

**Town of Lyons, Colorado  
Basic Financial Statements  
December 31, 2019**

Prepared by: Finance Department

## **Photos**

Cover: Looking upstream from 2nd avenue bridge

MD&A: Clarifier Project

Basic Financial Statements: Town Hall

Required Supplementary Information: Visitors Center

Other Supplementary Information - Combining and Individual Fund Statements and Schedules: Play Structure at Lavern M Johnson Park

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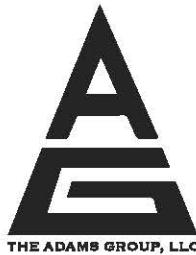
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CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2019, 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 from 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, 2019, 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

### *Change in Accounting Principles*

As described in Note 1 to the financial statements, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84 *Fiduciary Activities* and GASB Statement No. 89 *Accounting for Interest Costs Incurred Before the End of a Construction Period*. Our opinion is not modified with the implementation of these GASB statements.

### *Restatement*

As described in Note 15 to the financial statements, the Town determined that certain donated water shares had not been recorded when received during 2016. As a result beginning equity for the Water and Sanitation Fund and the Business-type Activities both increased. Our opinion is not modified with the implementation of these GASB statements.

### *Significant estimates*

As described in Note 1 to the financial statements, The Town has recorded a receivable for approximately \$9,348,000 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 are 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 13 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, 2019, the amount of costs not eligible for reimbursement is not known and this amount may increase as additional information is received from the grantor agencies.

### *Future cash flows*

As also described in Note 13 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 Town's General Fund has unrestricted equity of \$880,000 at December 31, 2019. 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 the budgetary comparison information and on pages B1 through B8, and E1 through E3, 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, the 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, 2020, 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 solely 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, 2020  
Denver, Colorado

*The Adams Group, LLC*



## Management's Discussion and 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, 2019.

## **Financial Highlights**

- The assets of the Town of Lyons exceeded its liabilities at the close of 2019 by \$71,955,384 (*net position*). Of this amount, \$4,028,432 (*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 \$8,167,179.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending fund balances of \$3,959,508.
- At the end of the current year, unrestricted, undesignated fund balance for the general fund was \$879,638, or about 35.35% 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 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 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, the water and sanitation utility, and the stormwater 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 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 Lyons urban renewal authority 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 major funds. Individual proprietary fund data is presented for the storm water utility fund as a non-major proprietary fund 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 Generally Accepted Accounting Principles (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 \$71,955,384 at the close of 2019.

## Town of Lyons Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 16,441,888	\$ 14,263,343	\$ 3,516,699	\$ 3,869,489	\$ 19,958,587	\$ 18,132,832
Capital Assets	<u>52,999,520</u>	<u>45,172,724</u>	<u>18,826,557</u>	<u>18,796,654</u>	<u>71,826,077</u>	<u>63,969,378</u>
Total Assets	<u>69,441,408</u>	<u>59,436,067</u>	<u>22,343,256</u>	<u>22,666,143</u>	<u>91,784,664</u>	<u>82,102,210</u>
Deferred Outflows of Resources-						
Asset retirement obligation	-	-	351,855	-	351,855	-
Long-term Liabilities Outstanding	9,529,098	9,530,158	5,756,377	6,086,575	15,285,475	15,616,733
Other Liabilities	2,869,385	855,942	1,283,305	1,646,596	4,152,690	2,502,538
Total Liabilities	<u>12,398,483</u>	<u>10,386,100</u>	<u>7,039,682</u>	<u>7,733,171</u>	<u>19,438,165</u>	<u>18,119,271</u>
Deferred Inflows of Resources-						
Unavailable resources of property taxes	742,970	569,094	-	-	742,970	569,094
Net Investment in Capital Assets	52,999,520	45,211,744	12,815,847	11,904,755	65,815,367	57,116,499
Restricted						
Required emergency reserve	132,518	105,846	-	-	132,518	105,846
Debt Service	-	-	325,722	387,541	325,722	387,541
Parks and Open Space	198,661	200,928	-	-	198,661	200,928
Capital outlay - Grant Expenditures	1,454,684	5,859,839	-	-	1,454,684	5,859,839
Unrestricted	<u>1,514,572</u>	<u>(2,897,484)</u>	<u>2,513,860</u>	<u>2,640,676</u>	<u>4,028,432</u>	<u>(256,808)</u>
Total Net Position	<u>\$ 56,299,955</u>	<u>\$ 48,480,873</u>	<u>\$ 15,655,429</u>	<u>\$ 14,932,972</u>	<u>\$ 71,955,384</u>	<u>\$ 63,413,845</u>

By far the largest portion of the town's net position (91.47%) reflects its investment of \$65.8 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, \$2.1 million (2.93%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$4.0 million (5.60%), 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 can report positive balances in all 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 \$8.7 million, or 15.23%, compared to 2018 increase of 10.00%. This increase is discussed below in "Capital Assets."

Governmental activities – Governmental activities increased the Town of Lyons net position by \$7,819,082. Other key elements of governmental activities are as follows:

- The grants fund created to assist with the 2013 Flood rebuilding and recovery contributed \$8.8 million in assets. Most expenditures were associated with disaster recovery. Most of those costs will be reimbursed through Federal, State, and local grants (i.e., FEMA Public Assistance, FEMA HMGP, CDBG-DR, CDPHE).
- Sales tax collection increased \$149,176 in 2019 over 2018.

- Grant revenues decreased by \$1,039,752 in 2019 over 2018. This is largely attributed to 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	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 650,728	\$ 638,681	\$ 3,312,314	\$ 3,015,842	\$ 3,963,042	\$ 3,654,523
Operating Grants and Contributions	525,081	628,078	-	-	525,081	628,078
Capital Grants and Contributions	9,193,636	5,461,709	154,397	152,450	9,348,033	5,614,159
General Revenues:						
Property Taxes	571,046	550,745	-	-	571,046	550,745
Other Taxes	1,585,861	1,483,426	-	-	1,585,861	1,483,426
Unrestricted investment earnings	77,144	58,984	207,557	101,598	284,701	160,582
Intergovernmental	93,950	93,994	-	-	93,950	93,994
Other	578,922	458,274	-	-	578,922	458,274
Total Revenues	<u>13,276,368</u>	<u>9,373,891</u>	<u>3,674,268</u>	<u>3,269,890</u>	<u>16,950,636</u>	<u>12,643,781</u>
<b>Expenses:</b>						
General Government	2,129,779	1,931,058	-	-	2,129,779	1,931,058
Public Safety	785,706	538,491	-	-	785,706	538,491
Public Works & Streets	560,179	607,089	-	-	560,179	607,089
Parks, Recreation & Culture	1,625,852	1,301,941	-	-	1,625,852	1,301,941
Interest on Long-term Debt	-	-	-	-	-	-
Electric	-	-	1,466,058	1,534,548	1,466,058	1,534,548
Water and Sanitation	-	-	2,150,102	2,144,233	2,150,102	2,144,233
Storm Water	-	-	65,781	26,953	65,781	26,953
Total Expenses	<u>5,101,516</u>	<u>4,378,579</u>	<u>3,681,941</u>	<u>3,705,734</u>	<u>8,783,457</u>	<u>8,084,313</u>
Excess (Deficiency) Before Extraordinary						
Gains and Transfers	8,174,852	4,995,312	(7,673)	(435,844)	8,167,179	4,559,468
Transfers	(355,770)	(784,508)	355,770	784,508	-	-
Extraordinary gain	-	178,199	-	-	-	178,199
Increase or Decrease in Net Position	<u>7,819,082</u>	<u>4,389,003</u>	<u>348,097</u>	<u>348,664</u>	<u>8,167,179</u>	<u>4,737,667</u>
Net Position, Beginning as restated	<u>48,480,873</u>	<u>44,091,870</u>	<u>15,307,332</u>	<u>14,584,308</u>	<u>63,788,205</u>	<u>58,676,178</u>
Net Position, Ending	<u><b>\$ 56,299,955</b></u>	<u><b>\$ 48,480,873</b></u>	<u><b>\$ 15,655,429</b></u>	<u><b>\$ 14,932,972</b></u>	<u><b>\$ 71,955,384</b></u>	<u><b>\$ 63,413,845</b></u>

**Proprietary (Business-type) activities** - Business-type activities increased the Town of Lyons net position by \$348,097 in 2019. The 2019 loss before transfers and contribution decreased by \$428,171. Increases in sewer rates, in addition to adding a BOD surcharge, increased revenues in the Water/Wastewater fund. Operating & maintenance costs dropped in the Electric fund however, the Water/Wastewater fund continued to have higher operating costs due to plant capacity and major repairs.

