

Workshop 5:30 pm - 6:45 pm  
Initial Budget Discussion and BOT Priorities

TOWN OF LYONS  
**MONDAY, AUGUST 5, 2019**  
BOARD OF TRUSTEES WORKSHOP  
SHIRLEY F. JOHNSON COUNCIL CHAMBER  
LYONS TOWN HALL, 432 5<sup>TH</sup> AVENUE, LYONS, COLORADO

I. 2020 Budget Process

Documents:

STAFF REPORT BOT 0805.PDF  
BUDGET CALENDAR.PDF  
BUDGET TALKING POINTS 0805.PDF  
2019 PROJECTED ENDING FUND BALANCE.PDF  
2018 WATER SEWER BREAKOUT.PDF

“The Town of Lyons will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Persons needing accommodations or special assistance should contact the Town at [hr@townoflyons.com](mailto:hr@townoflyons.com) as soon as possible, but no later than 72 hours before the scheduled event.”

Town of Lyons, Colorado  
Board of Trustees  
BOT Agenda Cover Sheet  
Agenda Item No:  
Meeting Date: August 5, 2019

TO: Mayor Sullivan and Members of the Board of Trustees  
FROM: Jill Johnson  
DATE: August 5, 2019  
ITEM: 2020 Budget Process

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ORDINANCE  
 MOTION / RESOLUTION  
 INFORMATION

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- I. **REQUEST OR ISSUE:** A calendar of the 2020 Budget Process for BOT review.
- II. **RECOMMENDED ACTION / NEXT STEPS:**
- III. **FISCAL IMPACTS:** Yes
- IV. **BACKGROUND INFORMATION:** Annual budgeting process for the Town.
- V. **LEGAL ISSUES:** None.
- VI. **CONFLICTS OR ENVIRONMENTAL ISSUES:** N/A
- VII. **SUMMARY AND ALTERNATIVES:**
- a. **PROPOSED MOTION:**

Attachments:

1. 2020 Budget Calendar
2. 2020 Budget Process Talking Points

# TOWN OF LYONS

## 2020 BUDGET PREPARATION CALENDAR

July 23 – Tuesday	Meet with department heads, discuss budget process and deliver budget worksheets to departments
August 5 – Monday	Board workshop to develop priorities and direction for the 2020 budget Trustees will need to meet with their Commissions to get budget input over the next 5 weeks
August 16 – Friday	Completed budget requests returned to finance department by 4:30 pm
Week of August 26	Department head meetings with Town Administrator and Finance Director for preliminary review
August 30 – Friday	Budget adjustments given to department heads
September 13 – Friday	Adjusted budgets due back to Finance Director including Boards and Commissions requests
Week of September 23	Department head meetings with Town Administrator and Finance Director to prepare final draft of budget
September 30 - Monday	Budget is delivered to Board and Notice of Public Hearing is posted
October 12 – Saturday	Study session with Board – All Day – Directors be prepared to present your budget
October 21 – Monday	Workshop with Town Board (if needed)
November 4 – Monday	Town Board Public Hearing on proposed budget Resolution adopting the budget, appropriation, establishing the annual mill levy, establishing a Tabor reserve

2019																															
JANUARY							FEBRUARY							MARCH							APRIL										
S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S				
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13	14	15	16	17	18	19	10	11	12	13	14	15	16	10	11	12	13	14	15	16	14	15	16	17	18	19	20				
20	21	22	23	24	25	26	17	18	19	20	21	22	23	17	18	19	20	21	22	23	21	22	23	24	25	26	27				
27	28	29	30	31			24	25	26	27	28			24	25	26	27	28	29	30	28	29	30								
														31																	
MAY							JUNE							JULY							AUGUST										
S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S				
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19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24				
26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31				25	26	27	28	29	30	31				
							30																								
SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER										
S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S				
1	2	3	4	5	6	7				1	2	3	4	5							1	2							1	2	3
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14				
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21				
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28				
29	30						27	28	29	30	31			24	25	26	27	28	29	30	29	30	31								

## **Budget Workshop**

### **2020 Budget Process**

- **Discussion on 2019 Budget, balancing the budget using fund balance, state of the wastewater fund.**
- **In order to get the discussion going for 2020, please come prepared to discuss the following:**
  - **What is the vision for the Town in 2020?**
  - **What programs did you like/want to continue in 2020? What programs do you want to discontinue or evaluate for possible discontinuance?**
  - **Revenue discussion – Sales tax projection, HUTF, others?**
  - **Special projects? Estimate for the project?**
  - **Wastewater fund – combine in the accounting system to utilize cash and fund balance for both utilities?**
  - **Capital budgets - financing opportunities/challenges**
- **The 2020 Budget will be input and reported on a monthly basis starting with the January 2020 financial reports.**
- **We will be continuing capital improvement budgeting to include cost, impact, and priority (critical, necessary, desired). Additionally, photos are recommended to show the current condition.**
- **We would like to have an all-day meeting on Oct. 12<sup>th</sup> with the BOT to allow the Directors/Dept. Heads defend their budgets. We have already heard from Trustee Miller that she will not be able to be there until after noon. Do we want to select a different date?**
- **Our goal is to have the BOT to approve the budget at the Nov. 4<sup>th</sup> meeting.**
- **Thanks in advance for your interest, input, and cooperation.**

SUPPLEMENTAL BUDGET APPROPRIATIONS FOR: 2019  
RESOLUTION xx, Series 2019, Exhibit A

	2019 APPROPRIATED BUDGET RESOLUTION 2018- 103	2019 MID YEAR MODIFICATIONS	REVISED 2019 APPROPRIATED BUDGET RESOLUTION 2019- xxx	BUDGETED INCREASE/(DECREASE) IN FUND BALANCE/NET POSITION (REVENUE LESS EXPENDITURES)	2018 FINANCIAL STATEMENT ENDING FUND BALANCE/NET POSITION	2018 FUND BALANCE/NET POSITION RESTRICTIONS	2019 ESTIMATED ENDING FUND BALANCE/NET POSITION
<b>REVENUES</b>							
General	2,504,013	-	2,504,013				
Parks & Recreation	891,705	-	891,705				
Grants	15,505,000	-	15,505,000				
Electric	1,805,655	640,789	2,446,444				
Water	964,200	503,645	1,467,845				
Wastewater	779,084	325,125	1,104,209				
Stormwater Fund	118,750	-	118,750				
Conservation Trust	22,000	-	22,000				
LURA	28,631	15,000	43,631				
	<u>22,619,038</u>	<u>1,484,559</u>	<u>24,103,597</u>				
<b>EXPENDITURES</b>							
General	2,620,032	15,000	2,635,032	(131,019)	1,202,463		
Non-Spendable - inventory						(3,328)	
Tabor Reserve						(105,846)	962,270
Parks & Recreation	954,658	2	954,660	(62,955)	906,318		
Non-Spendable - inventory						(24,633)	818,730
Grants	15,505,000	-	15,505,000	-	5,853,639		5,853,639
<b>Governmental Funds</b>							<b>7,634,639</b>
Electric	1,779,160	511,070	2,290,230	156,214	2,592,451		
Debt						(152,828)	
Non-Spendable - capital assets						(1,754,466)	841,371
Water	1,077,848		1,077,848	389,997	8,861,710		
Debt						(234,713)	
Non-Spendable - capital assets						(5,247,825)	3,769,169
Wastewater	1,391,172	1	1,391,173	(286,964)	3,339,078		
Non-Spendable - capital assets						(4,747,641)	(1,695,527)
Stormwater Fund	118,515	-	118,515	235	139,733		
Non-Spendable - capital assets						(48,525)	91,443
<b>Business-Type Funds</b>							<b>3,006,456</b>
Conservation Trust	15,000		15,000	7,000	200,928		207,928
LURA	28,631	15,000	43,631	-	1,650		1,650
	<u>23,490,016</u>	<u>541,073</u>	<u>24,031,089</u>	<u>72,508</u>	<u>23,097,970</u>	<u>(12,319,805)</u>	<u>10,642,745</u>

Notes:

Investment Fees and Tap Fees were not in original appropriation, the increased revenues are mostly from the Summit Housing project which is expected to materialize in 2019  
All negatives in Column E are using fund balance - GF, P&R, WW

LURA attorney expenses expected to exceed budget - estimate provided by LURA attorney. Increase transfer from General Fund.

Electric fund expense increase is \$485,410 from debt service refunding, and \$25,000 professional services. These expenses are offset by \$447,290 increased revenues from the refunding and \$25,000 from rebilling customers for electric contractor service line services

TOWN OF LYONS COLORADO  
STATEMENT OF NET POSITION  
WATER & SANITATION FUNDS  
YEAR ENDED DECEMBER 2018

	Water Fund	Sanitation Fund	Total
<u>Assets</u>			
Current Assets			
Cash & cash equivalents	\$ 4,754,129.06	\$ (1,383,095.72)	\$ 3,371,033.34
Accounts receivable	\$ 61,258.94	\$ 47,658.58	\$ 108,917.52
Inventory at cost	\$ 2,937.36	\$ 3,800.00	\$ 6,737.36
Land held for resale	\$ 724,922.00	\$ -	\$ 724,922.00
Total current assets	<u>\$ 5,543,247.36</u>	<u>\$ (1,331,637.14)</u>	<u>\$ 4,211,610.22</u>
Non current assets			
Capital assets not being depreciated			
Land, construction in progress and water rights	\$ 1,441,323.95	\$ 81,791.95	\$ 1,523,115.90
Capital assets being depreciated			
Plant and systems	\$ 8,863,294.25	\$ 10,821,097.66	\$ 19,684,391.91
Equipment	\$ 277,961.72	\$ 101,190.06	\$ 379,151.78
Plant, systems and equipment	\$ 10,582,579.92	\$ 11,004,079.67	\$ 21,586,659.59
Less accumulated depreciation	\$ (3,724,183.18)	\$ (1,918,364.42)	\$ (5,642,547.60)
Capital assets, net of accumulated depreciation	<u>\$ 6,858,396.74</u>	<u>\$ 9,085,715.25</u>	<u>\$ 15,944,111.99</u>
Total assets	<u>\$ 12,401,644.10</u>	<u>\$ 7,754,078.11</u>	<u>\$ 20,155,722.21</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 12,153.59	\$ 463,862.94	\$ 476,016.53
Due to other funds	\$ 1,552,244.14	\$ (414,830.90)	\$ 1,137,413.24
Accrued liabilities	\$ 32,996.02	\$ 12,465.94	\$ 45,461.96
Customer deposits	\$ 11,540.00	\$ -	\$ 11,540.00
Compensated absences - current	\$ 6,000.00	\$ 6,000.00	\$ 12,000.00
Revenue notes payable - current	\$ 551,059.57	\$ 247,087.99	\$ 798,147.56
Total current liabilities	<u>\$ 2,165,993.32</u>	<u>\$ 314,585.97</u>	<u>\$ 2,480,579.29</u>
Non current liabilities			
Compensated absences	\$ 9,428.50	\$ 9,428.50	\$ 18,857.00
Notes payable	\$ 1,364,512.01	\$ 4,090,986.33	\$ 5,455,498.34
Total non current liabilities	<u>\$ 1,373,940.51</u>	<u>\$ 4,100,414.83</u>	<u>\$ 5,474,355.34</u>
Total liabilities	<u>\$ 3,539,933.83</u>	<u>\$ 4,415,000.80</u>	<u>\$ 7,954,934.63</u>
Net position			
Net investment in capital assets	\$ 5,247,825.16	\$ 4,747,640.93	\$ 9,995,466.09
Restricted for debt service	\$ 234,713.00	\$ -	\$ 234,713.00
Unrestricted	\$ 3,379,172.11	\$ (1,408,563.02)	\$ 1,970,609.09
Total net position	<u>\$ 8,861,710.27</u>	<u>\$ 3,339,077.91</u>	<u>\$ 12,200,788.18</u>

TOWN OF LYONS COLORADO  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
WATER & SANITATION FUNDS  
YEAR ENDED DECEMBER 2018

	Water Fund	Sanitation Fund	Total
<u>Operating Revenues</u>			
Charges for services	\$ 846,597.20	\$ 491,564.49	\$ 1,338,161.69
Other	\$ 29,099.99	\$ (301.03)	\$ 28,798.96
Total operating revenues	<u>\$ 875,697.19</u>	<u>\$ 491,263.46</u>	<u>\$ 1,366,960.65</u>
<u>Operating expenses</u>			
Operations and maintenance	\$ 378,851.83	\$ 485,572.04	\$ 864,423.87
Administrative	\$ 254,547.88	\$ 262,365.07	\$ 516,912.95
Depreciation and amortization	\$ 357,976.65	\$ 277,002.41	\$ 634,979.06
Total operating expenses	<u>\$ 991,376.36</u>	<u>\$ 1,024,939.52</u>	<u>\$ 2,016,315.88</u>
			\$ -
Operating income (loss)	\$ (115,679.17)	\$ (533,676.06)	\$ (649,355.23)
<u>Non-operating revenues (expenses)</u>			
Investment earnings	\$ 38,555.16	\$ 38,555.17	\$ 77,110.33
Interest on indebtedness	\$ (72,179.49)	\$ (55,739.03)	\$ (127,918.52)
Total non-operating revenues (expenses)	<u>\$ (33,624.33)</u>	<u>\$ (17,183.86)</u>	<u>\$ (50,808.19)</u>
			\$ -
Capital contributions	\$ 67,075.00	\$ 595,245.70	\$ 662,320.70
Change in net position	\$ (82,228.50)	\$ 44,385.78	\$ (37,842.72)
Net position, beginning of the year	\$ 8,943,938.77	\$ 3,294,692.13	\$ 12,238,630.90
Net position, end of the year	\$ 8,861,710.27	\$ 3,339,077.91	\$ 12,200,788.18

TOWN OF LYONS COLORADO  
STATEMENT OF CASH FLOWS  
WATER & SANITATION FUNDS  
YEAR ENDED DECEMBER 2018

	Water Fund	Sanitation Fund	Total
<u>Cash flows from operating activities</u>			
Receipts from customers and users	\$ 844,443.54	\$ 515,411.73	\$ 1,359,855.27
Other services	\$ 29,099.99	\$ (301.03)	\$ 28,798.96
Payments to suppliers and employees	\$ (614,929.30)	\$ (765,341.47)	\$ (1,380,270.77)
Net cash provided by operating activities	\$ 258,614.23	\$ (250,230.77)	\$ 8,383.46
<u>Cash flows from non-capital financing activities</u>			
Interfund borrowings	\$ 17,356.25	\$ (27,222.00)	\$ (9,865.75)
Net cash provided by (used for) non-capital financing activities			
<u>Cash flows from capital and related financing activities</u>			
Principal repayments	\$ (545,467.00)	\$ (244,232.00)	\$ (789,699.00)
Contributions from customers	\$ 67,075.00	\$ 40,375.00	\$ 107,450.00
Interest paid	\$ (66,971.58)	\$ (56,212.68)	\$ (123,184.26)
Purchase of fixed assets	\$ -	\$ (24,743.00)	\$ (24,743.00)
Net cash used for capital and related financing activities	\$ (545,363.58)	\$ (284,812.68)	\$ (830,176.26)
<u>Cash flows from investing activities</u>			
Interest earned	\$ 38,555.16	\$ 38,555.17	\$ 77,110.33
Net cash provided by investing activities	\$ 38,555.16	\$ 38,555.17	\$ 77,110.33
Net change in cash and equivalents	\$ (230,837.94)	\$ (523,710.28)	\$ (754,548.22)
Cash and equivalents, beginning of year	\$ 4,984,967.30	\$ (859,382.11)	\$ 4,125,585.19
Cash and equivalents, end of year	\$ 4,754,129.36	\$ (1,383,092.39)	\$ 3,371,036.97
Operating income (loss)	\$ (115,679.17)	\$ (533,676.06)	\$ (649,355.23)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	\$ 357,976.65	\$ 277,002.41	\$ 634,979.06
(Increase)decrease in inventory	\$ 32,961.53	\$ 4,470.91	\$ 37,432.44
Decrease(increase) in accounts receivable	\$ (2,153.66)	\$ 23,847.24	\$ 21,693.58
(Decrease)increase in accounts payable	\$ (14,491.12)	\$ (21,875.27)	\$ (36,366.39)
Total adjustments	\$ 374,293.40	\$ 283,445.29	\$ 657,738.69
Net cash provided by operating activities	\$ 258,614.23	\$ (250,230.77)	\$ 8,383.46



TOWN OF LYONS COLORADO  
 ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL  
 WATER FUNDS  
 YEAR ENDED DECEMBER 2018

	BUDGET	WATER FUND	VARIANCE OVER(UNDER) BUDGET
<u>Revenues</u>			
Water sales	\$ 880,000.00	\$ 833,107.15	\$ (46,892.85)
Water tap fees	\$ 105,000.00	\$ 67,075.00	\$ (37,925.00)
Pipe water sales	\$ 18,000.00	\$ 13,490.05	\$ (4,509.95)
Investment earnings	\$ 13,300.00	\$ 38,555.16	\$ 25,255.16
Miscellaneous	\$ 10,000.00	\$ 29,099.99	\$ 19,099.99
Total revenues	<u>\$ 1,026,300.00</u>	<u>\$ 981,327.35</u>	<u>\$ (44,972.65)</u>
<u>Expenses</u>			
Adminstration	\$ 177,089.00	\$ 172,138.40	\$ 4,950.60
Allocated expenses	\$ 83,053.00	\$ 82,409.48	\$ 643.52
Treatment services	\$ 209,100.00	\$ 184,104.01	\$ 24,995.99
Distribution salaries	\$ 78,925.00	\$ 75,915.61	\$ 3,009.39
Distribution maintenance	\$ 106,950.00	\$ 118,831.21	\$ (11,881.21)
Capital outlay	\$ 190,000.00	\$ -	\$ 190,000.00
Debt service			\$ -
Principal	\$ 240,673.00	\$ 545,467.00	\$ (304,794.00)
Interest	\$ 66,972.00	\$ 72,179.49	\$ (5,207.49)
Total expense	<u>\$ 1,152,762.00</u>	<u>\$ 1,251,045.20</u>	<u>\$ (98,283.20)</u>
Net Income(loss)	<u>\$ (126,462.00)</u>	<u>\$ (269,717.85)</u>	<u>\$ (143,255.85)</u>

TOWN OF LYONS COLORADO  
 ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL  
 SANITATION FUNDS  
 YEAR ENDED DECEMBER 2018

	BUDGET	SANITATION FUND	VARIANCE OVER(UNDER) BUDGET
<u>Revenues</u>			
Sanitation users fee	\$ 547,996.00	\$ 491,564.49	\$ (56,431.51)
Sewer tap fees	\$ 59,500.00	\$ 40,375.00	\$ (19,125.00)
Investment earnings	\$ 12,400.00	\$ 38,555.17	\$ 26,155.17
Miscellaneous	\$ -	\$ (301.03)	\$ (301.03)
Total revenues	<u>\$ 619,896.00</u>	<u>\$ 570,193.63</u>	<u>\$ (49,702.37)</u>
<u>Expenses</u>			
Adminstration	\$ 193,264.00	\$ 216,247.99	\$ (22,983.99)
Allocated expenses	\$ 44,420.00	\$ 46,117.08	\$ (1,697.08)
Treatment services	\$ 144,719.00	\$ 201,899.14	\$ (57,180.14)
Collection & transmission salaries	\$ 78,340.00	\$ 68,674.45	\$ 9,665.55
Collection & transmission services	\$ 140,430.00	\$ 214,997.53	\$ (74,567.53)
Capital outlay	\$ 414,000.00	\$ 33,917.00	\$ 380,083.00
Debt service			\$ -
Principal	\$ 244,232.00	\$ 244,232.00	\$ -
Interest	\$ 56,213.00	\$ 55,739.03	\$ 473.97
Total expense	<u>\$ 1,315,618.00</u>	<u>\$ 1,081,824.22</u>	<u>\$ 233,793.78</u>
Net Income(loss)	<u>\$ (695,722.00)</u>	<u>\$ (511,630.59)</u>	<u>\$ 184,091.41</u>