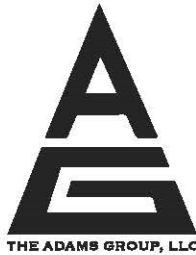


TOWN OF LYONS, COLORADO
FEDERAL AWARDS REPORT IN ACCORDANCE
WITH THE UNIFORM GUIDANCE

December 31, 2020

Table of Contents

	Page(s)
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 – 2
Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3 – 5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 – 9
Summary Schedule of Prior Audit Findings	9



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Town of Lyons, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, Colorado (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 13, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

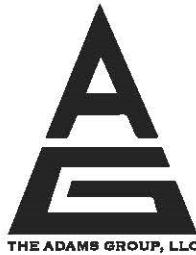
Purpose of this Report

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

The Adams Group, LLC

Denver, Colorado

August 13, 2021



CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Town of Lyons, Colorado

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated August 13, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Adams Group, LLC

Denver, Colorado
August 13, 2021

TOWN OF LYONS, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Homeland Security			
Passed through Colorado Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4145	\$ 1,001,011
Total U.S. Department of Homeland Security			<u>1,001,011</u>
U.S. Department of Commerce			
Direct programs Investments for Public Works and Economic Development Facilities	11.300	LY 05-01005734	<u>231,757</u>
Total U.S. Department of Commerce			<u>231,757</u>
U.S. Department of Housing and Urban Development			
Passed through the Boulder County Collaborative Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR) Hurricane Sandy Community Development Block Grants - Disaster Recovery Grants (CDBG-DR)	14.269	B-13-DS-08-001 INF-00010 B-13-DS-08-001 INF-00021 B-13-DS-08-001 INF-00023 B-13-DS-08-001 INF-00052 B-13-DS-08-001 INF-00054 B-13-DS-08-001 INF-00055 B-13-DS-08-001 INF-00065 B-13-DS-08-001 INF-00066 B-13-DS-08-001 INF-00068	3,171 313,675 7,752 5,418 1,327,548 267,595 60,200 514,080 <u>512,999</u>
Total U.S. Department of Housing and Urban Development			<u>3,012,437</u>
U.S. Treasury			
Passed through the Colorado Department of Local Affairs Coronavirus Relief Fund	21.019		<u>285,097</u>
Total U.S. Department of Commerce			<u>285,097</u>
U.S. Department of Agriculture			
Direct Programs Rural Business Development	10.351		<u>5,000</u>
Total U.S. Department of Agriculture			<u>5,000</u>
Total Federal Financial Assistance			<u>\$ 4,535,302</u>

TOWN OF LYONS, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Lyons, Colorado government (the Town). All federal financial assistance received by the Town directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule.

NOTE B – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of The Town of Lyons, Colorado, it is not intended to and does not present the financial position or changes in net assets, of the Town of Lyons, Colorado.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. See Note 1 of the financial statements for summary of significant accounting policies.

The Town has not elected to use the ten percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SIGNIFICANT ESTIMATE

As discussed in Note 1 to the financial statements, the allowability of federal grant expenditures is a significant estimate. Due to the nature of the grants and the fact that these grants are relatively new both to the Town and the State of Colorado, the amounts which will ultimately be reimbursed by the State of Colorado is an estimate which may have a significant effect on future year's financial results. The Town believes that all costs which have been reported on this schedule are allowable.

TOWN OF LYONS, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *unmodified opinion*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency(ies) identified? _____ Yes No

Noncompliance material to financial statements noted?

_____ Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes No
- Significant deficiency _____ Yes No

Type of auditor's report issued on compliance for major programs:

unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes No

Identification of major programs:

CFDA Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? Yes No

TOWN OF LYONS, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III Findings – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV Findings – Prior Year Findings

There are no prior year findings or questioned costs that are required to be reported.