The Town completed the construction of a new Wastewater Treatment Facility (WWTF) at its current location. The new system is 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. The Town is contesting this balance and asking for additional compensation to get the plant in compliance.

## **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, 2019, the town's governmental funds reported combined ending fund balances of \$3,959,508, a decrease of (\$4,205,490) over the previous year. This decrease is due to recognition of expenditures which have not yet been reimbursed. The deferred inflows of resources – the unavailability of grant resources (mainly flood cost reimbursement) increased by \$4,391,732.

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 \$1,079,638, while total fund balance reached \$1,218,722. 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 43.39% of total general fund expenditures, while total fund balance represents 48.98% 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, 2019, the unrestricted net position of the Electric Fund was \$834,208; the Water and Sanitation Fund was \$2,502,658; the Stormwater Fund was \$154,841. The total increase in net position for all proprietary funds was \$348,097 due mainly to the transfer of completed assets from the governmental activities to the proprietary funds. 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 \$69,756 higher than budgeted (102.79%). The revenue that came in significantly over budget was sales taxes, \$165,688 (120%) while licenses and permits were significantly under budget, \$117,198 (50.59%). Additionally, the Town's investments outperformed expectation (236.12% of budget).

The year of 2019 continued to be highlighted by flood recovery work and permanent improvements to infrastructure in addition to navigating the federal and state regulations regarding flood related documentation, monitoring visits and reimbursements. Administrative staffing needs slowed while project staffing needs remained at a high-level. One administrative position was eliminated at the end of 2019 due to the needs being reduced. Project staffing positions have been extended through 2020.

Most of 2019 continued to be 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 following is a list of some of the contracts, services and actions taken in 2019:

- DOLA flood recovery staffing assistance grant
- Completed buyouts/acquisitions of deed restricted properties for CDBG-DR and FEMA HMGP
- Continued negotiations with Honeywell regarding Wastewater Treatment Plant cost, overruns and plant operations
- Amended municipal code to allow tiny homes as affordable housing
- Continued construction of the new public works facility and removed the temporary structure erected after the flood
- Continued construction of the Lyons Valley River Park
- Implemented a high strength waste surcharge and increased sewer rates
- Constructed water line for Apple Valley
- Construction of water and sewer line extensions into the Eastern Corridor
- Purchase/sale agreement with Think Generator for Eastern Corridor property
- Received additional funding for stormwater drainage projects through CDBG-DR and identified two (2) projects which will be designed – High Street and Red Gulch
- Added carp and minnows to the ponds to reduce algae
- Received notice from Safe Routes to School grant award for \$500,000; design of the route will include a pedestrian bridge on 4<sup>th</sup> avenue
- Remodeled the visitor center bathrooms
- Refunded the 2003 Electric Revenue Bonds to reduce interest

#### 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, 2019 amounts to \$71,826,077 (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 2019 fiscal year included the following:

- CIP 2<sup>nd</sup> Avenue bridge and road
- CIP Public works facility
- CIP Water transmission line in Apple Valley
- CIP Eastern corridor sewer line
- CIP Bohn park phase II – includes skatepark and ball fields

## Town of Lyons Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land, Water and Construction in Progress	\$ 38,996,900	\$ 30,496,717	\$ 2,109,581	\$ 1,572,331	\$ 41,106,481	\$ 32,069,048
Building and Improvements	13,825,271	14,584,513	-	-	13,825,271	14,584,513
Plant and systems	-	-	16,545,148	17,066,301	16,545,148	17,066,301
Machinery and Equipment	177,349	91,494	171,828	158,022	349,177	249,516
	<u>\$ 52,999,520</u>	<u>\$ 45,172,724</u>	<u>\$ 18,826,557</u>	<u>\$ 18,796,654</u>	<u>\$ 71,826,077</u>	<u>\$ 63,969,378</u>

**Long-Term Debt** – At the end of the current fiscal year, the Town of Lyons had debt outstanding of \$15,952,455. 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 put under contract in 2019. 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. The loan is paid in full as of December 31, 2019. The contract price for the land sale is \$851,000. 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	
	2019	2018	2019	2018	2019	2018
Advance from State	\$ 9,500,000	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
Compensated Absences	59,098	60,157	30,793	43,075	89,891	103,232
Asset retirement obligation	-	-	351,855	-	351,855	-
Notes Payable	-	-	-	305,000	-	305,000
Revenue Bonds	-	-	360,209	500,000	360,209	500,000
Revenue Loans	-	-	5,650,500	6,166,096	5,650,500	6,166,096
Total	<u>\$ 9,559,098</u>	<u>\$ 9,560,157</u>	<u>\$ 6,393,357</u>	<u>\$ 7,014,171</u>	<u>\$ 15,952,455</u>	<u>\$ 16,574,328</u>

All issues of the Town of Lyons are unrated.

## **Economic Factors and Next Year's Budgets and Rates**

In preparing the 2020 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 population increase, as well as people visiting Rocky Mountain National Park and five wedding venues in the area, have increased visitors to our businesses creating an urgent need for affordable housing for residents and lodging needs for visitors.

The Town took several measures to increase affordable housing in Lyons. First, the municipal code was revised to allow more flexibility for accessory dwelling units (ADUs) and tiny homes. Habitat for Humanity constructed six (6) affordable housing units through their program. Finally, the Town has been working with Summit Housing to build 40 units, both single family and multiplex units. The project is expected to start sometime in 2020.

The Town budgeted an increase in general fund revenues of approximately 4.04% due to increases in property taxes, new lodging fees, short-term rental licenses and fees, and new building permits. Summit Housing was budgeted to begin in 2019 however the project did not start; re-budgeted in 2020 for the single-family units only. There is an 5.00% increase budgeted in sales tax revenues due to the implementation of destination source tax collections and a 30.74% increase in property taxes. Property tax increase is due to increased values and prior year under assessed mill-levy. 2020 has the mill levy set at amount allowed under Tabor.

The State of Colorado passed House Bill 1240 in 2019 which imposed sales tax collection on out-of-state retailers shipping products to Colorado consumers. There was a grace period for compliance which ended in May of 2019. Starting in June of 2019, retail sellers are required to collect and remit sales taxes for all jurisdictions that their customers live in. In 2019, the Town realized an increase in sales taxes collected over 2018 of 12.76%.

Lavern Johnson Park continues to be a very popular destination with camping and park amenities. As Bohn Park improvements are completed, the skate park, ball fields and additional shelters should provide additional enjoyment for the community and visitors and is expected to become very popular as well.

## **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 5<sup>th</sup> Ave, Lyons, Colorado 80540.



## Basic Financial Statements

**TOWN OF LYONS, COLORADO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,977,729	\$ 2,214,991	\$ 8,192,720
Restricted cash and cash equivalents	-	78,919	78,919
Receivables	278,066	336,789	614,855
Due from other governments	9,347,742	-	9,347,742
Property tax receivable	742,970	-	742,970
Prepaid expenses	7,187	-	7,187
Inventories	-	35,000	35,000
Revolving loan funds receivable	88,194	-	88,194
Land held for sale	-	851,000	851,000
Capital assets not being depreciated			
Land, water rights and construction in progress	38,996,900	2,109,581	41,106,481
Capital assets, net of accumulated depreciation			
Buildings	845,298	-	845,298
Improvements	12,979,973	-	12,979,973
Plant and systems	-	16,545,148	16,545,148
Equipment	177,349	171,828	349,177
Total Assets	<u>69,441,408</u>	<u>22,343,256</u>	<u>91,784,664</u>
<b>Deferred Outflow of Resources</b>			
Asset retirement obligation - Wastewater			
Treatment Plant	-	351,855	351,855
Total Deferred Inflows of Resources	<u>-</u>	<u>351,855</u>	<u>351,855</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and other current liabilities	2,578,233	701,188	3,279,421
Other current liabilities	109,641	54,045	163,686
Deposits	-	22,725	22,725
Internal balances	131,635	(131,635)	-
Unearned revenues	19,876	-	19,876
Due within one year	30,000	636,982	666,982
Due in more than one year	9,529,098	5,756,377	15,285,475
Total Liabilities	<u>12,398,483</u>	<u>7,039,682</u>	<u>19,438,165</u>
<b>Deferred Inflows of Resources</b>			
Unavailable resources property taxes	742,970	-	742,970
Total Deferred Inflows of Resources	<u>742,970</u>	<u>-</u>	<u>742,970</u>
<b>Net Position</b>			
Net investment in capital assets	52,999,520	12,815,847	65,815,367
Restricted			
Required emergency reserve	132,518	-	132,518
Debt service	-	325,722	325,722
Parks and open space	198,661	-	198,661
Grant expenditures	1,454,684	-	1,454,684
Unrestricted	1,514,572	2,513,860	4,028,432
Total Net Position	<u>\$ 56,299,955</u>	<u>\$ 15,655,429</u>	<u>\$ 71,955,384</u>

