

TOWN OF LYONS
BASIC FINANCIAL STATEMENTS
December 31, 2017

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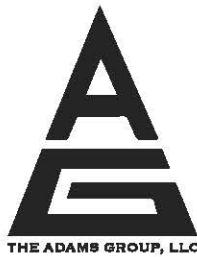
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Lyons, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Lyons, Colorado (Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lyons, Colorado as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Significant estimates

As described in Note 1 to the financial statements, The Town has recorded a receivable for approximately \$5,926,000 from the State of Colorado for the Federal and State share of costs related to flood restoration grants. Due to the nature of the grants and the fact that these grants are relatively new both to the Town and the State of Colorado, the amounts which will ultimately be reimbursed by the State of Colorado is an estimate which may have a significant effect on future year's financial results. The Town believes that all costs which have been accrued are allowable.

Ineligible costs

As described in Note 12 to the financial statements, The Town has determined, or been notified by grantor agencies, that certain costs related to the flood cannot be submitted for reimbursement. As a result, the Town may have to use Town resources including revenues and fund balance to pay for these costs. At December 31, 2017, the amount of costs not eligible for reimbursement, and which may not be reimbursed from State funds, is approximately \$360,000. This amount may increase as additional information is received from the grantor agencies.

Future cash flows

As also described in Note 12 to the financial statements, the Town has received an advance from the State of Colorado to assist with flood restoration costs before grant reimbursements are received. This advance, which totals \$9.5 million, is to be repaid from the grant reimbursements at the end of the projects. The Town is in the process of determining the timing and the source of repayment of these funds as not all amounts expended for the flood will be reimbursed by grantor agencies. The timing and ability of the Town to completely repay the State loans is unknown at this time. The financial statements have been prepared assuming that each opinion unit (the General Fund, the Grants Fund and the Governmental Activities) will remain a going concern.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and on pages B-1 through B-8, and E-1 through E-3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lyons' basic financial statements. The individual fund financial statements and the Local Highway Finance Report, are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements.

The individual fund financial statements and the Local Highway Finance Report 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, individual fund financial statements and the Local Highway Finance Report 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 July 13, 2018, on our consideration of the Town of Lyons Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lyons Colorado's internal control over financial reporting and compliance.

July 13, 2018
Denver, Colorado

The Adams Group, LLC

**TOWN OF LYONS
MANAGEMENT'S DISCUSSION & ANALYSIS**

The management of the Town of Lyons offers this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets of the Town of Lyons exceeded its liabilities at the close of 2017 by \$58,676,178 (*net position*). Of this amount, (\$580,601) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,573,252.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending fund balances of \$8,398,982.
- At the end of the current year, unrestricted, undesignated fund balance for the general fund was \$1,188,301, or about 100% of total general fund expenditures.

Overview of the Financial Statements

This overview is an introduction to the Town's financial statements. The Town of Lyons basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - Government-wide financial statements are designed to provide readers with a broad overview of the Town of Lyons' finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future time periods (for example, uncollected taxes, and earned but unused employee leave time).

Both of the government-wide financial statements distinguish functions of the town that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to cover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the town include general government, administrative services, public safety, public works (streets), planning and zoning, judicial and legislative, parks, recreation and cultural activities, and grant funds that include temporary rebuilding and recovery from the 2013 Flood disaster. The business-type activities of the town include the electric utility and the water and waste water utility.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the town's near-term financial decisions. Both the governmental fund balance sheets and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Lyons maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, grants fund, and the parks, recreation and cultural fund, all of which are considered major funds. Individual fund data is presented for the conservation trust fund and LURA fund as non-major governmental funds.

Proprietary funds are generally used to account for services for which the town charges customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric fund and water and sanitation fund which are considered to be major funds of the Town of Lyons.

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

Other information - in addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Lyons governmental funds budgetary comparisons. This comparison demonstrates actual results (using the basis of budgeting) with the original budget and the final budget of each individual major fund in the governmental funds.

Budgetary comparisons for the proprietary funds and other non-major governmental funds are also provided as supplemental information, although not required by GAAP.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the town's financial position. In the case of the Town of Lyons, assets exceeded liabilities by \$58,676,178 at the close of 2017.

Town of Lyons Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 15,541,378	\$ 14,309,961	\$ 4,425,156	\$ 4,013,352	\$ 19,966,534	\$ 18,323,313
Capital Assets	40,516,673	34,375,291	18,746,927	19,456,285	59,263,600	53,831,576
Total Assets	56,058,051	48,685,252	23,172,083	23,469,637	79,230,134	72,154,889
Long-term Liabilities Outstanding	9,546,086	9,531,091	7,893,840	7,855,464	17,439,926	17,386,555
Other Liabilities	1,864,638	1,351,664	693,935	806,920	2,558,573	2,158,584
Total Liabilities	11,410,724	10,882,755	8,587,775	8,662,384	19,998,499	19,545,139
Deferred Inflows of Resources- Unavailable resources of property taxes	555,457	506,824	-	-	555,457	506,824
Net Investment in Capital Assets	40,433,216	34,375,291	11,489,834	11,622,678	51,923,050	45,997,969
Restricted						
Debt Service	-	-	387,541	387,541	387,541	387,541
Parks and Open Space	177,491	156,343	-	-	177,491	156,343
Capital outlay	-	-	-	-	-	-
Grant Expenditures	5,607,495	6,621,441	-	-	5,607,495	6,621,441
Unrestricted	(2,126,332)	(3,857,402)	2,706,933	2,797,034	580,601	(1,060,368)
Total Net Position	\$ 44,091,870	\$ 37,295,673	\$ 14,584,308	\$ 14,807,253	\$ 58,676,178	\$ 52,102,926

By far the largest portion of the town's net position (88%) reflects its investment of \$52 million in capital assets (e.g., land, buildings, machinery and equipment, utility plants and infrastructure), less any related debt used to acquire those assets that are still outstanding. The town uses these capital assets to provide services to the public; consequently, these assets are *not* available for future spending. Although the town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the town's net position, \$6,172,527 (11%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$580,601 (1%), is generally available to be used to meet the town's on-going obligations to the public and creditors. Due to flood related issues, the Town has limited sources for non-flood related expenditures. It is important to note that the unrestricted net position of the town's business-type activities may not be used to fund governmental activities, or vice versa.

At the end of the current fiscal year, the Town of Lyons is able to report positive balances in most categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. Net position invested in capital assets, net of related debt, increased by \$5,925,081, or just over 13%, compared to 2016. This increase is discussed below in "Capital Assets."

Governmental activities – Governmental activities increased the Town of Lyons net position by \$6,796,197. Other key elements of governmental activities are as follows:

- The grants fund created to assist with the 2013 Flood rebuilding and recovery contributed \$6.1 million in assets. The majority of expenditures were associated with disaster recovery. Most of those costs will be reimbursed through State, local, and federal grants (i.e., FEMA Public Assistance, FEMA HMGP, CDBG-DR, CDPHE).

- Sales tax collection increased \$88,000 in 2017 over 2016.
- Grant revenues decreased by \$6,127,000 in 2017 over 2016. This is largely attributed to a slow down in projects and collection of FEMA eligible expense reimbursement as well as state and local grant reimbursements.

Town of Lyons Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 567,685	\$ 461,588	\$ 3,019,387	\$ 2,891,819	\$ 3,587,072	\$ 3,353,407
Operating Grants and Contributions	1,683,507	4,006,094	-	-	1,683,507	4,006,094
Capital Grants and Contributions	7,351,119	11,155,494	128,460	252,129	7,479,579	11,407,623
General Revenues:						
Property Taxes	518,129	500,612	-	-	518,129	500,612
Other Taxes	1,425,048	1,342,626	-	-	1,425,048	1,342,626
Unrestricted investment earnings	23,658	10,159	41,040	21,987	64,698	32,146
Intergovernmental	78,917	76,902	-	-	78,917	76,902
Other	425,451	415,146	-	-	425,451	415,146
Total Revenues	<u>12,073,514</u>	<u>17,968,621</u>	<u>3,188,887</u>	<u>3,165,935</u>	<u>15,262,401</u>	<u>21,134,556</u>
Expenses:						
General Government	2,025,794	2,432,701	-	-	2,025,794	2,432,701
Public Safety	1,567,149	2,743,868	-	-	1,567,149	2,743,868
Public Works & Streets	535,948	3,937,578	-	-	535,948	3,937,578
Parks, Recreation & Culture	1,233,552	1,012,528	-	-	1,233,552	1,012,528
Interest on Long-term Debt	-	1,578	-	-	-	1,578
Electric	-	-	1,412,206	1,466,625	1,412,206	1,466,625
Water and Sanitation	-	-	1,999,626	1,676,763	1,999,626	1,676,763
Total Expenses	<u>5,362,443</u>	<u>10,128,253</u>	<u>3,411,832</u>	<u>3,143,388</u>	<u>8,774,275</u>	<u>13,271,641</u>
Excess (Deficiency) Before Extraordinary						
Gains and Transfers	6,711,071	7,840,368	(222,945)	22,547	6,488,126	7,862,915
Transfers	-	(1,846,965)	-	1,846,965	-	-
Extraordinary gain	<u>85,126</u>	<u>232,197</u>	<u>-</u>	<u>-</u>	<u>85,126</u>	<u>232,197</u>
Increase or Decrease in Net Position	<u>6,796,197</u>	<u>6,225,600</u>	<u>(222,945)</u>	<u>1,869,512</u>	<u>6,573,252</u>	<u>8,095,112</u>
Net Position, Beginning	<u>37,295,673</u>	<u>31,070,073</u>	<u>14,807,253</u>	<u>12,937,741</u>	<u>52,102,926</u>	<u>44,007,814</u>
Net Position, Ending	<u>\$ 44,091,870</u>	<u>\$ 37,295,673</u>	<u>\$ 14,584,308</u>	<u>\$ 14,807,253</u>	<u>\$ 58,676,178</u>	<u>\$ 52,102,926</u>

Proprietary (Business-type) activities - Business-type activities decreased the Town of Lyons net position by (\$222,945) in 2017. The 2016 increase in net position of approximately \$1,870,000 resulted from the contribution of \$2,100.000 in capital assets from the grant fund. The 2017 loss before transfers and contribution increased by \$121,823. This was the result of additional depreciation and interest on debt related to new waste water treatment plant.

The Town completed the construction of a new Waste Water Treatment Plant (WWTP) at its current location. The new system will be a sequence batch reactor with ultraviolet disinfection. Honeywell and Filanc/Frachetti were contracted to design and build the plant under an energy performance contract. It was anticipated to be completed in October 2015, but was accepted as complete in July 2016. There was still an outstanding sum of \$437,000 at December 31, 2017. This was considered a cost of delay expense due to Davis Bacon regulations regarding labor costs and American Iron and Steel requirements.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds – The focus of the Town of Lyons governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the town's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the town include the General Fund; Grants Fund; Parks, Recreation and Cultural Fund; Conservation Trust Fund and Lyons Urban Renewal Authority Fund.

As of December 31, 2017, the town's governmental funds reported combined ending fund balances of \$8,398,982 an increase of \$385,842 over the previous year. This increase primarily reflects revenues and other financing sources in the grant funds. The deferred inflows of resources – the unavailability of grant resources (mainly flood cost reimbursement but some property taxes) increased by \$332,601.

The general fund is the chief operating fund of the Town of Lyons. At the end of the fiscal year, unassigned fund balance of the general fund was \$1,188,301, while total fund balance reached \$1,817,421. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 100% of total general fund expenditures, while total fund balance represents 101% percent of that same amount.

Proprietary funds – the Town of Lyons' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of December 31, 2017, the unrestricted net position of the Electric Fund was \$494,949. The Water Fund was \$2,211,984. The total decrease in net position for all proprietary funds was (\$222,945) due mainly to an increase in depreciation and interest on debt of \$141,473 in the Water and Sanitation Fund. Other factors concerning the finances of the proprietary funds have already been discussed in the Town of Lyons' business-type activities.

General Fund Budgetary Highlights

Actual revenue compared to the budget was \$613,534 higher than budgeted (125.64%). Almost all revenue categories were higher than expected. The revenues that came in over significantly over budget include sales taxes and intergovernmental revenues. The intergovernmental revenue increase resulted from the collection of the final amounts related to the Highway 36 project and the McConnell street light project. Expenditures were under final budget at approximately 84% of budget (\$1,793,560 actual to \$2,137,642 final budget). The Town included a contingency line item of \$331,441 which was not utilized in 2017.

The year of 2017 was highlighted by flood recovery work and permanent improvements to infrastructure and navigating the federal and state regulations regarding flood related documentation, monitoring visits and reimbursements. Staffing needs continue at a higher-level totaling with approximately 40 employees. Since the initial staff agreement, many positions have been extended through 2018 and 2019.

Most of 2017 was spent on grant funded projects including design and construction on several capital projects as well as implementing the planning and resiliency grant projects.

Most of the revenue streams for flood recovery are based on reimbursement models, requiring the Town to pay for services when rendered and being reimbursed by the state; several months after the submittal. The significant needs of the town following the flood resulted in the approval of a FEMA Community Disaster Loan totaling \$994,322, as well as \$9.5 million in advances from the State Disaster Emergency Fund to assist with cash flow during flood recovery.

The following is a list of some of the contracts, services and action taken in 2017:

- DOLA Flood Recovery Staffing Assistance Grant
- Completed Construction of Bohn Park Phase I
- Completed Stream Bank Restoration
- Continued Buyouts/Acquisitions of Deed Restricted Properties for CDBG-DR and FEMA HMGP
- Environmental compliance completed on EDA and Trail Grants
- Construction of the McConnell Bridge
- Approval of the Bohn Park Phase II Design
- Continued Design and Grading contracting for the Public Works site
- White water features permitted and constructed
- Lyons Valley River Park Design permitted and completed
- BOT issued and selected RFP for Affordable Housing
- Installed a water line between Bohn park and 2nd Avenue
- Completed and accepted the Hazard Identification and Risk Assessment, Deed Restricted Buyout Property and the Lyons Primary Planning Area
- Uniform Relocation Act compliance for 22 households
- Annexed the Planet Bluegrass Farm and the land in the Commercial Eastern Corridor
- Continued negotiations with Honeywell regarding Wastewater Treatment Plant cost, overruns and plant operations
- BNSF quit claim deed of Railroad Avenue property to Town
- Implementation of the GIS software
- Implemented Online Utility Billing payments and credit card payments
- Contributed Water and Sanitation tap fees toward Habitat for Humanity units being built
- Submitted and received Lyons Community Foundation grants

Capital Asset and Debt Administration

Capital assets – The Town of Lyons investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$59,253,600 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, streets, utility systems, improvements, machinery and equipment, park facilities and structures.

Major capital asset events during the 2017 fiscal year included the following:

- CIP additions to the Parks
- CIP Permanent Whitewater structures
- CIP Eastern Corridor sewer line
- CIP acquisition of Public Works facility land
- SCADA System upgrade

Town of Lyons Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land, Water and Construction in Progress	\$ 28,626,122	\$ 21,545,581	\$ 1,547,588	\$ 1,655,910	\$ 30,173,710	\$ 23,201,491
Building and Improvements	11,810,634	12,710,649	-	-	11,810,634	12,710,649
Plant and systems	-	-	17,004,490	17,667,526	17,004,490	17,667,526
Machinery and Equipment	79,916	119,061	194,849	132,849	274,765	251,910
	<u>\$ 40,516,672</u>	<u>\$ 34,375,291</u>	<u>\$ 18,746,927</u>	<u>\$ 19,456,285</u>	<u>\$ 59,263,599</u>	<u>\$ 53,831,576</u>

Long-Term Debt – At the end of the current fiscal year, the Town of Lyons had debt outstanding of \$17,439,926. Debt represented by bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) are within the proprietary funds. The Town of Lyons does not hold any general obligation within the governmental funds. The Town acquired land of which approximately 1/3 is to be for its public works complex and the balance of the land is deemed to be available for sale for which the Town is actively seeking a buyer. The value of the land is estimated at \$724,922 was acquired with cash and debt of \$610,000 which is payable over two years. Compensated Absences represent the total employee benefit dollar amount (at current rate of pay) regarding vacation, sick and compensated time, earned but not taken. In addition to the summary below, see the notes to the Financial Statements section for more information.

Town of Lyons Outstanding Debt Revenue Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Advance from State	\$ 9,500,000	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
Compensated Absences	46,086	31,091	26,747	21,857	72,833	52,948
Notes Payable	-	-	610,000	-	610,000	-
Revenue Bonds	-	-	585,000	665,000	585,000	665,000
Revenue Loans	-	-	6,672,093	7,168,607	6,672,093	7,168,607
Total	<u>\$ 9,546,086</u>	<u>\$ 9,531,091</u>	<u>\$ 7,893,840</u>	<u>\$ 7,855,464</u>	<u>\$ 17,439,926</u>	<u>\$ 17,386,555</u>

All issues of the Town of Lyons are unrated.

Economic Factors and Next Year's Budgets and Rates

In preparing the 2018 budget, the Town had to estimate the fiscal impact on all revenues for the town and its government recovering from the devastating flood disaster that caused over \$50 million in damages to the Town's infrastructure in 2013. The regional impact of the flood disaster and the sale of recreational marijuana improved local economic factors. Business activity is strong with the increase in wedding venues, closure of Hwy 34 and traffic routed through Lyons, as well as high numbers of people visiting Rocky Mountain National Park.

The Town budgeted a modest sales tax increase in 2017. At midyear, sales tax revenue was up by 18% compared to 2016 despite the closure of one restaurant and three retail businesses.

Wedding venues continue to draw thousands of visitors to the community. The Economic Development Commission is working to capture the secondary market (i.e. photographers, caterers, florists, etc.).

Lavern Johnson Park has proven to be a very popular destination with camping and park amenities. The Town saw an 85% increase in parking and camping fees from the year before. Like many Colorado communities, Lyons is seeing a shortage of housing options and is experiencing a proliferation of accessory dwelling units and short-term rentals. The town is adopting codes and regulations to manage this new population but anticipate new revenue generation from these sources.

Contacting the Town's Financial Management

This financial report is designed to provide the public, taxpayers, customers, investors and creditors with a general overview of the town's finances and to show the town's accountability for the funds and assets it receives. If you have questions about this report, or need additional financial information contact the Finance Director of the Town of Lyons at PO Box 49, 432 5th Ave, Lyons, Colorado 80540.

BASIC FINANCIAL STATEMENTS

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,119,016	\$ 4,587,726	\$ 11,706,742
Restricted cash and cash equivalents	-	152,828	152,828
Receivables	319,775	306,146	625,921
Due from other governments	5,926,203	-	5,926,203
Property tax receivable	555,457	-	555,457
Internal balances	1,474,100	(1,474,100)	-
Prepaid expenses	26,920		26,920
Inventories	27,040	127,634	154,674
Revolving loan funds receivable	92,867	-	92,867
Land held for sale	-	724,922	724,922
Capital assets not being depreciated			
Land, water rights and construction in progress	28,626,122	1,547,588	30,173,710
Capital assets, net of accumulated depreciation			
Buildings	935,656	-	935,656
Improvements	10,874,979	-	10,874,979
Plant and systems	-	17,004,490	17,004,490
Equipment	79,916	194,849	274,765
 Total Assets	 56,058,051	 23,172,083	 79,230,134
 Liabilities			
Current liabilities			
Accounts payable and other current liabilities	1,576,673	629,371	2,206,044
Other current liabilities	273,678	50,979	324,657
Deposits	-	13,585	13,585
Unearned revenues	14,287	-	14,287
Due within one year	15,000	899,997	914,997
Due in more than one year	9,531,086	6,993,843	16,524,929
 Total Liabilities	 11,410,724	 8,587,775	 19,998,499
 Deferred Inflows of Resources			
Unavailable resources property taxes	555,457	-	555,457
 Total Deferred Inflows of Resources	 555,457	 -	 555,457
 Net Position			
Net investment in capital assets	40,433,216	11,489,834	51,923,050
Restricted			
Debt service	-	387,541	387,541
Parks and open space	177,491	-	177,491
Grant expenditures	5,607,495	-	5,607,495
Unrestricted	(2,126,332)	2,706,933	580,601
 Total Net Position	 \$ 44,091,870	 \$ 14,584,308	 \$ 58,676,178

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

TOWN OF LYONS, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 2,025,794	\$ 101,673	\$ 687,534	\$ -	\$ (1,236,587)	\$ -	\$ (1,236,587)
Public safety	1,567,149	109,695	820,348	4,137,312	3,500,206	-	3,500,206
Public works and streets	535,948	-	102,877	644,855	211,784	-	211,784
Parks, recreation and cultural	1,233,552	356,317	72,748	2,568,952	1,764,465	-	1,764,465
Total governmental activities	<u>5,362,443</u>	<u>567,685</u>	<u>1,683,507</u>	<u>7,351,119</u>	<u>4,239,868</u>	<u>-</u>	<u>4,239,868</u>
Business-type activities							
Electric	1,412,206	1,592,571	-	36,000	-	216,365	216,365
Water and Sanitation	1,999,626	1,426,816	-	92,460	-	(480,350)	(480,350)
Total business-type activities	<u>3,411,832</u>	<u>3,019,387</u>	<u>-</u>	<u>128,460</u>	<u>-</u>	<u>(263,985)</u>	<u>(263,985)</u>
Total primary government	<u><u>\$ 8,774,275</u></u>	<u><u>\$ 3,587,072</u></u>	<u><u>\$ 1,683,507</u></u>	<u><u>\$ 7,479,579</u></u>	<u><u>4,239,868</u></u>	<u><u>(263,985)</u></u>	<u><u>3,975,883</u></u>
General revenues							
Property taxes				518,129	-	518,129	
Sales and use taxes				1,350,694	-	1,350,694	
Ownership taxes				28,902	-	28,902	
Other taxes and fees				45,452	-	45,452	
Unrestricted investment earnings				23,658	41,040	64,698	
Intergovernmental				78,917	-	78,917	
Other income				425,451	-	425,451	
Total general revenues				<u>2,471,203</u>	<u>41,040</u>	<u>2,512,243</u>	
Extraordinary gain				<u>85,126</u>	<u>-</u>	<u>85,126</u>	
Total general revenues and extraordinary gains				<u><u>2,556,329</u></u>	<u><u>41,040</u></u>	<u><u>2,597,369</u></u>	
Change in net position				6,796,197	(222,945)	6,573,252	
Net position, beginning				<u>37,295,673</u>	<u>14,807,253</u>	<u>52,102,926</u>	
Net position, ending				<u><u>\$ 44,091,870</u></u>	<u><u>\$ 14,584,308</u></u>	<u><u>\$ 58,676,178</u></u>	

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

TOWN OF LYONS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Major Funds					
	General		Parks, Recreation, and Cultural		Other Governmental	
	General	Grants	Parks, Recreation, and Cultural	Other Governmental		
Assets						
Cash and cash equivalents	\$ 1,816,607	\$ 4,285,977	\$ 835,764	\$ 180,668	\$ 7,119,016	
Accounts receivable	155,803	85,125	42,270	142	283,340	
Accounts receivable - land use permits	36,435	-	-	-	36,435	
Revolving loan funds receivable	-	92,867	-	-	92,867	
Due from other governments	-	5,926,203	-	-	5,926,203	
Property taxes receivable	541,012	-	-	14,445	555,457	
Prepaid expenses	22,920	-	4,000	-	26,920	
Inventory	-	-	27,040	-	27,040	
Due from other funds	-	1,574,467	-	1,292	1,575,759	
Total Assets	\$ 2,572,777	\$ 11,964,639	\$ 909,074	\$ 196,547	\$ 15,643,037	
Liabilities						
Accounts payable	\$ 155,977	\$ 1,403,647	\$ 15,757	\$ 1,292	\$ 1,576,673	
Accrued liabilities	15,581	254,218	3,879	-	273,678	
Due to other funds	22,664	-	76,282	2,713	101,659	
Unearned revenue	3,300	-	10,987	-	14,287	
Total Liabilities	197,522	1,657,865	106,905	4,005	1,966,297	
Deferred Inflows of Resources						
Unavailable resources property taxes	541,012	-	-	14,445	555,457	
Unavailable resources grants	16,822	4,705,479	-	-	4,722,301	
Total Deferred Inflows of Resources	557,834	4,705,479	-	14,445	5,277,758	
Fund Balance						
Nonspendable for						
Inventory and prepaid items	22,920	-	31,040	-	53,960	
Restricted for						
Grant expenditures	6,200	5,601,295	-	-	5,607,495	
Parks, recreation and cultural	-	-	-	177,491	177,491	
Assigned to						
Parks, recreation and cultural	-	-	771,129	-	771,129	
Community development	-	-	-	606	606	
Town's share of flood costs	600,000	-	-	-	600,000	
Unassigned	1,188,301	-	-	-	1,188,301	
Total Fund Balance	1,817,421	5,601,295	802,169	178,097	8,398,982	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,572,777	\$ 11,964,639	\$ 909,074	\$ 196,547	\$ 15,643,037	

Reconciliation of total fund balance to net assets of governmental activities:

Total fund balance shown above	8,398,982
Amounts reported for governmental activities in the statement of net assets are different because: long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds.	(9,546,086)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	4,722,301
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	40,516,673
Net Position of Governmental Activities	\$ 44,091,870

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

TOWN OF LYONS, COLORADO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General Fund	Grants	Parks, Recreation and Cultural	Other Governmental	Total Governmental Funds
Revenues					
Taxes					
General property tax	\$ 508,085	\$ -	\$ -	\$ 10,044	\$ 518,129
Specific ownership tax	28,902	-	-	-	28,902
Sales tax	865,838	-	259,152	-	1,124,990
Use tax	150,012	-	75,692	-	225,704
Other taxes and fees	21,277	-	24,175	-	45,452
Licenses and permits	101,673	-	-	-	101,673
Intergovernmental	818,721	7,980,840	-	19,077	8,818,638
Charges for services	-	-	356,317	-	356,317
Fines and forfeitures	109,695	-	-	-	109,695
Investment earnings	17,788	-	3,799	2,071	23,658
Rental income	111,682	-	-	-	111,682
Contributions and donations	4,986	37,739	800	-	43,525
Other income	267,646	1,889	600	-	270,135
 Total Revenues	 3,006,305	 8,020,468	 720,535	 31,192	 11,778,500
Expenditures					
Current					
General government	1,096,152	729,969	-	11,938	1,838,059
Public safety	450,005	1,117,144	-	-	1,567,149
Economic development	82,700	4,993	-	-	87,693
Public works	164,703	32,461	-	-	197,164
Parks, recreation and cultural	-	164,053	543,234	-	707,287
Capital outlay	-	7,070,920	9,621	-	7,080,541
 Total Expenditures	 1,793,560	 9,119,540	 552,855	 11,938	 11,477,893
Excess of revenues over (under) expenditures	1,212,745	(1,099,072)	167,680	19,254	300,607
Other financing sources (uses)					
Transfers in	-	-	-	2,500	2,500
Transfers out	(2,500)	-	-	-	(2,500)
Insurance recoveries	109	85,126	-	-	85,235
 Total other financing sources (uses)	 (2,391)	 85,126	 -	 2,500	 85,235
Change in fund balances	1,210,354	(1,013,946)	167,680	21,754	385,842
Fund balance, beginning	607,067	6,615,241	634,489	156,343	8,013,140
 Fund balance, ending	 \$ 1,817,421	 \$ 5,601,295	 \$ 802,169	 \$ 178,097	 \$ 8,398,982

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

TOWN OF LYONS, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED YEAR ENDED DECEMBER 31, 2017

Amounts reported for governmental activities in the statements of activities are different because:

Net change in fund balances, total governmental funds	\$ 385,842
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Total governmental funds capital outlay - capitalized	\$ 7,080,541
Less current period depreciation	<u>(939,160)</u>
Net amount by which capital outlay exceeded depreciation and loss on disposal of asset in the current period	6,141,381
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	283,969
Accrued compensated absences are not reported as an expenditure at the fund level.	<u>(14,995)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 6,796,197</u></u>

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

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	<u>Electric Fund</u>	<u>Water and Sanitation Fund</u>	<u>Totals</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 462,141	\$ 4,125,585	\$ 4,587,726
Restricted cash, cash equivalents	152,828	-	152,828
Accounts receivable	175,534	130,612	306,146
Inventory, at cost	83,463	44,171	127,634
Land held for sale	-	724,922	724,922
Total current assets	<u>873,966</u>	<u>5,025,290</u>	<u>5,899,256</u>
Noncurrent assets			
Capital assets not being depreciated			
Land, construction in progress and water rights	49,215	1,498,373	1,547,588
Capital assets being depreciated			
Plant and systems	3,626,679	19,559,709	23,186,388
Equipment	92,815	379,151	471,966
Plant, systems and equipment	<u>3,768,709</u>	<u>21,437,233</u>	<u>25,205,942</u>
Less accumulated depreciation	<u>(1,247,061)</u>	<u>(5,211,954)</u>	<u>(6,459,015)</u>
Capital assets, net of accumulated depreciation	<u>2,521,648</u>	<u>16,225,279</u>	<u>18,746,927</u>
Total Assets	<u>3,395,614</u>	<u>21,250,569</u>	<u>24,646,183</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 96,480	\$ 532,891	\$ 629,371
Due to other funds	101,018	1,373,082	1,474,100
Accrued liabilities	10,587	40,392	50,979
Customer deposits	10,700	2,885	13,585
Compensated absences-current	2,500	6,500	9,000
Revenue notes payable - current	21,298	789,699	810,997
Revenue bonds payable - current	80,000	-	80,000
Total current liabilities	<u>322,583</u>	<u>2,745,449</u>	<u>3,068,032</u>
Noncurrent liabilities			
Compensated absences	4,904	12,843	17,747
Notes payable	217,450	6,253,646	6,471,096
Bonds payable	505,000	-	505,000
Total noncurrent liabilities	<u>727,354</u>	<u>6,266,489</u>	<u>6,993,843</u>
Total Liabilities	<u>1,049,937</u>	<u>9,011,938</u>	<u>10,061,875</u>
<u>Net position</u>			
Net investment in capital assets	1,697,900	9,791,934	11,489,834
Restricted for debt service	152,828	234,713	387,541
Unrestricted	<u>494,949</u>	<u>2,211,984</u>	<u>2,706,933</u>
Total Net Position	<u>\$ 2,345,677</u>	<u>\$ 12,238,631</u>	<u>\$ 14,584,308</u>

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

TOWN OF LYONS, COLORADO
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	<u>Electric Fund</u>	<u>Water and Sanitation Fund</u>	<u>Totals</u>
<u>Operating revenues</u>			
Charges for services	\$ 1,551,674	\$ 1,333,796	\$ 2,885,470
Other	<u>40,897</u>	<u>93,020</u>	<u>133,917</u>
Total operating revenues	<u>1,592,571</u>	<u>1,426,816</u>	<u>3,019,387</u>
<u>Operating expenses</u>			
Operations and maintenance	1,001,571	776,353	1,777,924
Administrative	<u>255,533</u>	<u>454,330</u>	<u>709,863</u>
Depreciation and amortization	<u>107,651</u>	<u>644,194</u>	<u>751,845</u>
Total operating expenses	<u>1,364,755</u>	<u>1,874,877</u>	<u>3,239,632</u>
Operating income (loss)	<u>227,816</u>	<u>(448,061)</u>	<u>(220,245)</u>
<u>Non-operating revenues (expenses)</u>			
Investment earnings	9,892	31,148	41,040
Interest on indebtedness	<u>(47,451)</u>	<u>(124,749)</u>	<u>(172,200)</u>
Total Non-Operating Revenues (Expenses)	<u>(37,559)</u>	<u>(93,601)</u>	<u>(131,160)</u>
Income (loss) before capital contributions, and transfers	190,257	(541,662)	(351,405)
Capital contributions	<u>36,000</u>	<u>92,460</u>	<u>128,460</u>
Change in net position	226,257	(449,202)	(222,945)
Net position, beginning of year	<u>2,119,420</u>	<u>12,687,833</u>	<u>14,807,253</u>
Net position, end of year	<u>\$ 2,345,677</u>	<u>\$ 12,238,631</u>	<u>\$ 14,584,308</u>

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

TOWN OF LYONS, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Electric	Water and Sanitation Fund	Total
<u>Cash flows from operating activities</u>			
Receipts from customers and users	\$ 1,538,422	\$ 1,484,875	\$ 3,023,297
Other services	40,897	93,020	133,917
Payments to suppliers and employees	<u>(1,307,215)</u>	<u>(1,157,617)</u>	<u>(2,464,832)</u>
Net cash provided by operating activities	<u>272,104</u>	<u>420,278</u>	<u>692,382</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Interfund borrowings	273,340	(172,276)	101,064
Net cash provided by (used for) noncapital financing activities	<u>273,340</u>	<u>(172,276)</u>	<u>101,064</u>
<u>Cash flows from capital and related financing activities</u>			
Principal repayments	(100,207)	(476,307)	(576,514)
Contributions from customers	36,000	92,460	128,460
Interest paid	(47,452)	(128,234)	(175,686)
Intergovernmental capital grants	-	(63,164)	(63,164)
Purchase of fixed assets	<u>(8,568)</u>	<u>(194,581)</u>	<u>(203,149)</u>
Net cash used for capital and related financing activities	<u>(120,227)</u>	<u>(769,826)</u>	<u>(890,053)</u>
<u>Cash flows from investing activities</u>			
Acquisition of land held for sale	-	(114,923)	(114,923)
Interest earned	<u>9,892</u>	<u>31,148</u>	<u>41,040</u>
Net cash provided by investing activities	<u>9,892</u>	<u>(83,775)</u>	<u>(73,883)</u>
Net change in cash and equivalents	435,109	(605,599)	(170,490)
Cash and equivalents, beginning of year	<u>179,860</u>	<u>4,731,184</u>	<u>4,911,044</u>
Cash and equivalents, end of year	<u>\$ 614,969</u>	<u>\$ 4,125,585</u>	<u>\$ 4,740,554</u>
Operating income (loss)	\$ 227,816	\$ (448,061)	\$ (220,245)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	107,651	644,194	751,845
(Increase) decrease in inventory	(55,271)	22,232	(33,039)
Decrease (increase) in accounts receivable	(13,312)	151,079	137,767
Decrease (increase) in accounts payable	<u>5,220</u>	<u>50,834</u>	<u>56,054</u>
Total adjustments	<u>44,288</u>	<u>868,339</u>	<u>912,627</u>
Net cash provided by operating activities	<u>\$ 272,104</u>	<u>\$ 420,278</u>	<u>\$ 692,382</u>

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Town of Lyons (the “Town”) was organized on April 6, 1891 as an incorporated municipality as defined by Colorado Revised Statutes. The Town is governed by an elected Mayor and a six member Board of Trustees (Board). The Town provides the following services to the residents and businesses: public safety (police and building inspections), economic development, streets and storm drainage, sewer treatment, water, electric, cultural activities, parks and recreation, public improvements, planning and zoning, judicial, and general administrative services. Police protection is provided by an intergovernmental agreement with the Boulder County Sheriff's Office.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the financial statements include only the funds of the Town of Lyons for which the Mayor and Board of Trustees have oversight responsibility. During June, 2015, The Town Board of Trustees created the Lyons Urban Renewal Authority (LURA) and appointed several members of the Town’s management as management of the LURA. The LURA is considered a blended component unit of Town and has not prepared any separate financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activity is not reported in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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 instead as general revenues.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental 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 and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. There are no legal restrictions concerning the use of property taxes. 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales taxes, public improvement fees, grants and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Major Funds – In the fund financial statements, the Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- The *Grants Fund* is a special revenue fund created as a result of the flood that occurred September 12, 2013. This fund primarily captures grants, insurance proceeds, donations and expenses related to flood restoration.
- The *Parks, Recreation, and Cultural Fund* is a special revenue fund that accounts for the acquisition and maintenance of parkland and related facilities including the visitor center, as well as organizing and promoting special events and other community programs. Financing is provided by sales and use taxes, impact fees on new construction, activity fees, grants, donations, and other park use fees.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Town reports the following major proprietary funds:

- *Electric Fund* - This enterprise fund was established to finance and account for the activities of the municipally owned electric utility. It is predominately self-supported by customer user charges but also receives revenue from investment fees for new connections.
- *Water and Sanitation Fund* - This enterprise fund was established to finance and account for the acquisition, operation and maintenance of water facilities and wastewater facilities and distribution. It is predominately self-supported by customer user charges but also receives revenue from plant investment fees (tap fees).

The Town reports two governmental funds as non-major:

- The *Conservation Trust Fund* is used to account for monies received from the Colorado Lottery, on a per capita basis. By statute, funds can be used for the acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.
- The *Lyons Urban Renewal Authority Fund* is used to account for monies received from incremental property taxes to be used to help develop areas within the district.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Fund and Water and Sanitation Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets

Budgets are adopted on a basis consistent with Colorado Revised Statutes and Local Government Budget Law. The budgets for the Town are adopted for all funds and presented on a basis consistent with GAAP except as follows. In the budgets for the enterprise funds: 1) bond and other debt proceeds are treated as other financing sources, and bond and other debt principal payments are treated as budget expenditures, 2) tap fees for the Electric Fund, Water and Sanitation Fund are treated as budgeted revenues, 3) no depreciation or amortization is budgeted 4) capital acquisitions are treated as budget expenditures and 5) losses on disposals of equipment are not recognized as revenues for budget purposes.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

Expenditures may not legally exceed budgeted appropriations at the fund level for all funds. Appropriations for all funds lapse at fiscal year-end. The budget of the Town is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues and represents a process through which policy decisions are made, implemented and controlled. The Town approved supplemental appropriations of \$180,000 for the Parks Fund and \$406,000 for the Water and Sanitation Fund.

Legal Compliance – TABOR Amendment

Colorado voters passed an amendment to the Colorado Constitution (Article X, Section 20 or "TABOR") at the general election held on November 3, 1992. The language of TABOR applies to the State and all local governments, including the Town. TABOR has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government.

TABOR generally requires that the voters of the town approve any new tax, increase of existing tax, or property tax mill levy increase. TABOR also limits increases in the Town's property tax revenue over the prior year to the rate of inflation plus the net percentage change in the actual value of all real property in the Town from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from taxable real property, unless otherwise approved by the voters. Any revenues collected in excess of these limits are required to be refunded during the next fiscal year.

On November 8, 1994 the voters within the Town approved a ballot question which authorizes the Town to collect, retain and expend the full amount of revenues generated by the Town of Lyons without any increase in any tax rate. All remaining restrictions of TABOR remain in full force and effect.

Prior to 2013, the Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by TABOR. As a result of the 2013 flood, the Town's emergency declaration resolution authorized the use of its TABOR reserves. For financial reporting purposes the emergency declaration was still in effect at the end of the fiscal year. As a result, the Town does not have a TABOR emergency reserve at December 31, 2017.

The Town believes it is in compliance with the requirements of the amendment. In order to determine its compliance, the Town has made certain interpretations of the amendment's language.

Restricted Revenue

Restrictions are placed upon certain revenue received by the Town when legally mandated to be used for specific purposes. Currently the voters have approved a restriction for 1% of the 3.5% sales and use tax to be used for parks and recreation. The exception to this allocation is the amount of recreational marijuana sales tax which remains in the General Fund.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Revenue (Continued)

Under this formula, sales and use tax was recorded in the funds as follows:

	<u>Percentage</u>	<u>Sales Tax</u>	<u>Use Tax</u>	<u>Total</u>
General Fund	75.21%	\$ 865,838	\$ 150,012	\$ 1,015,850
Parks, Recreation and Cultural Fund	24.79%	259,152	75,692	334,844
	<u>100%</u>	<u>\$ 1,124,990</u>	<u>\$ 225,704</u>	<u>\$ 1,350,694</u>

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments – For purpose of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less, which are available for unrestricted purposes. Investments are stated at fair value.

Receivables – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2017, management believes all receivables are collectible.

Accounts receivables in the enterprise funds represent the utility billings for customer accounts. Unpaid amounts represent an enforceable lien on the property; therefore no allowance for uncollectible amounts is made.

Interfund Receivables and Payables – During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *due from other funds* and *due to other funds* because they are short-term in nature.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Inventories - Inventories are valued at cost, using the first-in, first-out (FIFO) method.

Capital Assets - Capital assets, including "public domain" infrastructure capital assets such as streets, bridges, curbs and gutters, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 for infrastructure assets and \$2,500 for all other capital assets, with an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Costs incurred for the purchase or construction of capital assets for governmental activities are recorded as capital outlay expenditures in the governmental funds. Only those infrastructure assets associated with governmental activities that were completed beginning in 2004 have been capitalized as additions.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Accumulated depreciation is reported on the government-wide financial statements.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives. Capital assets not being depreciated include land, water rights, and construction in progress.

Building and improvements	10 - 30 years
Plant and systems	20 - 40 years
Infrastructure	20 - 50 years

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. At December 31, 2017, the Town had no deferred outflows of resources. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period and reimbursable grant revenues which were earned, but were not available at December 31, 2017.

Unearned Revenues – Unearned revenues generally would include advance payments related to camping fees.

Compensated Absences – It is the policy of the Town to permit employees to accumulate a limited amount of earned but unused vacation, overtime, and sick leave benefit. Upon separation from Town service, earned but unused vacation and overtime is paid to the employee. Earned but unused sick leave is paid at one half (50%) value. Accumulated unpaid vacation pay is accrued when earned in the government-wide and proprietary fund type financial statements. A liability is reported in the governmental funds financial statements when payment is due.

Long-Term Debt – 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 governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Fund balances of the governmental funds are classified as follows:

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making body for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The Town has no committed fund balance.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property Taxes - Property taxes are levied by the Board and certified to Boulder County for collection by December 15 of each year. These taxes attach an enforceable lien on property as of January 1 of the succeeding year and are payable in full by May 2 or in two installments by February 28 and June 15 in the year of collection. The County Treasurer collects the property taxes and remits the collections to the Town on a monthly basis.

Retirement Commitments - Effective January 1, 1998, a Savings Incentive Match Plan for Employees (SIMPLE) IRA Plan was established by the Board of Trustees. Capital Guardian Trust Company administers the defined contribution plan with investments made within the American Funds Group chosen by the employee. Under this plan, participation by the employee is voluntary. If the employee chooses to participate, the Town will contribute a match of up to 3% of the employee's gross salary. A new employee is eligible to participate following successful completion of a six-month period during one of the semi-annual election periods. All amounts are 100% vested at the time of contribution. During the year ended December 31, 2017, the Town contributed \$14,165.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The Town is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of the unit.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect certain reported amounts and disclosures. The Town has recorded a receivable for approximately \$5,926,000 from the State of Colorado for the Federal and State share of costs related to the flood restoration grants. Due to the nature of the grants and the fact that these grants are new both to the Town and the State of Colorado, the amounts which will ultimately be reimbursed by the State of Colorado is an estimate which may have a significant effect on future year's financial results. The Town believes that all costs which have been accrued are allowable.

NOTE 2 - CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2017, follows:

Petty cash	\$ 1,600
Deposits	5,095,642
Investments	6,762,328
Total Cash and Investments	<u>\$ 11,859,570</u>

The above amounts are classified in the financial statements as follows:

Cash and investments	\$ 11,706,742
Restricted cash and investments	152,828
Total Cash and Investments	<u>\$ 11,859,570</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk – Deposits - In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101 et. seq., The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, the carrying amount of the Town's deposits was \$5,095,642 and the bank balance was \$5,150,159. Of this amount \$250,000 was covered by FDIC insurance. The remaining \$4,900,159 was included in the PDPA funds. The Town has \$44,078 of funds held by a credit card processor which is uninsured.

Credit Risk – Investments - Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain International agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Town does not have an investment policy that would further limit its investment choices. The Town invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are:

- Safety
- Liquidity
- Yield

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

The Town invests funds in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds (pool). The Trust was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, Colorado Revised Statutes), to allow Colorado governmental entities to pool their funds to take advantage of short-term investments and maximize net interest earnings.

The State Securities Commissioner administers and enforces all State statutes governing the pool. The pool operates similar to a money market fund and each share is equal in value to \$1.00. The pool offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury Securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of the U.S. agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of the U.S. government agencies. A designated custodial bank serves as custodian for the pool's portfolios pursuant to a custodial agreement. The custodian acts as safekeeping agent for the pool's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

The custodian's internal records segregate investments owned by the Trust.

COLOTRUST places no restrictions or limitations on withdrawals. The fund is rated AAAm by the Standard and Poor's Corporation. At December 31, 2017, the Town had invested \$6,762,328 in COLOTRUST PLUS+. COLOTRUST funds are valued at NAV rather than by level.

Interest Rate Risk - The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2017, the Town has interest rate risk related only to its investments in COLOTRUST. At December 31, 2017, COLOTRUST PLUS+ had a weighted average to final maturity of 94 days.

Custodial Credit Risk – Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the Town's investments consisted of the investment pool.

Fair Value Hierarchy. 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 assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above investment pool is not subject to the Fair Value Hierarchy.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH - RESTRICTED

The Electric Fund revenue bond agreement contains a covenant provision requiring the Town to deposit restricted cash in the amount of \$118,638 as a bond reserve account. In addition, \$34,190 was contained in a bond sub-account restricted for debt service as of December 31, 2017.

NOTE 4 INTERNAL BALANCES

During the year ended December 31, 2017 the following amounts were transferred to the LURA fund from the General fund cover additional legal costs incurred by the LURA fund.

	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General Fund	\$ -	\$ 2,500
LURA Fund	2,500	-
Totals	<u>\$ 2,500</u>	<u>\$ 2,500</u>

The following are the balances owed between funds as of December 31, 2017. The balances are generally expected to be repaid within one year.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major funds		
General Fund	\$ -	\$ 22,664
Grants Fund	1,574,467	-
Parks, Recreation, and Cultural Fund	-	76,282
Electric Fund	-	101,018
Water and Sanitation Fund	-	1,373,082
Non-Major Funds		
Conservation Trust Fund	-	2,713
Lyons Urban Renewal Fund	1,292	-
Totals	<u>\$ 1,575,759</u>	<u>\$ 1,575,759</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2017 was as follows:

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 19,707,043	\$ 1,386,749	\$ -	\$ 21,093,792
Construction in progress	<u>1,838,538</u>	<u>5,693,792</u>	<u>-</u>	<u>7,532,330</u>
Total capital assets, not depreciated	<u>21,545,581</u>	<u>7,080,541</u>	<u>-</u>	<u>28,626,122</u>
Capital assets being depreciated				
Buildings	1,622,090	-	-	1,622,090
Improvements	13,687,516	-	-	13,687,516
Equipment	<u>426,526</u>	<u>-</u>	<u>-</u>	<u>426,526</u>
Total capital assets, depreciated	<u>15,736,132</u>	<u>-</u>	<u>-</u>	<u>15,736,132</u>
Less accumulated depreciation for				
Buildings	(598,801)	(87,633)	-	(686,434)
Improvements	(2,000,156)	(812,382)	-	(2,812,538)
Equipment	<u>(307,465)</u>	<u>(39,145)</u>	<u>-</u>	<u>(346,610)</u>
Total accumulated depreciation	<u>(2,906,422)</u>	<u>(939,160)</u>	<u>-</u>	<u>(3,845,582)</u>
Total capital assets being depreciated, net	<u>12,829,710</u>	<u>(939,160)</u>	<u>-</u>	<u>11,890,550</u>
Governmental activities				
Capital assets, net	<u>\$ 34,375,291</u>	<u>\$ 6,141,381</u>	<u>\$ -</u>	<u>\$ 40,516,672</u>

The amount of depreciation charged to each governmental function on the government-wide Statement of Activities is as follows:

General government	\$ 79,903
Public works and streets	338,111
Parks, culture and recreation	521,146
Total current year depreciation	<u>\$ 939,160</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
Business-type Activities				
Capital assets, not being depreciated				
Land and water rights	\$ 1,547,588	\$ -	\$ -	\$ 1,547,588
Construction in progress	<u>108,322</u>	<u>33,917</u>	<u>(142,239)</u>	<u>-</u>
Total capital assets, not depreciated	<u>1,655,910</u>	<u>33,917</u>	<u>(142,239)</u>	<u>1,547,588</u>
Capital assets being depreciated				
Plant and systems	23,141,102	45,286	-	23,186,388
Equipment	<u>366,445</u>	<u>105,521</u>	<u>-</u>	<u>471,966</u>
Total capital assets, depreciated	<u>23,507,547</u>	<u>150,807</u>	<u>-</u>	<u>23,658,354</u>
Less accumulated depreciation for				
Plant and systems	(5,473,576)	(708,322)	-	(6,181,898)
Equipment	<u>(233,596)</u>	<u>(43,521)</u>	<u>-</u>	<u>(277,117)</u>
Total accumulated depreciation	<u>(5,707,172)</u>	<u>(751,843)</u>	<u>-</u>	<u>(6,459,015)</u>
Total capital assets being depreciated, net	<u>17,800,375</u>	<u>(601,036)</u>	<u>-</u>	<u>17,199,339</u>
Business-type activities				
Capital assets, net	<u>\$ 19,456,285</u>	<u>\$ (567,119)</u>	<u>\$ (142,239)</u>	<u>\$ 18,746,927</u>

Depreciation expense for the business-type activities totaled \$751,843 for the year ended December 31, 2017.

NOTE 6 - LONG TERM DEBT

	<u>Balance</u> <u>1/1/17</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Advance from State	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ -
Compensated absences	<u>31,091</u>	<u>54,037</u>	<u>39,042</u>	<u>46,086</u>	<u>15,000</u>
	<u>\$ 9,531,091</u>	<u>\$ 54,037</u>	<u>\$ 39,042</u>	<u>\$ 9,546,086</u>	<u>\$ 15,000</u>

Compensated absences from the governmental activities are generally liquidated by the General Fund.

During 2014, the Town received an advance from the State of Colorado to assist with cashflow issues in the amount of \$3,500,000. During 2015, the Town received an additional \$3,000,000 and an additional \$3,000,000 in 2016. The advance is to be paid with the final FEMA reimbursements. At this time, the date of those reimbursements is not known. The advance has no interest component. Also, during 2014, the Town entered into a Community Disaster Loan (CDL) with FEMA in the amount of \$994,322. The loan bears interest at a rate of 1.75%. The loan is due on December 28, 2019, unless amounts are forgiven under Section 417 of the Stafford Disaster and Relief and Emergency Assistance Act. At December 31, 2017, no amounts have been drawn on this loan.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG TERM DEBT (CONTINUED)

	Balance 1/1/17	Advances	Payments	Balance 12/31/17	Due Within One Year
Business-type activities					
2003 Elec. Rev. Bonds	\$ 665,000	\$ -	\$ 80,000	\$ 585,000	\$ 80,000
2006 Elec. Rev. Note	258,955	- -	20,207	238,748	21,298
2003 CWRPDA Loan	2,085,914	- -	234,875	1,851,039	240,467
2013 CWRPDA Loan	4,823,738	- -	241,432	4,582,306	244,232
City of Longmont	- -	610,000	- -	610,000	305,000
Compensated absences	<u>21,857</u>	<u>20,622</u>	<u>15,732</u>	<u>26,747</u>	<u>9,000</u>
	<u><u>\$ 7,855,464</u></u>	<u><u>\$ 630,622</u></u>	<u><u>\$ 592,246</u></u>	<u><u>\$ 7,893,840</u></u>	<u><u>\$ 899,997</u></u>

• *Electric Fund – Revenue Bonds Payable*

Revenue bonds in the amount of \$1,480,000 were issued October 15, 2003 for the purpose of constructing an electrical substation. The average coupon rate is 4.76% over twenty years with final payment on December 1, 2023. These bonds are payable from the revenues of the Electric Fund and do not represent a general obligation of the town.

In 2006, a revenue note was issued in the amount of \$412,000 in support of the same project. The rate on this note is 5.4% with a twenty-year term.

• *Water fund - loans payable*

A loan agreement was approved June 1, 2003 with the Colorado Water Resources and Power Development Authority through the Drinking Water Revolving Fund in the principal amount of \$4,582,306 at 3.03% interest. Payments were due on February 1 and August 1 of each year, payable from the revenues of the Water and Sanitation Fund. Final payment was originally due on August 1, 2024.

This note was refinanced by the Colorado Water Resources and Power Authority in February 2013. The refinancing provided a present value savings of approximately 4.1% as a percentage of current outstanding loan principal. These anticipated refunding credits will be reduced against the Town's principal at the time the credit is issued.

The Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority through the Drinking Water Revolving Fund, dated April 18, 2014, in the principal amount of \$5,200,000. \$3,200,000 of the loan balance bears interest at 2.00% interest while the balance or "green" portion is at 0%. Payments were due on May 1 and November 1 of each year, payable from the revenues of the Water and Sanitation Fund. Final payment is due on November 1, 2034.

The Water fund loan agreements with the Colorado Water Resources and Power Development Authority require three months operations and maintenance expenses be restricted for debt service. There is not a requirement under the agreement to hold these funds in separate cash accounts and amounts can be unrestricted equity. For purposes of the bond issue, the Water and Sanitation funds are combined. The required amount of restricted equity totals \$234,713 as of December 31, 2017.

The Water and Sanitation fund acquired property from the City of Longmont. The terms were \$315,530 were due upon closing with \$305,000 due in 2018 and \$305,000 due in 2019 bearing no interest.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG TERM DEBT (CONTINUED)

Principal and interest payments on long term debt are due as follows:

Year	Principal	Interest	Total
2018	\$ 895,997	\$ 126,562	\$ 1,022,559
2019	910,596	115,767	1,026,363
2020	620,314	100,041	720,355
2021	635,156	84,302	719,458
2022	655,719	80,704	736,423
2022-2026	2,144,987	219,955	2,364,942
2027-2031	1,413,156	89,066	1,502,222
2032-2034	<u>591,168</u>	<u>9,721</u>	<u>600,889</u>
	<u>\$ 7,867,093</u>	<u>\$ 826,118</u>	<u>\$ 8,693,211</u>

Interest expense for the year ended December 31, 2017 totaled \$172,200.

NOTE 7 - EQUITY

Net Position

As described in Note 1, net position in the Government-Wide Statement of Net Position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments. At December 31, 2017 restrictions on the governmental activities net position totaled \$5,784,986. Restrictions on the net position of the business type activities totaled \$387,541.

NOTE 8 - CASH FLOWS

The Town acquired land for its public works facility of which a portion is not needed and is considered held for sale. The land valued at \$724,922 of which \$ 610,000 was acquired with debt. The \$610,000 is treated as a non-cash acquisition in the utility funds for cash flow purposes.

NOTE 9 - LAND HELD FOR SALE

The Town acquired land in excess of its requirements necessary to complete its public works facility which was destroyed in the 2013 flood in 2017. The property acquired in excess of the Town's needs is deemed to be available for sale and considered investment property. The property was acquired for cash of \$114,922 and debt of \$610,000 payable over two years. The property is deemed to fall under level 2 in fair value hierarchy.

NOTE 10 -COMMITMENTS AND CONTINGENCIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies, as well as matching obligations from the Town. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. The Town is unable to make an estimate of costs which might be disallowed at this time but does not believe it will have a material effect on the financial statements.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 10 -COMMITMENTS AND CONTINGENCIES (Continued)

Commitments

During 2017, the Town entered into a number of agreements related to the flood reconstruction. The total remaining balances of these agreements at December 31, 2017 is approximately \$5.3 million. The Town anticipates that the majority of these costs will be paid by grant reimbursements.

NOTE 11 -FLOOD DISASTER

During September, 2013, after historic rainfall, the Town of Lyons suffered significant damage from flash flooding of tributaries of the St. Vrain River. On September 24, 2013, a Presidential Disaster Declaration was issued. The Town estimates infrastructure damage at \$60 million and damage to the parks to be \$9 million. The Town is in the process of being awarded or has been awarded a number of different grants from different state and federal agencies that will assist in rebuilding of the Town and meeting the match requirements for the Federal Emergency Management Agency (FEMA) grants. These grants will also provide for the hiring of additional temporary personnel to implement and account for the awarded projects. The Town anticipates that these grants will exceed \$69 million.

The Town recognized additional insurance proceeds of \$85,126 as an extraordinary gain for 2017. As of December 31, 2017, the Town has recognized \$4,888,603 in insurance proceeds related to the flood.

NOTE 12 -CASH FLOW CONCERNS

As more fully described in Note 11, in order to restore the Town to pre-flood levels, the Town is dependent on federal, state and local grants. The Town has experienced significant delays in the grant reimbursement process. As of May 2018, the latest information available the Town has approved grants totaling approximately \$57.4 million. Of these funds, the Town has estimates it has expended approximately \$37.0 million and has received reimbursements totaling approximately \$28.2 million. To lessen these issues, at December 31, 2017, the Town has received \$9,500,000 from the State of Colorado. Based on cash flow projections, the Town anticipates that this advance will only fund costs through December of 2019. After that period the Town believes it will have to delay restoration projects until reimbursements are received.

In addition, the Town has incurred costs since the flood of approximately \$700,000 which have been or potentially may be deemed ineligible by grantors or the Town anticipates may be denied in the future. The State has indicated that it will assist the Town by providing certain funds referred to by the State as unmet needs of \$344,000. The amounts currently indicated are estimates based on the most current information available to the Town. The final amount of disallowed costs which may be material to the Town's financial statements will not be known until the final closeout of the current outstanding grants related to flood projects. It will be necessary for the Town to use current savings and future revenues to offset any ineligible or disallowed costs.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 13-RELATED PARTY TRANSACTIONS

The spouse of a member of the Board of Trustees owns a business within the Town. As such the business uses the Town's utilities of electricity, sewer and beginning in 2017 water. The customer has not made payments since September, 2015. The customer has disputed certain charges related to the water base fee and the number of sewer taps. During 2017, the Town refunded one of the sewer taps. As of December 31, 2017, the Town has an outstanding receivable of \$43,122 or approximately 14.12% of utility receivables from this customer. No payments have been received in 2018.

NOTE 14-SUBSEQUENT EVENT

The Town began construction on phase II of BOHN Park in 2017 and awarded contracts of approximately \$2.7 million. In April of 2018, the project was halted due to potential environmental concerns which have not been resolved. The Town has incurred costs of approximately \$456,000 related to the project which has not been reimbursed and is not anticipated in being reimbursed until the concerns noted have been resolved and they are able to continue with the project.

In March of 2018 the Town provided FEMA with notice that the Community Disaster Loan (CDL) with FEMA outlined in Note 6 would no longer be requested and terminated the loan application.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LYONS, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final		
Revenues				
Taxes				
General property tax	\$ 506,824	\$ 506,824	508,085	\$ 1,261
Specific ownership tax	20,000	20,000	28,902	8,902
Sales tax	720,000	720,000	865,838	145,838
Use tax	125,000	125,000	150,012	25,012
Franchise tax	24,000	24,000	21,277	(2,723)
Licenses and permits	97,500	97,500	101,673	4,173
Intergovernmental	79,870	79,870	818,721	738,851
Fines and forfeitures	115,000	115,000	109,695	(5,305)
Investment earnings	3,130	3,130	17,788	14,658
Rental income	110,000	110,000	111,682	1,682
Contributions and donations	335,401	335,401	4,986	(330,415)
Other income	256,046	256,046	267,646	11,600
Total revenues	<u>2,392,771</u>	<u>2,392,771</u>	<u>3,006,305</u>	<u>613,534</u>
Expenditures				
Current				
General government				
Legislative council	19,000	19,000	13,071	5,929
Judicial	45,603	45,603	37,482	8,121
Administrative	297,348	297,348	248,118	49,230
Police	438,416	438,416	450,005	(11,589)
Economic development	172,977	172,977	82,700	90,277
Building inspections	48,000	48,000	47,096	904
Public works - streets	166,306	166,306	164,703	1,603
Planning	54,071	54,071	136,566	(82,495)
Health, welfare and community	132,025	132,025	94,976	37,049
Other general government	432,455	432,455	518,843	(86,388)
Contingency	<u>331,441</u>	<u>331,441</u>	<u>-</u>	<u>331,441</u>
Total expenditures	<u>2,137,642</u>	<u>2,137,642</u>	<u>1,793,560</u>	<u>344,082</u>
Excess of revenues over (under) expenditures	<u>255,129</u>	<u>255,129</u>	<u>1,212,745</u>	<u>957,616</u>
Other financing sources (uses)				
Insurance recoveries	-	-	109	109
Transfers out	-	-	(2,500)	(2,500)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,391)</u>	<u>(2,391)</u>
Net change in fund balances	<u>\$ 255,129</u>	<u>\$ 255,129</u>	<u>1,210,354</u>	<u>\$ 955,225</u>
Fund balances - beginning			<u>607,067</u>	
Fund balances - ending			<u>\$ 1,817,421</u>	

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

TOWN OF LYONS, COLORADO
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<u>Revenues</u>				
Intergovernmental	24,905,000	24,905,000	7,980,840	(16,924,160)
Contributions and donations	95,000	95,000	37,739	(57,261)
Other income	-	-	1,889	1,889
Total revenues	25,000,000	25,000,000	8,020,468	(16,979,532)
<u>Expenditures</u>				
Current				
General government	1,500,000	1,500,000	729,969	770,031
Public safety	8,278,175	8,278,175	1,117,144	7,161,031
Economic development	35,000	35,000	4,993	30,007
Public works	65,000	65,000	32,461	32,539
Parks, recreation and cultural	30,000	30,000	164,053	(134,053)
Capital outlay	15,000,000	15,000,000	7,070,920	7,929,080
Debt service				
Principal	84,611	84,611	-	84,611
Interest	7,214	7,214	-	7,214
Total expenditures	25,000,000	25,000,000	9,119,540	15,880,460
Excess of revenues over (under) expenditures	-	-	(1,099,072)	(1,099,072)
<u>Other financing sources (uses)</u>				
Insurance recoveries	-	-	85,126	85,126
Total other financing sources (uses)	-	-	85,126	85,126
Net change in fund balances	-	-	(1,013,946)	(1,013,946)
Fund balances - beginning			6,615,241	
Fund balances - ending			5,601,295	

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

TOWN OF LYONS, COLORADO
PARKS, RECREATION, AND CULTURAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Sales tax	\$ 220,000	\$ 220,000	\$ 259,152	\$ 39,152
Use tax	62,500	62,500	75,692	13,192
Home additions fees	32,500	32,500	24,175	(8,325)
Interest income	500	500	3,799	3,299
Grants, contributions and donations	167,221	167,221	800	(166,421)
Charges for services				
Camping	179,500	179,500	204,867	25,367
Other park division charges	54,950	54,950	65,549	10,599
Recreation	12,900	12,900	9,040	(3,860)
Cultural and special events	71,000	71,000	76,861	5,861
Other income	100	100	600	500
Total revenues	<u>801,171</u>	<u>801,171</u>	<u>720,535</u>	<u>(80,636)</u>
Expenditures				
Administrative	39,208	39,208	105,415	(66,207)
Allocated expenses	26,849	26,849	26,849	-
Cultural and recreation				
Special event expenditures	69,000	69,000	86,410	(17,410)
Parks				
Personnel	333,068	333,068	258,787	74,281
Operations and maintenance	110,500	110,500	55,989	54,511
Recreation	12,200	12,200	9,784	2,416
Capital improvements	21,500	201,500	9,621	191,879
Contingency	165,721	165,721	-	165,721
Total expenditures	<u>778,046</u>	<u>958,046</u>	<u>552,855</u>	<u>405,191</u>
Excess (deficiency) of revenues over (under) expenditures	23,125	(156,875)	167,680	324,555
Other financing sources (uses)				
Transfers in (out)	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balances	<u>\$ 38,125</u>	<u>\$ (141,875)</u>	<u>167,680</u>	<u>\$ 309,555</u>
Fund balance, beginning			<u>634,489</u>	
Fund balance, end			<u>\$ 802,169</u>	

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

**OTHER SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017

	Conservation Trust Fund	Urban Renewal Authority	Total
Assets			
Cash and cash equivalents	\$ 180,204	\$ 464	\$ 180,668
Accounts receivable	-	142	142
Property taxes receivable	-	14,445	14,445
Due from other funds	-	1,292	1,292
 Total Assets	 <u>\$ 180,204</u>	 <u>\$ 16,343</u>	 <u>\$ 196,547</u>
 Liabilities			
Accounts payable	\$ -	\$ 1,292	\$ 1,292
Due to other funds	<u>2,713</u>	<u>-</u>	<u>2,713</u>
 Total Liabilities	 <u>2,713</u>	 <u>1,292</u>	 <u>4,005</u>
 Deferred Inflows of Resources			
Unavailable resources property taxes	<u>-</u>	<u>14,445</u>	<u>14,445</u>
 Fund Balance			
Restricted for			
Parks, recreation and cultural	177,491	-	177,491
Assigned to			
Community development	<u>-</u>	<u>606</u>	<u>606</u>
 Total Fund Balance	 <u>177,491</u>	 <u>606</u>	 <u>178,097</u>
 Total Liabilities and Fund Balance	 <u>\$ 180,204</u>	 <u>\$ 16,343</u>	 <u>\$ 196,547</u>

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

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
YEAR ENDED DECEMBER 31, 2017

	<u>Conservation Trust Fund</u>	<u>Urban Renewal Authority</u>	<u>Total</u>
<u>Revenues</u>			
Property taxes	\$ -	\$ 10,044	\$ 10,044
Intergovernmental revenue	19,077	-	19,077
Investment earnings	<u>2,071</u>	<u>-</u>	<u>2,071</u>
Total revenues	<u>21,148</u>	<u>10,044</u>	<u>31,192</u>
<u>Expenditures</u>			
General government	-	11,938	11,938
Total expenditures	<u>-</u>	<u>11,938</u>	<u>11,938</u>
Excess (deficiency) of revenues over (under) expenditures	21,148	(1,894)	19,254
<u>Other financing sources (uses)</u>			
Transfers in	-	2,500	2,500
Net change in fund balance	21,148	606	21,754
Fund balance, beginning of year	<u>156,343</u>	<u>-</u>	<u>156,343</u>
Fund balance, end of year	<u>\$ 177,491</u>	<u>\$ 606</u>	<u>\$ 178,097</u>

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

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Conservation Trust Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Intergovernmental revenue	\$ 20,000	\$ 20,000	\$ 19,077	\$ (923)
Investment earnings	<u>200</u>	<u>200</u>	<u>2,071</u>	<u>1,871</u>
Total revenues	20,200	20,200	21,148	948
<u>Expenditures</u>				
Cultural and recreation	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	20,200	20,200	21,148	948
<u>Other financing sources (uses)</u>				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	-	<u>15,000</u>
Net change in fund balance	<u>\$ 5,200</u>	<u>\$ 5,200</u>	21,148	<u>\$ 15,948</u>
Fund balance, beginning of year			<u>156,343</u>	
Fund balance, end of year			<u>\$ 177,491</u>	

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

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Urban Renewal Authority				Variance With Final Budget
	Original Budget	Final Budget	Actual		
	\$	\$	\$	\$	
<u>Revenues</u>					
Property taxes	\$ 9,600	\$ 9,600	\$ 10,044	\$ 444	
Total revenues	9,600	9,600	10,044	444	
<u>Expenditures</u>					
General government	<u>25,000</u>	<u>25,000</u>	<u>11,938</u>	<u>13,062</u>	
Excess (deficiency) of revenues over (under) expenditures	(15,400)	(15,400)	(1,894)	13,506	
<u>Other financing sources (uses)</u>					
Transfers in	<u>15,400</u>	<u>15,400</u>	<u>2,500</u>	<u>(12,900)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>606</u>	<u>\$ 606</u>	
Fund balance, beginning of year				-	
Fund balance, end of year				<u>\$ 606</u>	

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

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Electric Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Sales	\$ 1,620,355	\$ 1,620,355	\$ 1,551,674	\$ (68,681)
Investment / tap fees	31,500	31,500	36,000	4,500
Investment earnings	2,080	2,080	9,892	7,812
Other income	3,000	3,000	40,897	37,897
Contributions	<u>165,720</u>	<u>165,720</u>	-	<u>(165,720)</u>
Total revenues	<u>1,822,655</u>	<u>1,822,655</u>	<u>1,638,463</u>	<u>(184,192)</u>
<u>Operating expenses</u>				
Electric wholesale purchases	988,007	988,007	940,079	47,928
Administrative	103,134	103,134	114,251	(11,117)
Allocated expenses	92,344	92,344	94,343	(1,999)
Personnel	48,412	48,412	46,939	1,473
Distribution and maintenance	140,200	140,200	61,492	78,708
Debt service				
Bond principal	100,207	100,207	100,207	-
Bond interest	48,222	48,222	47,451	771
Capital outlay	100,000	100,000	8,568	91,432
Contingency	<u>165,719</u>	<u>165,719</u>	-	<u>165,719</u>
Total expenses	<u>1,786,245</u>	<u>1,786,245</u>	<u>1,413,330</u>	<u>372,915</u>
Net income (loss)	<u>\$ 36,410</u>	<u>\$ 36,410</u>	225,133	<u>\$ 188,723</u>
<u>Reconciliation to change in net position</u>				
Add bond principal paid			100,207	
Add Capital outlay			8,568	
Less depreciation expense			<u>(107,651)</u>	
Change in net position			<u>\$ 226,257</u>	

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

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2017

	Water and Sanitation Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Water sales	\$ 1,374,492	\$ 1,374,492	\$ 1,319,230	\$ (55,262)
Water tap fees	182,000	182,000	92,460	(89,540)
Pipe water sales	18,000	18,000	14,566	(3,434)
Investment earnings	20,450	20,450	31,148	10,698
Miscellaneous	716,480	716,480	93,020	(623,460)
Contributions	<u>331,440</u>	<u>331,440</u>	-	<u>(331,440)</u>
Total revenues	<u>2,642,862</u>	<u>2,642,862</u>	<u>1,550,424</u>	<u>(1,092,438)</u>
<u>Expenses</u>				
Administration	268,415	268,415	325,090	(56,675)
Allocated expenses	122,853	122,853	129,240	(6,387)
Treatment services	301,550	301,550	344,785	(43,235)
Distribution salaries	170,628	170,628	112,097	58,531
Distribution maintenance	273,400	273,400	319,471	(46,071)
Capital outlay	621,000	1,027,000	33,917	993,083
Debt service				
Principal	476,307	476,307	476,307	-
Interest	128,236	128,236	124,749	3,487
Contingency	<u>331,440</u>	<u>331,440</u>	-	<u>331,440</u>
Total expenses	<u>2,693,829</u>	<u>3,099,829</u>	<u>1,865,656</u>	<u>1,234,173</u>
Net income (loss)	<u>\$ (50,967)</u>	<u>\$ (456,967)</u>	<u>(315,232)</u>	<u>\$ 141,735</u>
<u>Reconciliation to change in net position</u>				
Add bond principal paid			476,307	
Add Capital outlay			33,917	
Less depreciation expense			<u>(644,194)</u>	
Change in net position			<u>\$ (449,202)</u>	

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

**OTHER SUPPLEMENTARY INFORMATION
STATE COMPLIANCE**

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Lyons
YEAR ENDING :
December 2017

This Information From The Records Of (example - City of _ or County of _
Town of Lyons) Prepared By: Tony Cavalier
Phone:303-823-6622 ext 17

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

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	836,647
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	135,956
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	866
2. General fund appropriations	283,742	b. Snow and ice removal	15,291
3. Other local imposts (from page 2)	28,902	c. Other	12,593
4. Miscellaneous local receipts (from page 2)	11,173	d. Total (a. through c.)	28,750
5. Transfers from toll facilities		4. General administration & miscellaneous	85,793
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	138,323
a. Bonds - Original Issues		6. Total (1 through 5)	1,225,469
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	323,817	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	65,005	2. Notes:	
D. Receipts from Federal Government (from page 2)	836,647	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,225,469	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,225,469

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,225,469	1,225,469		0

Notes and Comments:

The grant revenue related to FEMA and CDBG-DR programs have been estimated on an accrual basis related to the expenditures incurred for the various flood related projects.

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado
		YEAR ENDING (mm/yy): December 2017

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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		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	28,902	g. Other Misc. Receipts	0
6. Total (1. through 5.)	28,902	h. Other County road and bridge	11,173
c. Total (a. + b.)	28,902	i. Total (a. through h.)	11,173
(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	65,005	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	627,485
b. Project Match		c. HUD CDBG-DR	209,162
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - PA Match	0	e. U.S. Corps of Engineers	
e. Other (CDOT)	0	f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	836,647
4. Total (1. + 2. + 3.f)	65,005	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		238,155	238,155
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	0	598,492	598,492
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	598,492	598,492
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	836,647	836,647
		(Carry forward to page 1)	

Notes and Comments: