305	538,130	58,175
Airport	13,154	13,154	24,163	(11,009)
Public Works - Streets	563,436	563,436	427,935	135,501
Public Works - Sanitation	252,890	252,890	254,082	(1,192)
Public Safety	510,224	510,224	520,804	(10,580)
Public Health - Cemetery	93,412	93,412	81,852	11,560
Culture and Recreation	426,494	426,494	342,314	84,180
Capital Outlay	169,581	169,581	121,342	48,239
Debt Service:				
Principal	57,958	57,958	56,957	1,001
Interest	13,189	13,189	11,748	1,441
Supplemental Appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,696,643</u>	<u>2,696,643</u>	<u>2,379,327</u>	<u>317,316</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	69,234	69,234	672,144	602,910
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(147,628)</u>	<u>(147,628)</u>	<u>(168,500)</u>	<u>(20,872)</u>
NET CHANGE IN FUND BALANCE	(78,394)	(78,394)	503,644	582,038
FUND BALANCES, BEGINNING OF YEAR	<u>1,473,221</u>	<u>1,473,221</u>	<u>1,668,208</u>	<u>194,987</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,394,827</u>	<u>\$ 1,394,827</u>	<u>\$ 2,171,852</u>	<u>\$ 777,025</u>

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

Town of Limon, Colorado
Schedule of Contributions - Pension
Last 10 Years
For the Year Ended December 31, 2020

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

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

Town of Limon, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years
For the Year Ended December 31, 2020

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

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

Town of Limon, Colorado

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, 2020

	<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	\$ 695,960	\$ 695,960	\$ 784,220	\$ 88,260
Supplemental Appropriation	<u>-</u>	<u>89,000</u>	<u>-</u>	<u>(89,000)</u>
Total Revenues	<u>695,960</u>	<u>784,960</u>	<u>784,220</u>	<u>(740)</u>
EXPENDITURES:				
Head Start Program	695,960	695,960	784,220	(88,260)
Supplemental Appropriation	<u>-</u>	<u>89,000</u>	<u>-</u>	<u>89,000</u>
Total Expenditures	<u>695,960</u>	<u>784,960</u>	<u>784,220</u>	<u>740</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2020

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	CAPITAL CONSTRUCTION FUND	TOTALS
ASSETS:				
Cash	\$ 68,093	\$ 14,263	\$ 20,179	\$ 102,535
TOTAL ASSETS	\$ 68,093	\$ 14,263	\$ 20,179	\$ 102,535
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
 FUND BALANCES				
Restricted	68,093	-	-	68,093
Assigned-Designated for Subsequent Year	-	14,263	20,179	34,442
TOTAL FUND BALANCES	68,093	14,263	20,179	102,535
 TOTAL LIABILITIES AND FUND BALANCES	\$ 68,093	\$ 14,263	\$ 20,179	\$ 102,535

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, 2020

	CONSERVATION TRUST FUND	CEMETERY PERPETUAL CARE	CAPITAL CONSTRUCTION FUND	TOTALS
REVENUES:				
Interest	\$ 4	\$ -	\$ -	\$ 4
Intergovernmental - Local	19,993	-	-	19,993
Intergovernmental - Federal	-	-	481,735	481,735
Grants	-	-	10,000	10,000
Donations	-	2,275	-	2,275
Perpetual Care	-	600	-	600
	<u>19,997</u>	<u>2,875</u>	<u>491,735</u>	<u>514,607</u>
TOTAL REVENUES				
EXPENDITURES:				
Capital Outlay	-	-	554,350	554,350
	<u>-</u>	<u>-</u>	<u>554,350</u>	<u>554,350</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,997	2,875	(62,615)	(39,743)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	-	-	77,000	77,000
	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>77,000</u>
NET CHANGE IN FUND BALANCE	19,997	2,875	14,385	37,257
FUND BALANCE, BEGINNING OF YEAR	48,096	11,388	5,794	65,278
	<u>48,096</u>	<u>11,388</u>	<u>5,794</u>	<u>65,278</u>
FUND BALANCE, END OF YEAR	<u>\$ 68,093</u>	<u>\$ 14,263</u>	<u>\$ 20,179</u>	<u>\$ 102,535</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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental - State	\$ 17,500	\$ 17,500	\$ 19,993	\$ 2,493
Interest	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total Revenues	<u>17,504</u>	<u>17,504</u>	<u>19,997</u>	<u>2,493</u>
EXPENDITURES:				
Recreation Improvements	<u>11,500</u>	<u>11,500</u>	<u>-</u>	<u>11,500</u>
Total Expenditures	<u>11,500</u>	<u>11,500</u>	<u>-</u>	<u>11,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,004	6,004	19,997	13,993
OTHER FINANCING SOURCES (USES):				
Operating Transfers (Out)	<u>(14,000)</u>	<u>(14,000)</u>	<u>-</u>	<u>14,000</u>
NET CHANGE IN FUND BALANCE	(7,996)	(7,996)	19,997	27,993
FUND BALANCE, BEGINNING OF YEAR	<u>47,066</u>	<u>47,066</u>	<u>48,096</u>	<u>1,030</u>
FUND BALANCE, END OF YEAR	<u>\$ 39,070</u>	<u>\$ 39,070</u>	<u>\$ 68,093</u>	<u>\$ 29,023</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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Perpetual Care	\$ 1,400	\$ 1,400	\$ 600	\$ (800)
Donations	<u>100</u>	<u>100</u>	<u>2,275</u>	<u>2,175</u>
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>2,875</u>	<u>1,375</u>
EXPENDITURES:				
Perpetual Care Improvements	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
NET CHANGE IN FUND BALANCE	1,000	1,000	2,875	1,875
FUND BALANCE, BEGINNING OF YEAR	<u>11,488</u>	<u>11,488</u>	<u>11,388</u>	<u>(100)</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,488</u>	<u>\$ 12,488</u>	<u>\$ 14,263</u>	<u>\$ 1,775</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, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Intergovernmental - Federal	\$ 140,500	\$ 140,500	\$ 481,735	\$ 341,235
Grants	-	-	10,000	10,000
Supplemental Appropriation	-	310,000	-	(310,000)
TOTAL REVENUES	<u>140,500</u>	<u>450,500</u>	<u>491,735</u>	<u>41,235</u>
EXPENDITURES				
Signage	-	-	-	-
Airport Runway & Taxiway Improvements	158,000	158,000	492,902	(334,902)
Other Improvements	90,000	90,000	61,448	28,552
Supplemental Appropriation	-	310,000	-	310,000
TOTAL EXPENDITURES	<u>248,000</u>	<u>558,000</u>	<u>554,350</u>	<u>3,650</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(107,500)	(107,500)	(62,615)	44,885
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	137,500	137,500	77,000	(60,500)
NET CHANGE IN FUND BALANCE	30,000	30,000	14,385	(15,615)
FUND BALANCE, BEGINNING OF YEAR	<u>37,852</u>	<u>37,852</u>	<u>5,794</u>	<u>(32,058)</u>
FUND BALANCE, END OF YEAR	<u>\$ 67,852</u>	<u>\$ 67,852</u>	<u>\$ 20,179</u>	<u>\$ (47,673)</u>

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

Town of Limon, Colorado
Utility Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2020

	<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, Net Contractual Adjustments and Bad Debts	\$ 1,249,404	\$ 1,249,404	\$1,248,431	\$ (973)
Other User Charges	9,900	9,900	8,590	(1,310)
Miscellaneous	100	100	46,515	46,415
Interest	13,219	13,219	10,578	(2,641)
Insurance Proceeds	-	-	-	-
Note Principal - Frasier	22,510	22,510	22,510	-
DOC Maintenance	2,553	2,553	2,553	-
DOC Maintenance Expenses from Restricted Account	1,000	1,000	5,707	4,707
Tap Fees	16,000	16,000	45,903	29,903
Contributed Capital			-	-
Intergovernmental-Federal	3,205	3,205	1,691	(1,514)
Total Revenues	<u>1,317,891</u>	<u>1,317,891</u>	<u>1,392,478</u>	<u>74,587</u>
EXPENDITURES:				
Operating Expenses (other than depreciation and amortization)	700,163	700,163	661,361	38,802
Interest Expense	63,463	63,463	63,543	(80)
Debt Principal	300,537	300,537	290,537	10,000
Capital Expenditures	255,793	255,793	105,286	150,507
DOC Maintenance Revenue to Restricted Account	2,553	2,553	2,553	-
System Maintenance Paid from Colorado Reserve Account	1,000	1,000	5,707	(4,707)
Total Expenditures	<u>1,323,509</u>	<u>1,323,509</u>	<u>1,128,987</u>	<u>194,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (5,618)</u>	<u>\$ (5,618)</u>	263,491	<u>\$ 269,109</u>
RECONCILIATION TO GAAP BASIS				
Add budgetary items shown as Expenditures:				
Principal Portion of Debt Service			290,537	
Capital Expenditures			105,286	
Less Budgetary Items Shown as Revenue:				
Principal Portion of Note Receivable			(22,510)	
Less: Depreciation and Amortization			<u>(399,039)</u>	
Change in Net Position GAAP			<u>\$ 237,765</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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
REVENUES:				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Sales, Net Contractual Adjustments and Bad Debts	\$ 323,960	\$ 323,960	\$ 288,783	\$ (35,177)
Interest	75	75	188	113
Donations and Grants	32,650	32,650	49,996	17,346
Intergovernmental - Local	51,500	51,500	53,155	1,655
Miscellaneous	2,550	2,550	2,162	(388)
Transfer From Other Funds	<u>33,500</u>	<u>33,500</u>	<u>33,500</u>	<u>-</u>
Total Revenues	<u>444,235</u>	<u>444,235</u>	<u>427,784</u>	<u>(16,451)</u>
EXPENDITURES:				
Operating				
Salaries and Benefits	289,575	289,575	303,911	(14,336)
Maintenance	23,000	23,000	13,926	9,074
Insurance	7,000	7,000	8,000	(1,000)
Utilities	7,727	7,727	5,394	2,333
Other Expenses	160,898	160,898	101,267	59,631
Principal Payment	739	739	739	-
Interest Expense	255	255	256	(1)
Capital Outlay	<u>11,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Total Expenditures	<u>500,194</u>	<u>500,194</u>	<u>433,493</u>	<u>66,701</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (55,959)</u>	<u>\$ (55,959)</u>	(5,709)	<u>\$ 50,250</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Portion of Debt Service			739	
Add: Capital Outlay			-	
Less: Depreciation			<u>(81,670)</u>	
Change In Net Position GAAP			<u>\$ (86,640)</u>	

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

Town of Limon, Colorado

Combining Balance Sheet Nonmajor Proprietary Funds December 31, 2020

	GOLF COURSE FUND	AIRPORT FUEL FUND	TOTALS
ASSETS			
Current assets:			
Cash	\$ 4,916	\$ 11,626	\$ 16,542
Inventories	1,191	17,341	18,532
Prepaid Expenses	-	-	-
Accounts Receivable	-	754	754
Total Current Assets	6,107	29,721	35,828
Non-Current Assets:			
Capital Assets:			
Land	9,321	-	9,321
Recreation Area Facilities	314,908	-	314,908
Equipment	128,978	-	128,978
Accumulated Depreciation	(322,783)	-	(322,783)
Total Non-Current Assets	130,424	-	130,424
TOTAL ASSETS	136,531	29,721	166,252
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	576	-	576
Accounts Payable	1,571	1,338	2,909
Total Current Liabilities	2,147	1,338	3,485
Non-Current Liabilities:			
Long-Term Debt - Net of Current Portion	5,371	-	5,371
Total Non-Current Liabilities	5,371	-	5,371
TOTAL LIABILITIES	7,518	1,338	8,856
NET POSITION			
Net Investment in Capital Assets	130,424	-	130,424
Unrestricted	(1,411)	28,383	26,972
TOTAL NET POSITION	129,013	28,383	157,396
TOTAL LIABILITIES AND NET POSITION	\$ 136,531	\$ 29,721	\$ 166,252

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, 2020

	<u>GOLF COURSE FUND</u>	<u>AIRPORT FUEL FUND</u>	<u>TOTALS</u>
OPERATING REVENUES			
Sales	\$ 148,633	\$ 35,160	\$ 183,793
Other User Charges	305	-	305
Miscellaneous	<u>3,574</u>	<u>1,456</u>	<u>5,030</u>
Total Operating Revenues	<u>152,512</u>	<u>36,616</u>	<u>189,128</u>
OPERATING EXPENSES			
Cost of Resale Items	16,914	26,302	43,216
Maintenance	34,303	177	34,480
Insurance	4,635	1,373	6,008
Utilities	22,548	-	22,548
Testing	-	360	360
Salaries and Benefits	133,420	-	133,420
Other Expenses	15,220	985	16,205
Depreciation	<u>12,836</u>	<u>-</u>	<u>12,836</u>
Total Operating Expenses	<u>239,876</u>	<u>29,197</u>	<u>269,073</u>
Income (Loss) From Operations	<u>(87,364)</u>	<u>7,419</u>	<u>(79,945)</u>
NON-OPERATING REVENUES (EXPENSES)			
Donations	4,820	-	4,820
Insurance Proceeds	19,993	-	19,993
Interest Expense	<u>(185)</u>	<u>-</u>	<u>(185)</u>
Total Non-Operating Revenues (Expenses)	<u>24,628</u>	<u>-</u>	<u>24,628</u>
Net Income Before Contributions and Transfers	(62,736)	7,419	(55,317)
Transfers In (Out)	<u>58,000</u>	<u>-</u>	<u>58,000</u>
CHANGE IN NET POSITION	<u>(4,736)</u>	<u>7,419</u>	<u>2,683</u>
NET POSITION, BEGINNING OF YEAR	<u>133,749</u>	<u>20,964</u>	<u>154,713</u>
NET POSITION, END OF YEAR	<u>\$ 129,013</u>	<u>\$ 28,383</u>	<u>\$ 157,396</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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Sales	\$ 33,200	\$ 33,200	\$ 35,160	\$ 1,960
Donations	25	25	-	(25)
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,456</u>	<u>1,456</u>
Total Revenues	<u>33,225</u>	<u>33,225</u>	<u>36,616</u>	<u>3,391</u>
EXPENDITURES:				
Operating Expenses	<u>33,116</u>	<u>33,116</u>	<u>29,197</u>	<u>3,919</u>
Total Expenditures	<u>33,116</u>	<u>33,116</u>	<u>29,197</u>	<u>3,919</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 109</u>	<u>\$ 109</u>	<u>\$ 7,419</u>	<u>\$ 7,310</u>

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

Town of Limon, Colorado
Municipal Golf Course Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2020

	<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	\$ 111,837	\$ 111,837	\$ 148,633	\$ 36,796
Other User Charges	1,000	1,000	305	(695)
Interest	-	-	-	-
Donations	11,000	11,000	4,820	(6,180)
Insurance Proceeds	-	-	19,993	19,993
Miscellaneous	3,000	3,000	3,574	574
Transfers from Other Funds	88,628	88,628	58,000	(30,628)
Supplemental Appropriation	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total Revenues	<u>215,465</u>	<u>235,465</u>	<u>235,325</u>	<u>(140)</u>
EXPENDITURES:				
Salaries and Benefits	131,024	131,024	133,420	(2,396)
Cost of Resale Items	13,000	13,000	16,914	(3,914)
Maintenance	15,660	15,660	34,303	(18,643)
Insurance	3,635	3,635	4,635	(1,000)
Utilities	25,071	25,071	22,548	2,523
Other Expenses	25,210	25,210	15,220	9,990
Capital Expenditures	-	-	6,200	(6,200)
Principal Payments	534	534	534	-
Interest Expense	185	185	185	-
Supplemental Appropriation	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>214,319</u>	<u>234,319</u>	<u>233,959</u>	<u>360</u>
Excess (Deficiency) of				
Revenues over Expenditures	<u>\$ 1,146</u>	<u>\$ 1,146</u>	1,366	<u>\$ 220</u>
RECONCILIATION TO GAAP BASIS				
Principal payments			534	
Add budgetary items shown as Expenditures:				
Capital Expenditures			6,200	
Less: Depreciation and Amortization			<u>(12,836)</u>	
Change In Net Position GAAP			<u>\$ (4,736)</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, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Employee Contribution	\$ 54,969	\$ 54,969	\$ 55,880	\$ 911
Employer Contribution	65,180	65,180	95,000	29,820
Interest Income	25	25	379	354
Investment Income				
Net of Expenses	50,000	50,000	164,386	114,386
Supplemental Appropriations	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
Total Revenues	<u>170,174</u>	<u>250,174</u>	<u>315,645</u>	<u>65,471</u>
EXPENDITURES:				
Benefit Payments	363,131	363,131	434,158	(71,027)
Administrative Expenses	7,000	7,000	6,451	549
Supplemental Appropriations	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Total Expenditures	<u>370,131</u>	<u>450,131</u>	<u>440,609</u>	<u>9,522</u>
CHANGE IN NET POSITION	(199,957)	(199,957)	(124,964)	74,993
NET POSITION, BEGINNING				
OF YEAR	<u>2,035,001</u>	<u>2,035,001</u>	<u>1,825,899</u>	<u>(209,102)</u>
NET POSITION, END OF YEAR	<u>\$1,835,044</u>	<u>\$ 1,835,044</u>	<u>\$ 1,700,935</u>	<u>\$ (134,109)</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 2020
This Information From The Records Of (example - City of _ or County of _): TOWN OF LIMON	Prepared By:	David Copsey, CPA For Town of Limon 303-734-4800

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	76,718
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	311,050
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	24,330
2. General fund appropriations	215,694	b. Snow and ice removal	11,606
3. Other local imposts (from page 2)	319,793	c. Other	51,852
4. Miscellaneous local receipts (from page 2)	146,374	d. Total (a. through c.)	87,788
5. Transfers from toll facilities		4. General administration & miscellaneous	28,025
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	260,402
a. Bonds - Original Issues		6. Total (1 through 5)	763,983
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	2,072
7. Total (1 through 6)	681,861	b. Redemption	29,000
B. Private Contributions	39,878	c. Total (a. + b.)	31,072
C. Receipts from State government (from page 2)	80,445	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	1,833
E. Total receipts (A.7 + B + C + D)	802,184	b. Redemption	5,296
		c. Total (a. + b.)	7,129
		3. Total (1.c + 2.c)	38,201
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	802,184

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	34,000		29,000	5,000
1. Bonds (Refunding Portion)				
B. Notes (Total)	64,521		5,296	59,225

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	802,184	802,184	0	0

Notes and Comments:

Other Road and Street Services is Street Lighting (Other than for traffic light) of \$51,852.

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2020

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	112,871	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	44,708
1. Sales Taxes	26,999	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	179,923	g. Other Misc Gravel and Crushed Concrete	1,008
6. Total (1. through 5.)	206,922	h. Other Franchise fees	100,658
c. Total (a. + b.)	319,793	i. Total (a. through h.)	146,374
	(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	70,098	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	10,347	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	10,347	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	80,445	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	0		0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	0	76,718	76,718
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	76,718	76,718
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	76,718	76,718
			(Carry forward to page 1)

Notes and Comments:

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Limon, Colorado, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Town of Limon, Colorado’s basic financial statements, and have issued our report thereon dated September 22, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Haynie & Company

Littleton, Colorado

September 22, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Town of Limon, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Limon, Colorado's major federal programs for the year ended December 31, 2020. Town of Limon, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Limon, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Limon, Colorado'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 for each major federal program. However, our audit does not provide a legal determination of Town of Limon, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Limon, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

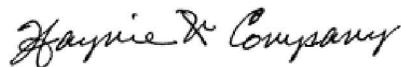
Report on Internal Control over Compliance

Management of Town of Limon, Colorado, 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 of Limon, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Limon, Colorado's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Littleton, Colorado

September 22, 2021

Town of Limon, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Health and Human Services:			
Direct program:			
Administration for Children and Families			
Head Start - cluster (provided to a sub-recipient)	93.600		\$ 784,220
Total Department of Health and Human Services			<u>784,220</u>
Department of Transportation			
Direct program:			
Airport Improvement Program	20.106		493,980
Pass-through program from:			
East Central Council of Local Governments			
Transportation Grant	20.xxx		6,180
Total Department of Transportation			<u>500,160</u>
Department of the Treasury			
Direct program:			
Coronavirus Relief Fund	21.019		82,626
Total Department of Health and Human Services			<u>82,626</u>
Total Expenditures of Federal Awards			<u>\$ 1,367,006</u>

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

Town of Limon, Colorado

Supplemental Information

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2020

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
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:	None
The following programs are considered to be major:	
U.S. Department of Health and Human Services, Head Start — CFDA 93.600	
Dollar threshold used to distinguish Type A and Type B programs:	\$750,000
Low-risk entity qualification:	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