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

**TOWN OF LYONS, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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	Primary Government
							Total
Governmental activities							
General government	\$ 2,129,779	\$ 68,160	\$ 379,920	\$ 2,430,275	\$ 748,576	\$ -	\$ 748,576
Public safety	785,706	159,278	93,075	2,523,749	1,990,396	-	1,990,396
Public works and streets	560,179	-	-	4,182,548	3,622,369	-	3,622,369
Parks, recreation and cultural	1,625,852	423,290	52,086	57,064	(1,093,412)	-	(1,093,412)
Total governmental activities	<u>5,101,516</u>	<u>650,728</u>	<u>525,081</u>	<u>9,193,636</u>	<u>5,267,929</u>	<u>-</u>	<u>5,267,929</u>
Business-type activities							
Electric	1,466,058	1,642,002	-	16,848	-	192,792	192,792
Water and Sanitation	2,150,102	1,552,614	-	137,549	-	(459,939)	(459,939)
Storm Sewer	65,781	117,698	-	-	-	51,917	51,917
Total business-type activities	<u>3,681,941</u>	<u>3,312,314</u>	<u>-</u>	<u>154,397</u>	<u>-</u>	<u>(215,230)</u>	<u>(215,230)</u>
Total primary government	<u>\$ 8,783,457</u>	<u>\$ 3,963,042</u>	<u>\$ 525,081</u>	<u>\$ 9,348,033</u>	<u>5,267,929</u>	<u>(215,230)</u>	<u>5,052,699</u>
		General revenues					
		Property taxes					
		571,046					
		Sales and use taxes					
		1,517,645					
		Ownership taxes					
		29,492					
		Other taxes and fees					
		38,724					
		Unrestricted investment earnings					
		77,144					
		Intergovernmental					
		93,950					
		Other income					
		578,922					
		Total general revenues					
		2,906,923					
		Transfers					
		(355,770)					
		Total general revenues and transfers					
		2,551,153					
		Change in net position					
		7,819,082					
		Net position, beginning as restated					
		48,480,873					
		Net position, ending					
		\$ 56,299,955					
		\$ 15,655,429					
		\$ 71,955,384					

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

**TOWN OF LYONS, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	Major Funds				
			Parks, Recreation, and Cultural		
	General	Grants		Other Governmental	Total Governmental
<b>Assets</b>					
Cash and cash equivalents	\$ 1,170,450	\$ 3,694,920	\$ 904,270	\$ 208,089	\$ 5,977,729
Accounts receivable	211,421	-	66,645	-	278,066
Revolving loan funds receivable	-	88,194	-	-	88,194
Due from other governments	-	9,347,742	-	-	9,347,742
Property taxes receivable	720,341	-	-	22,629	742,970
Prepaid expenses	6,566	-	621	-	7,187
Due from other funds	-	-	188,949	-	188,949
Total Assets	<u>\$ 2,108,778</u>	<u>\$ 13,130,856</u>	<u>\$ 1,160,485</u>	<u>\$ 230,718</u>	<u>\$ 16,630,837</u>
<b>Liabilities</b>					
Accounts payable	\$ 69,744	\$ 2,459,411	\$ 46,246	\$ 2,832	\$ 2,578,233
Accrued liabilities	48,641	52,433	8,572	-	109,646
Deposits	-	-	-	-	-
Due to other funds	51,330	264,308	-	4,946	320,584
Unearned revenue	-	-	19,876	-	19,876
Total Liabilities	<u>169,715</u>	<u>2,776,152</u>	<u>74,694</u>	<u>7,778</u>	<u>3,028,339</u>
<b>Deferred Inflows of Resources</b>					
Unavailable resources property taxes	720,341	-	-	22,629	742,970
Unavailable resources grants	-	8,900,020	-	-	8,900,020
Total Deferred Inflows of Resources	<u>720,341</u>	<u>8,900,020</u>	<u>-</u>	<u>22,629</u>	<u>9,642,990</u>
<b>Fund Balance</b>					
Nonspendable for					
Inventory and prepaid items	6,566	-	621	-	7,187
Restricted for					
Emergencies	132,518	-	-	-	132,518
Grant expenditures	-	1,454,684	-	-	1,454,684
Parks, recreation and cultural	-	-	-	198,661	198,661
Assigned to					
Parks, recreation and cultural	-	-	1,085,170	-	1,085,170
Community development	-	-	-	1,650	1,650
Town's share of flood costs	200,000	-	-		200,000
Unassigned	879,638	-	-		879,638
Total Fund Balance	<u>1,218,722</u>	<u>1,454,684</u>	<u>1,085,791</u>	<u>200,311</u>	<u>3,959,508</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,108,778</u>	<u>\$ 13,130,856</u>	<u>\$ 1,160,485</u>	<u>\$ 230,718</u>	<u>\$ 16,630,837</u>

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

Total fund balance shown above	3,959,508
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.	(9,559,098)
Other long-term liabilities are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	8,900,025
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	52,999,520
Net Position of Governmental Activities	<u>\$ 56,299,955</u>

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, 2019**

	General Fund	Grants	Parks, Recreation and Cultural	Other Governmental	Total Governmental Funds
<b><u>Revenues</u></b>					
Taxes					
General property tax	\$ 553,117	\$ -	\$ -	\$ 17,929	\$ 571,046
Specific ownership tax	29,492	-	-	-	29,492
Sales tax	994,258	-	324,506	-	1,318,764
Use tax	132,587	-	66,294	-	198,881
Other taxes and fees	33,288	-	5,436	-	38,724
Licenses and permits	119,987	-	-	-	119,987
Intergovernmental	110,772	5,257,753	-	23,519	5,392,044
Charges for services	13,860	-	423,290	-	437,150
Fines and forfeitures	93,591	-	-	-	93,591
Investment earnings	59,031	2,164	11,165	4,784	77,144
Rental income	111,598	-	-	-	111,598
Contributions and donations	5,360	35,492	101,915	-	142,767
Other income	316,828	-	7,728	-	324,556
Total Revenues	<u>2,573,769</u>	<u>5,295,409</u>	<u>940,334</u>	<u>46,232</u>	<u>8,855,744</u>
<b><u>Expenditures</u></b>					
Current					
General government	1,441,735	346,875	-	87,111	1,875,721
Public safety	430,056	355,651	-	-	785,707
Economic development	129,503	43,186	-	-	172,689
Public works	339,328	3,976	-	-	343,304
Parks, recreation and cultural	-	3,956	868,955	30,570	903,481
Capital outlay	147,706	8,805,764	79,817	-	9,033,287
Total Expenditures	<u>2,488,328</u>	<u>9,559,408</u>	<u>948,772</u>	<u>117,681</u>	<u>13,114,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,441</u>	<u>(4,263,999)</u>	<u>(8,438)</u>	<u>(71,449)</u>	<u>(4,258,445)</u>
<b><u>Other financing sources (uses)</u></b>					
Transfers in	-	-	187,911	69,182	257,093
Transfers out	(69,182)	(313,155)	-	-	(382,337)
Insurance recoveries	-	178,199	-	-	178,199
Total other financing sources (uses)	<u>(69,182)</u>	<u>(134,956)</u>	<u>187,911</u>	<u>69,182</u>	<u>52,955</u>
Change in fund balances	16,259	(4,398,955)	179,473	(2,267)	(4,205,490)
Fund balance, beginning	<u>1,202,463</u>	<u>5,853,639</u>	<u>906,318</u>	<u>202,578</u>	<u>8,164,998</u>
Fund balance, ending	<u>\$ 1,218,722</u>	<u>\$ 1,454,684</u>	<u>\$ 1,085,791</u>	<u>\$ 200,311</u>	<u>\$ 3,959,508</u>

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, 2019

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

Net change in fund balances, total governmental funds	\$ (4,205,490)
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	\$ 9,033,287
Less capital assets contributed to enterprise funds	(230,526)
Loss on disposal of assets	(68,231)
Less current period depreciation	<u>(907,734)</u>
Net amount by which capital outlay exceeded depreciation and loss on disposal of asset in the current period	7,826,796
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	4,196,716
Accrued compensated absences are not reported as an expenditure at the fund level.	<u>1,060</u>
Change in Net Assets of Governmental Activities	<u>\$ 7,819,082</u>

**TOWN OF LYONS, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Totals
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 709,417	\$ 1,340,772	\$ 164,802	\$ 2,214,991
Restricted cash, cash equivalents	78,919	-	-	78,919
Accounts receivable	177,596	148,572	10,621	336,789
Due from other funds	63,038	70,538	-	133,576
Inventory, at cost	35,000	-	-	35,000
Land held for sale	-	851,000	-	851,000
Total current assets	<u>1,063,970</u>	<u>2,410,882</u>	<u>175,423</u>	<u>3,650,275</u>
Noncurrent assets				
Capital assets not being depreciated				
Land, construction in progress and water rights	49,215	2,044,384	15,982	2,109,581
Capital assets being depreciated				
Plant and systems	3,788,691	19,914,917	505,843	24,209,451
Equipment	45,375	366,480	3,500	415,355
Plant, systems and equipment	3,834,066	20,281,397	509,343	24,624,806
Less accumulated depreciation	(1,406,743)	(6,249,870)	(251,217)	(7,907,830)
Capital assets, net of accumulated depreciation	<u>2,427,323</u>	<u>14,031,527</u>	<u>258,126</u>	<u>16,716,976</u>
Total noncurrent assets	<u>2,476,538</u>	<u>16,075,911</u>	<u>274,108</u>	<u>18,826,557</u>
Total Assets	<u>3,540,508</u>	<u>18,486,793</u>	<u>449,531</u>	<u>22,476,832</u>
<b>Deferred Outflows of Resources</b>				
Asset retirement obligation	-	351,855	-	351,855
Total Deferred Outflows of Resources	<u>-</u>	<u>351,855</u>	<u>-</u>	<u>351,855</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	116,696	567,402	17,090	701,188
Due to other funds	-	-	1,941	1,941
Accrued liabilities	15,307	38,394	344	54,045
Customer deposits	8,300	14,425	-	22,725
Compensated absences-current	5,000	12,000	600	17,600
Revenue notes payable - current	23,660	501,653	-	525,313
Revenue bonds payable - current	86,502	-	-	86,502
Asset retirement obligation - current	-	7,567	-	7,567
Total current liabilities	<u>255,465</u>	<u>1,141,441</u>	<u>19,975</u>	<u>1,416,881</u>
Noncurrent liabilities				
Compensated absences	5,540	7,047	607	13,194
Notes payable	171,342	4,953,845	-	5,125,187
Bonds payable	273,708	-	-	273,708
Asset retirement obligation	-	344,288	-	344,288
Total noncurrent liabilities	<u>450,590</u>	<u>5,305,180</u>	<u>607</u>	<u>5,756,377</u>
Total Liabilities	<u>706,055</u>	<u>6,446,621</u>	<u>20,582</u>	<u>7,173,258</u>
<b>Net position</b>				
Net investment in capital assets	1,921,326	10,620,413	274,108	12,815,847
Restricted for debt service	78,919	246,803	-	325,722
Unrestricted	834,208	1,524,811	154,841	2,513,860
Total Net Position	<u>\$ 2,834,453</u>	<u>\$ 12,392,027</u>	<u>\$ 428,949</u>	<u>\$ 15,655,429</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, 2019**

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Totals
<b><u>Operating revenues</u></b>				
Charges for services	\$ 1,551,595	\$ 1,527,461	\$ 117,698	\$ 3,196,754
Other	90,407	25,153	-	115,560
Total operating revenues	<u>1,642,002</u>	<u>1,552,614</u>	<u>117,698</u>	<u>3,312,314</u>
<b><u>Operating expenses</u></b>				
Operations and maintenance	1,140,033	987,211	35,163	2,162,407
Administrative	195,026	394,108	10,915	600,049
Depreciation and amortization	103,776	658,502	19,703	781,981
Total operating expenses	<u>1,438,835</u>	<u>2,039,821</u>	<u>65,781</u>	<u>3,544,437</u>
Operating income (loss)	<u>203,167</u>	<u>(487,207)</u>	<u>51,917</u>	<u>(232,123)</u>
<b><u>Non-operating revenues (expenses)</u></b>				
Investment earnings	21,365	185,303	889	207,557
Gain(Loss) on sale of capital asset	12,348	2,700	-	15,048
Bond fees	(827)	-	-	(827)
Interest on indebtedness	<u>(26,396)</u>	<u>(110,281)</u>	<u>-</u>	<u>(136,677)</u>
Total Non-Operating Revenues (Expenses)	<u>6,490</u>	<u>77,722</u>	<u>889</u>	<u>85,101</u>
Income (loss) before capital contributions, and transfers	<u>209,657</u>	<u>(409,485)</u>	<u>52,806</u>	<u>(147,022)</u>
Capital contributions	4,500	365,375	-	369,875
Transfers in(out)	<u>27,845</u>	<u>(139,011)</u>	<u>236,410</u>	<u>125,244</u>
Change in net position	<u>242,002</u>	<u>(183,121)</u>	<u>289,216</u>	<u>348,097</u>
Net position, beginning of year as restated	<u>2,592,451</u>	<u>12,575,148</u>	<u>139,733</u>	<u>15,307,332</u>
Net position, end of year	<u>\$ 2,834,453</u>	<u>\$ 12,392,027</u>	<u>\$ 428,949</u>	<u>\$ 15,655,429</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, 2019**

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Total
<b><u>Cash flows from operating activities</u></b>				
Receipts from customers and users	\$ 1,520,662	\$ 1,507,942	\$ 117,252	\$ 3,145,856
Other services	90,407	25,153	500	116,060
Payments to suppliers and employees	(1,338,823)	(1,321,041)	(26,094)	(2,685,958)
Net cash provided by operating activities	<u>272,246</u>	<u>212,054</u>	<u>91,658</u>	<u>575,958</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers from other funds	27,845	(139,011)	236,410	125,244
Interfund borrowings	<u>469,594</u>	<u>(1,207,951)</u>	<u>(234,310)</u>	<u>(972,667)</u>
Net cash provided by (used for) noncapital financing activities	<u>497,439</u>	<u>(1,346,962)</u>	<u>2,100</u>	<u>(972,667)</u>
<b><u>Cash flows from capital and related financing activities</u></b>				
Principal repayments	(609,528)	(798,148)	-	(1,407,676)
Interest paid	(28,081)	(108,565)	-	(136,647)
Tap Fees	4,500	23,115	-	27,615
Bond fees	(827)	-	-	(827)
Proceeds from debt	447,289	-	-	447,289
Sale of capital asset	12,348	2,700	-	15,048
Purchase of capital assets	(2,100)	(73,682)	(19,482)	(95,264)
Net cash used for capital and related financing activities	<u>(176,400)</u>	<u>(954,580)</u>	<u>(19,482)</u>	<u>(1,150,462)</u>
<b><u>Cash flows from investing activities</u></b>				
Interest earned	<u>21,366</u>	<u>59,226</u>	<u>889</u>	<u>81,480</u>
Net cash provided by investing activities	<u>21,366</u>	<u>59,226</u>	<u>889</u>	<u>81,480</u>
Net change in cash and equivalents	614,652	(2,030,262)	75,164	(1,340,447)
Cash and equivalents, beginning of year	<u>173,684</u>	<u>3,371,034</u>	<u>89,638</u>	<u>3,634,356</u>
Cash and equivalents, end of year	<u>\$ 788,336</u>	<u>\$ 1,340,772</u>	<u>\$ 164,802</u>	<u>\$ 2,293,910</u>
Operating income (loss)	<u>\$ 203,167</u>	<u>\$ (487,207)</u>	<u>\$ 51,917</u>	<u>\$ (232,123)</u>
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	103,776	658,502	19,703	781,981
(Increase) decrease in inventory	39,979	6,738	1,870	48,587
Decrease (increase) in accounts receivable	(29,533)	(22,403)	54	(51,882)
Decrease (increase) in prepaid expenses	-	(17,252)	-	(17,252)
(Decrease) increase in accounts payable	(45,143)	73,676	18,114	46,647
Total adjustments	<u>69,079</u>	<u>699,261</u>	<u>39,741</u>	<u>808,081</u>
Net cash provided by operating activities	<u>\$ 272,246</u>	<u>\$ 212,054</u>	<u>\$ 91,658</u>	<u>\$ 575,958</u>

The accompanying notes are an integral part of these 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.

### **Recently Issued Accounting Pronouncements**

The GASB (Governmental Accounting Standards Board) has issued Statement No. 83, “Certain Asset Retirement Obligations”. This Statement establishes accounting and financial reporting standards for recognition and measurement for asset retirement obligations (ARO), other than landfills. The statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2018. The impact to the Town’s financial statements is a recognition of an asset retirement obligation (ARO) related to the Town’s wastewater treatment facility in the amount of \$351,855.

The GASB (Governmental Accounting Standards Board) has issued Statement No. 84, “Fiduciary Activities”. This Statement establishes criteria for identifying fiduciary activities. The Statement requires activities which meet these criteria to be reported using a fiduciary fund in the basic financial statements. The Town of Lyons has two (2) fiduciary activities, Lyons Youth Baseball and Softball Association (LYBSA) and Lyons Arts and Humanities Commission (LAHC). Because of the immaterial nature of the balances managed for these two activities, \$14,112 and \$12,107 respectively, the Town continues to report the activities in the Grants Fund. This statement was effective for financial statements for reporting periods beginning after December 15, 2019. The implementation of this statement does not have any impact on the Town’s financial statements.

The GASB (Governmental Accounting Standards Board) has issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period which require the costs to be recognized as an expense in the period in which the cost is incurred when reporting in a proprietary fund. The implementation of this statement does not have any impact on the Town’s financial statements.

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

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**

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 *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 predominantly 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 predominantly self-supported by customer user charges but also receives revenue from plant investment fees (tap fees).

The Town reports two governmental funds and one proprietary fund 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.
- The *Stormwater Fund* is used to account for the acquisition and maintenance of the Town's storm drainage system. It is self-supported by customer user charges.

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, Water and Sanitation Fund, and Stormwater 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 and Water and Sanitation Fund are

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets (Continued)**

treated as budgeted revenues, 3) no depreciation or amortization is budgeted 4) capital acquisitions are treated as budget expenditures and 5) gains on disposals of equipment are not recognized as revenues for budget purposes.

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.

**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.

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	74.25%	\$ 994,258	\$ 132,587	\$ 1,126,845
Parks, Recreation and Cultural Fund	25.75%	324,506	66,294	390,800
	<u>100%</u>	<u>\$ 1,318,764</u>	<u>\$ 198,881</u>	<u>\$ 1,517,645</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, 2019, 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 \$5,000 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.

**TOWN OF LYONS, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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. Depreciation is reported on the government-wide financial statements.

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

The Town holds various artworks including photography, maps, artifacts, tools and other memorabilia in addition to monuments and statues on display at various sites around Town which are for public exhibition rather than financial gain; these works of art are not capitalized.

*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. Deferred outflows of resources include asset retirement obligations which will be consumed in a future period after December 31, 2019. 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, 2019.

*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. Premiums and discounts related to debt issuance are deferred and amortized over the life of the bonds using the straight-

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

*Asset Retirement Obligation* – The Town operates a wastewater treatment facility and has evaluated the required expense if the plant were to be decommissioned. At this time, the plant is operational and is not scheduled to be decommissioned. The liability arises from the legal obligation to provide funding if the need arises. If the plant were to be decommissioned, the liability in the government-wide and proprietary fund type financial statements is estimated to be \$351,000 as of December 31, 2019.

*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:

*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.

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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 monthly.

**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, 2019, the Town contributed \$27,992.

**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.

**TOWN OF LYONS, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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 \$9,348,000 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, 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, 2019, follows:

Petty cash	\$ 950
Deposits	5,753,514
Investments	<u>2,517,175</u>
Total Cash and Investments	<u>\$ 8,271,639</u>

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

Cash and investments	\$ 8,192,720
Restricted cash and investments	78,919
Total Cash and Investments	<u>\$ 8,271,639</u>

**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, 2019, the carrying amount of the Town's deposits was \$5,675,085 and the bank balance was \$5,816,749. Of this amount \$250,000 was covered by FDIC insurance. The remaining \$5,566,749 was included in the PDPA funds. The Town has \$78,429 of funds held by a credit card processor which is uninsured.

**TOWN OF LYONS, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*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

**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 Statues), 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, 2019, the Town had invested \$2,517,175 in COLOTRUST PLUS+. COLOTRUST funds are valued at NAV rather than by level.

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

*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, 2019, the Town has interest rate risk related only to its investments in COLOTRUST. At December 31, 2019, COLOTRUST PLUS+ had a weighted average to final maturity of 69 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, 2019, 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.

**NOTE 3 - CASH - RESTRICTED**

The Electric Fund revenue bond agreement contains a covenant provision requiring the Town to deposit restricted cash. The bonds were refunded in 2019 and the restricted cash was reduced from \$118,638 to \$44,729 as a bond reserve account. In addition, \$34,190 was contained in a bond sub-account restricted for debt service as of December 31, 2019.

**NOTE 4 - INTERNAL BALANCES**

During the year ended December 31, 2019, \$69,182 was transferred to the LURA fund from the General fund to cover additional legal costs incurred by the LURA fund. The Town transferred projects completed within the Grant fund to the various enterprise funds during 2019. The non-cash transfers included \$230,526 to the Water and Sanitation fund. Insurance proceeds were received for business interruption coverage in addition to a park property destroyed in the flood. The insurance has been held in the Grants fund. These funds were transferred to the correct fund: business interruption \$27,845 Electric fund, \$97,399 Water and Wastewater fund, \$64,756 Parks, Recreation and Culture fund. Insurance for the park property, \$123,155 Parks, Recreation and Culture fund. In addition, \$225,802 of capital assets were transferred from the Water and Sanitation Fund to the Storm Water fund in 2018 however the advance was changed to a transfer.

**TOWN OF LYONS, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERNAL BALANCES (CONTINUED)**

	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General Fund	\$ -	\$ 69,182
Grant Fund	-	313,155
LURA Fund	69,182	-
Parks, Recreation & Cultural Fund	187,911	-
Electric Fund	27,845	-
Water/Sanitation Fund	-	139,011
Stormwater Fund	<u>236,410</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 521,348</u></b>	<b><u>\$ 521,348</u></b>

The following are the balances owed between funds as of December 31, 2019. 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	\$ -	\$ 51,330
Grants Fund	-	264,308
Parks, Recreation, and Cultural Fund	188,949	-
Electric Fund	63,038	-
Water and Sanitation Fund	70,538	-
Non-Major Funds		
Storm Water Fund	-	1,941
Lyons Urban Renewal Fund	<u>-</u>	<u>4,946</u>
<b>Totals</b>	<b><u>\$ 322,525</u></b>	<b><u>\$ 322,525</u></b>

**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, 2019 was as follows:

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 20,372,660	\$ 1,073,150	\$ -	\$ 21,445,810
Construction in progress	<u>10,124,057</u>	<u>8,798,939</u>	<u>(1,371,906)</u>	<u>17,551,090</u>
Total capital assets, not depreciated	<u>30,496,717</u>	<u>9,872,089</u>	<u>(1,371,906)</u>	<u>38,996,900</u>
Capital assets being depreciated				
Buildings	1,622,090	74,048	(148,797)	1,547,341
Improvements	16,609,489	33,074	-	16,642,563
Equipment	<u>470,860</u>	<u>127,225</u>	<u>(12,541)</u>	<u>585,544</u>
Total capital assets, depreciated	<u>18,702,439</u>	<u>234,347</u>	<u>(161,338)</u>	<u>18,775,448</u>
Less accumulated depreciation for				
Buildings	(767,665)	(83,175)	148,797	(702,043)
Improvements	(2,879,401)	(783,189)	-	(3,662,590)
Equipment	<u>(379,366)</u>	<u>(41,370)</u>	<u>12,541</u>	<u>(408,195)</u>
Total accumulated depreciation	<u>(4,026,432)</u>	<u>(907,734)</u>	<u>161,338</u>	<u>(4,772,828)</u>
Total capital assets being depreciated, net	<u>14,676,007</u>	<u>(673,387)</u>	-	<u>14,002,620</u>
Governmental activities				
Capital assets, net	<u>\$ 42,172,724</u>	<u>\$ 9,198,702</u>	<u>\$ (1,371,906)</u>	<u>\$ 52,999,520</u>

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

General government	\$ 88,294
Public works and streets	226,838
Parks, culture and recreation	<u>592,602</u>
Total current year depreciation	<u>\$ 907,734</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, 2019 was as follows:

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land and water rights (restated)	\$ 1,921,948	\$ 111,734	\$ -	\$ 2,033,682
Construction in progress	<u>24,743</u>	<u>51,156</u>	<u>-</u>	<u>75,899</u>
Total capital assets, not depreciated	<u>1,946,691</u>	<u>162,890</u>	<u>-</u>	<u>2,109,581</u>
Capital assets being depreciated				
Plant and systems	23,978,926	230,526	-	24,209,452
Equipment	<u>471,966</u>	<u>44,108</u>	<u>(100,720)</u>	<u>415,354</u>
Total capital assets, depreciated	<u>24,450,892</u>	<u>274,634</u>	<u>(100,720)</u>	<u>24,624,806</u>
Less accumulated depreciation for				
Plant and systems	(6,912,625)	(751,679)	-	(7,664,304)
Equipment	<u>(313,944)</u>	<u>(30,302)</u>	<u>100,720</u>	<u>(243,526)</u>
Total accumulated depreciation	<u>(7,226,569)</u>	<u>(781,981)</u>	<u>100,720</u>	<u>(7,907,830)</u>
Total capital assets being depreciated, net	<u>17,224,323</u>	<u>(507,347)</u>	<u>-</u>	<u>16,716,976</u>
Business-type activities				
Capital assets, net	<u>\$ 19,171,014</u>	<u>\$ (344,457)</u>	<u>\$ -</u>	<u>\$ 18,826,557</u>

Depreciation expense for the business-type activities totaled \$781,981 for the year ended December 31, 2019.

**NOTE 6 - LONG TERM DEBT**

	Balance 1/1/19	Advances	Payments	Balance 12/31/19	Due Within One Year
<b>Governmental activities</b>					
Advance from State	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ -
Compensated absences	<u>60,157</u>	<u>45,133</u>	<u>46,192</u>	<u>59,098</u>	<u>30,000</u>
	<u>\$ 9,560,157</u>	<u>\$ 45,133</u>	<u>\$ 46,192</u>	<u>\$ 9,559,098</u>	<u>\$ 30,000</u>

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

**TOWN OF LYONS, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG TERM DEBT (CONTINUED)**

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.

	Balance 1/1/19	Advances	Payments	Balance 12/31/19	Due Within One Year
<b>Business-type activities</b>					
2003 Elec Rev Bonds	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ -
2019 Elec Rev Ref Bonds	-	447,290	87,080	360,210	86,502
2006 Elec Rev Note	217,450	-	22,448	195,002	23,660
2003 CWRPDA Loan	1,610,572	-	246,060	1,364,512	251,652
2013 CWRPDA Loan	4,338,074	-	247,088	4,090,986	250,001
City of Longmont	305,000	-	305,000	-	-
Compensated absences	43,075	20,808	33,089	30,794	17,600
Asset retirement obligation	-	351,855	-	351,855	7,567
	<u>\$ 7,014,171</u>	<u>\$ 819,953</u>	<u>\$ 1,440,765</u>	<u>\$ 6,393,359</u>	<u>\$ 636,982</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 pledged by and payable from the revenues of the Electric Fund and do not represent a general obligation of the town. The bonds were refunded in 2019.

Revenue refunding bonds were issued in March 2019 (the 2019 Bonds) and refunded the 2003 electric revenue bonds in the amount of \$447,289. The average coupon rate is 2.87% over five years with the final payment on December 1, 2023. The 2019 Bonds may be redeemed without premium upon 30 days' notice by the Town. The 2019 Bonds are secured by pledged revenues consisting of gross revenues after deducting operating and maintenance expenses and by amounts in the reserve account. The 2019 Bonds were issued as a direct placement.

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 (CWRPDA) (the 2003 loan) 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. Revenues are pledged.

**TOWN OF LYONS, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG TERM DEBT (CONTINUED)**

This note was refinanced by the CWRPDA 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 2003 loan matures on August 1, 2024.

The Town entered into a loan agreement with the CWRDPA through the Drinking Water Revolving Fund, dated April 18, 2014 (the 2013 loan), 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. Capital improvements are pledged.

The Water fund loan agreements with the CWRPDA require three months operations and maintenance expenses be restricted for debt service. For purposes of the bond issue, the Water and Sanitation funds are combined. The required amount of restricted equity totals \$246,803 as of December 31, 2019.

At December 31, 2019, the Town was not in compliance with the required debt service covenants regarding adequate rates on either note.

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

Year	Principal	Interest	Total
2020	\$ 611,816	\$ 128,656	\$ 740,472
2021	624,153	115,422	739,575
2022	642,020	95,339	737,959
2023	665,417	68,478	733,895
2024	593,435	47,144	640,579
2025-2029	1,424,069	146,534	1,570,603
2030-2034	<u>1,449,799</u>	<u>52,422</u>	<u>1,502,221</u>
	<u><u>\$ 6,010,709</u></u>	<u><u>\$ 653,995</u></u>	<u><u>\$ 6,664,704</u></u>

Interest expense for the year ended December 31, 2019 totaled \$136,677.

**NOTE 7 - ASSET RETIREMENT OBLIGATION**

The Town is recognized an Asset Retirement Obligation (ARO) related to the wastewater treatment plant. The State of Colorado Department of Public Health and Environment requires certain mediation efforts be used if the plant were to be decommissioned. The Town Engineer has developed a decommissioning plan with estimated costs of \$351,855. The plant was put into service in 2016 with an estimated useful life of fifty (50) years. If the plant were to be decommissioned, the funds to retire the asset would be available from reserves.

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 8 - 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, 2019 restrictions on the governmental activities net position totaled \$1,785,863. Restrictions on the net position of the business type activities totaled \$677,577.

**NOTE 9 - RELATED PARTY**

After the 2013 Flood, the Town implemented a business recovery program as part of the Grants fund which provides revolving loans to business. Even after the initial recovery from the flood, the Town has continued to apply for and receive funds to perpetuate the program. An eligibility committee of community members determines eligibility of an applicant to receive loans through this program. In 2017, the spouse of a board member received a \$20,000 loan from the fund by applying through the normal programmatic process.

**NOTE 10 -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. In 2019, a contract was signed to sell the property for \$851,000. The sale did not occur in 2019, however the asset was adjusted to the fair market value of \$851,000; a gain of \$126,077.

**NOTE 11 -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.

The Town constructed a new waste-water treatment plant which was completed in 2016. The plant is currently operating at 135% of capacity with limited growth since its completion. It is currently working with contractors responsible for the construction of the plant to resolve the capacity related issues. One of the options might be an expansion of the plant. Both Honeywell and the Town are seeking additional compensation.

TOWN OF LYONS, COLORADO  
NOTES TO FINANCIAL STATEMENTS

**NOTE 11 -COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Commitments**

During 2018, the Town entered several agreements related to the flood reconstruction. The total remaining balances of these agreements at December 31, 2019 is approximately \$12.8 million. The Town anticipates that most of these costs will be paid by grant reimbursements.

**NOTE 12 -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 \$68.5 million.

The Town recognized additional insurance proceeds of \$178,199 as an extraordinary gain for 2018. As of December 31, 2019, the Town has recognized \$5,067,781 in insurance proceeds related to the flood.

**NOTE 13 -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 2019, the latest information available the Town has approved grants totaling approximately \$68.5 million. Of these funds, the Town has estimated it has expended approximately \$55.6 million and has received reimbursements totaling approximately \$49.2 million. To lessen these issues, the Town has received an advance totaling \$9.5 million from the State of Colorado over a three (3) year period from 2014 to 2016. A repayment plan has not yet been established.

In addition, the Town has incurred certain costs 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. In addition, the Town transferred funds from the General fund to the Grant fund to cover costs which have been disallowed. 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 14- SUBSEQUENT EVENT**

Subsequent to year-end, the United States of America and the State of Colorado declared emergencies related to the Coronavirus Pandemic also known as COVID-19. The Town has been economically impacted with temporary closures to facilities, including Lavern Johnson Park, Bohn Park, and Town Hall. The full economic effect of the Coronavirus Pandemic has yet to be determined and is being monitored closely by management.

**NOTE 15- PRIOR PERIOD ADJUSTMENT - RESTATEMENT**

In 2016, the Town received 14 shares of Colorado Big Thompson (CBT) water rights which were donated to the Town by developers. The shares are recorded by Northern Colorado Water who issues a temporary use permit in the year of the transfer with permanent status the following year. The Town recognizes the water rights as an asset when notification of permanent status is received. These water rights were inadvertently omitted from the Capital assets not being depreciated, land, construction in progress and water rights in the Water/Sanitation fund in 2017. Historical valuation of the water rights establishes a fair market value at time of donation of the shares to be \$374,360. This correction increases Capital assets not being depreciated, land, construction in progress and water rights in the Statement of Net Position Proprietary Funds in the Water/Sanitation fund by \$374,360 and increases beginning net position by the same amount.



## 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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final		
<b>Revenues</b>				
Taxes				
General property tax	\$ 551,000	\$ 551,000	\$ 553,117	\$ 2,117
Specific ownership tax	24,000	24,000	29,492	5,492
Sales tax	828,570	828,570	994,258	165,688
Use tax	150,000	150,000	132,587	(17,413)
Franchise tax	20,000	20,000	19,270	(730)
Lodging tax	23,322	23,322	14,018	(9,304)
Licenses and permits	237,185	237,185	119,987	(117,198)
Intergovernmental	146,000	146,000	110,772	(35,228)
Charges for services	16,500	16,500	13,860	(2,640)
Fines and forfeitures	138,100	138,100	93,591	(44,509)
Investment earnings	25,000	25,000	59,031	34,031
Rental income	110,000	110,000	111,598	1,598
Contributions and donations	-	-	5,360	5,360
Other income	234,336	234,336	316,828	82,492
Total revenues	<u>2,504,013</u>	<u>2,504,013</u>	<u>2,573,769</u>	<u>69,756</u>
<b>Expenditures</b>				
Current				
General government				
Administrative	327,077	327,077	356,940	(29,863)
Legislative council	30,459	30,459	24,997	5,462
Judicial	42,897	42,897	39,533	3,364
Planning	225,556	225,556	233,872	(8,316)
Health, welfare and community	213,365	213,365	227,058	(13,693)
Economic development	139,176	139,176	129,503	9,673
Building inspections	139,230	139,230	25,778	113,452
Police	438,990	438,990	430,056	8,934
Public works - streets	377,273	377,273	339,328	37,945
Other general government	488,954	488,954	533,557	(44,603)
Capital outlay	186,500	186,500	147,706	38,794
Total expenditures	<u>2,609,477</u>	<u>2,609,477</u>	<u>2,488,328</u>	<u>151,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,464)</u>	<u>(105,464)</u>	<u>85,441</u>	<u>190,905</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(10,555)</u>	<u>(10,555)</u>	<u>(69,182)</u>	<u>(58,627)</u>
Total other financing sources (uses)	<u>(10,555)</u>	<u>(10,555)</u>	<u>(69,182)</u>	<u>(58,627)</u>
Net change in fund balances	<u>\$ (116,019)</u>	<u>\$ (116,019)</u>	<u>16,259</u>	<u>\$ 132,278</u>
Fund balances - beginning			<u>1,202,463</u>	
Fund balances - ending			<u>\$ 1,218,722</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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final
	Original	Final		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 15,401,000	\$ 15,401,000	\$ 5,257,753	\$ (10,143,247)
Contributions and donations	104,000	104,000	35,492	(68,508)
Investment interest	-	-	2,164	2,164
Other income	-	-	-	-
Total revenues	<u>15,505,000</u>	<u>15,505,000</u>	<u>5,295,409</u>	<u>(10,209,591)</u>
<b><u>Expenditures</u></b>				
Current				
General government	563,000	563,000	346,875	216,125
Public safety	124,100	124,100	355,651	(231,551)
Economic development	70,000	70,000	43,186	26,814
Public works	6,500	6,500	3,976	2,524
Parks, recreation and cultural	6,400	6,400	3,956	2,444
Capital outlay	<u>14,735,000</u>	<u>14,735,000</u>	<u>8,805,764</u>	<u>5,929,236</u>
Total expenditures	<u>15,505,000</u>	<u>15,505,000</u>	<u>9,559,408</u>	<u>5,945,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(4,263,999)</u>	<u>(4,263,999)</u>
<b><u>Other financing sources (uses)</u></b>				
Insurance recoveries	-	-	178,199	178,199
Transfers (out)	-	-	(313,155)	(313,155)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(134,956)</u>	<u>(134,956)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(4,398,955)</u>	<u>\$ (4,398,955)</u>
Fund balances - beginning			<u>5,853,639</u>	
Fund balances - ending			<u>\$ 1,454,684</u>	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax	\$ 331,430	\$ 331,430	\$ 324,506	\$ (6,924)
Use tax	65,000	65,000	66,294	1,294
Home additions fees	49,374	49,374	5,436	(43,938)
Interest income	5,000	5,000	11,165	6,165
Grants, contributions and donations	750	750	101,915	101,165
Charges for services				
Camping	188,185	188,185	198,510	10,325
Other park division charges	98,500	98,500	100,061	1,561
Recreation	8,400	8,400	10,202	1,802
Cultural and special events	130,065	130,065	114,517	(15,548)
Other income	-	-	7,728	7,728
Total revenues	<u>876,704</u>	<u>876,704</u>	<u>940,334</u>	<u>63,630</u>
<b>Expenditures</b>				
Administrative	224,275	224,275	221,629	2,646
Allocated expenses	106,709	106,709	106,709	-
Cultural and recreation				
Special event expenditures	134,815	134,815	93,593	41,222
Other culture and recreation expenditures	5,000	5,000	2,050	2,950
Parks				
Personnel	202,557	202,557	207,510	(4,953)
Operations and maintenance	198,054	198,054	225,423	(27,369)
Recreation	12,500	12,500	12,041	459
Capital improvements	70,748	70,748	79,817	(9,069)
Total expenditures	<u>954,658</u>	<u>954,658</u>	<u>948,772</u>	<u>5,886</u>
Excess (deficiency) of revenues over (under) expenditures	(77,954)	(77,954)	(8,438)	69,516
<b>Other financing sources (uses)</b>				
Transfers in (out)	<u>15,000</u>	<u>15,000</u>	<u>187,911</u>	<u>172,911</u>
Net change in fund balances	<u>\$ (62,954)</u>	<u>\$ (62,954)</u>	<u>179,473</u>	<u>\$ 242,427</u>
Fund balance, beginning			<u>906,318</u>	
Fund balance, end			<u>\$ 1,085,791</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**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2019**

	Conservation Trust Fund	Lyons Urban Renewal Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 198,661	\$ 9,428	\$ 208,089
Property taxes receivable	-	22,629	22,629
<b>Total Assets</b>	<b><u>\$ 198,661</u></b>	<b><u>\$ 32,057</u></b>	<b><u>\$ 230,718</u></b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 2,832	\$ 2,832
Due to other funds	-	4,946	4,946
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>7,778</u></b>	<b><u>7,778</u></b>
<b>Deferred Inflows of Resources</b>			
Unavailable resources property taxes	-	22,629	22,629
<b>Fund Balance</b>			
<b>Restricted for</b>			
Parks, recreation and cultural	198,661	-	198,661
<b>Assigned to</b>			
Community development	-	1,650	1,650
<b>Total Fund Balance</b>	<b><u>198,661</u></b>	<b><u>1,650</u></b>	<b><u>200,311</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 198,661</u></b>	<b><u>\$ 32,057</u></b>	<b><u>\$ 230,718</u></b>

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

TOWN OF LYONS, COLORADO  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2019

	Conservation Trust Fund	Lyons Urban Renewal Authority	Total
<b>Revenues</b>			
Property taxes	\$ -	\$ 17,929	\$ 17,929
Intergovernmental revenue	23,519	-	23,519
Investment earnings	4,784	-	4,784
<b>Total revenues</b>	<b>28,303</b>	<b>17,929</b>	<b>46,232</b>
<b>Expenditures</b>			
General government	-	87,111	87,111
Cultural and recreation	30,570	-	30,570
<b>Total expenditures</b>	<b>30,570</b>	<b>87,111</b>	<b>117,681</b>
Excess (deficiency) of revenues over (under) expenditures	(2,267)	(69,182)	(71,449)
<b>Other financing sources (uses)</b>			
Transfers in	-	69,182	69,182
Net change in fund balance	(2,267)	-	(2,267)
Fund balance, beginning of year	200,928	1,650	202,578
<b>Fund balance, end of year</b>	<b>\$ 198,661</b>	<b>\$ 1,650</b>	<b>\$ 200,311</b>

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, 2019

	Conservation Trust Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Intergovernmental revenue	\$ 20,000	\$ 20,000	\$ 23,519	\$ 3,519
Investment earnings	2,000	2,000	4,784	2,784
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>28,303</u>	<u>6,303</u>
<u>Expenditures</u>				
Cultural and recreation	-	<u>30,570</u>	<u>30,570</u>	-
Excess (deficiency) of revenues over (under) expenditures	22,000	(8,570)	(2,267)	6,303
<u>Other financing sources (uses)</u>				
Transfers out	<u>(15,000)</u>	-	-	-
Net change in fund balance	<u>\$ 7,000</u>	<u>\$ (8,570)</u>	(2,267)	<u>\$ 6,303</u>
Fund balance, beginning of year			<u>200,928</u>	
Fund balance, end of year			<u>\$ 198,661</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, 2019

	Lyons Urban Renewal Authority			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property taxes	\$ 18,076	\$ 18,076	\$ 17,929	\$ (147)
Total revenues	<u>18,076</u>	<u>18,076</u>	<u>17,929</u>	<u>(147)</u>
<b>Expenditures</b>				
General government	<u>28,631</u>	<u>105,589</u>	<u>87,111</u>	<u>18,478</u>
Excess (deficiency) of revenues over (under) expenditures	(10,555)	(87,513)	(69,182)	18,331
<b>Other financing sources (uses)</b>				
Transfers in	<u>10,555</u>	<u>87,513</u>	<u>69,182</u>	<u>\$ (18,331)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>1,650</u>	
Fund balance, end of year			<u>\$ 1,650</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, 2019

	Electric Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Sales	\$ 1,710,655	\$ 1,710,655	\$ 1,551,595	\$ (159,060)
Investment / tap fees	-	-	4,500	4,500
Investment earnings	15,000	15,000	21,365	6,365
Other income	80,000	80,000	90,407	10,407
Debt proceeds	-	447,289	447,289	0
Transfers in	-	-	27,845	27,845
Total revenues	<u>1,805,655</u>	<u>2,252,944</u>	<u>2,143,001</u>	<u>(109,943)</u>
<b>Operating expenses</b>				
Electric wholesale purchases	1,004,000	1,004,000	940,119	63,881
Administrative	153,857	153,857	152,608	1,249
Allocated expenses	43,718	43,718	42,418	1,300
Personnel	65,745	65,745	41,164	24,581
Distribution and maintenance	111,250	111,250	158,750	(47,500)
Debt service				
Bond principal	112,448	608,836	609,528	(692)
Bond interest	38,142	27,223	27,223	-
Capital outlay	250,000	-	-	-
Total expenses	<u>1,779,160</u>	<u>2,014,629</u>	<u>1,971,810</u>	<u>42,819</u>
Net income (loss)	<u>\$ 26,495</u>	<u>\$ 238,315</u>	<u>171,192</u>	<u>\$ (67,123)</u>
<b>Reconciliation to change in net position</b>				
Add bond principal paid			609,528	
Less depreciation expense			(103,776)	
Gain on asset disposal			12,348	
Less bond proceeds			<u>(447,289)</u>	
Change in net position			<u>\$ 242,002</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, 2019

	Water and Sanitation Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Water sales	\$ 1,608,300	\$ 1,608,300	\$ 1,516,486	\$ (91,814)
Water tap fees	-	-	23,115	23,115
Pipe water sales	13,000	13,000	10,975	(2,025)
Investment earnings	59,000	59,000	188,003	129,003
Miscellaneous	17,200	17,200	25,153	7,953
Transfers in	45,784	45,784	97,399	51,615
Total revenues	<u>1,743,284</u>	<u>1,743,284</u>	<u>1,861,131</u>	<u>117,847</u>
<u>Expenses</u>				
Administration	342,147	342,147	308,899	33,248
Allocated expenses	90,779	90,779	85,209	5,570
Treatment services	596,800	596,800	698,606	(101,806)
Distribution salaries	91,224	91,224	56,546	34,678
Distribution maintenance	176,345	176,345	232,059	(55,714)
Capital outlay	560,999	560,999	38,508	522,491
Debt service				
Principal	493,148	493,148	493,148	0
Interest	117,578	117,578	110,281	7,297
Transfers out	-	-	236,410	(236,410)
Total expenses	<u>2,469,020</u>	<u>2,469,020</u>	<u>2,259,666</u>	<u>209,354</u>
Net income (loss)	<u>\$ (725,736)</u>	<u>\$ (725,736)</u>	<u>(398,535)</u>	<u>\$ 327,201</u>
<u>Reconciliation to change in net position</u>				
Donated assets			342,260	
Add bond principal paid			493,148	
Add Capital outlay			38,508	
Less depreciation expense			<u>(658,502)</u>	
Change in net position			<u>\$ (183,121)</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 FUND BALANCES - BUDGET TO ACTUAL  
DECEMBER 31, 2019

	Stormwater Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>				
Service fees	\$ 118,750	\$ 118,750	\$ 117,698	\$ (1,052)
Investment earnings	-	-	889	889
Transfer in	-	-	236,410	236,410
Total revenues	<u>118,750</u>	<u>118,750</u>	<u>354,997</u>	<u>236,247</u>
<u>Expenses</u>				
Administration	12,988	12,988	10,915	2,073
Distribution salaries	10,727	10,727	8,252	2,475
Distribution maintenance	91,300	91,300	26,911	64,389
Capital outlay	3,500	3,500	3,500	-
Total expenses	<u>118,515</u>	<u>118,515</u>	<u>49,578</u>	<u>68,937</u>
Net income (loss)	<u>\$ 235</u>	<u>\$ 235</u>	305,419	<u>\$ 305,184</u>
<u>Reconciliation to change in net position</u>				
Capital outlay			3,500	
Less depreciation expense			<u>(19,703)</u>	
Change in net position			<u>\$ 289,216</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.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Town of Lyons		
		YEAR ENDING : December 2019		
This Information From The Records Of (example - City of _ or County of _) Town of Lyons		Prepared By: Jill Johnson, CPA Phone: 303-823-6622		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>				
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				
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>		
ITEM	AMOUNT	ITEM	AMOUNT	
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>		
1. Local highway-user taxes		1. Capital outlay (from page 2)	165,823	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	284,255	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	8,657	
2. General fund appropriations	461,170	b. Snow and ice removal	31,725	
3. Other local imposts (from page 2)	29,492	c. Other	14,692	
4. Miscellaneous local receipts (from page 2)	12,057	d. Total (a. through c.)	55,074	
5. Transfers from toll facilities		4. General administration & miscellaneous	110,622	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	130,075	
a. Bonds - Original Issues		6. Total (1 through 5)	745,849	
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	0	a. Interest		
7. Total (1 through 6)	502,719	b. Redemption		
<b>B. Private Contributions</b>		c. Total (a. + b.)	0	
<b>C. Receipts from State government</b> (from page 2)	77,307	2. Notes:		
<b>D. Receipts from Federal Government</b> (from page 2)	165,823	a. Interest		
<b>E. Total receipts (A.7 + B + C + D)</b>	745,849	b. Redemption		
		c. Total (a. + b.)	0	
		3. Total (1.c + 2.c)	0	
		<b>C. Payments to State for highways</b>		
		<b>D. Payments to toll facilities</b>		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	745,849	
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
	0	745,849	745,849	0
				0
<b>Notes and Comments:</b> 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.				

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado
		YEAR ENDING (mm/yy): December 2019

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		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	29,492	g. Other Misc. Receipts	
6. Total (1. through 5.)	29,492	h. Other	12,057
c. Total (a. + b.)	29,492	i. Total (a. through h.)	12,057
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	77,307	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	98,684
b. Project Match		c. HUD	67,139
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	165,823
4. Total (1. + 2. + 3.f)	77,307	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			162,141
c. Construction:			162,141
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			3,683
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,683	3,683
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	165,823	165,823
		(Carry forward to page 1)	

### Notes and Comments: