

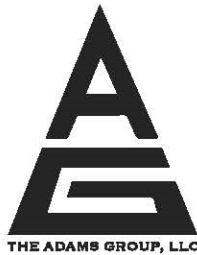
**Town of Lyons, Colorado
Basic Financial Statements
December 31, 2021**

Prepared by: Finance Department



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Lyons, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, Colorado (the Town) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, Colorado, as of December 31, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and local highway finance report are presented for purposes of additional analysis and are 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, local highway finance report, and the schedule of expenditure of federal awards 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 August 9, 2022, on our consideration of the Town'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 the effectiveness of the Town's 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's internal control over financial reporting and compliance.

The Adams Group, LLC

Denver, Colorado
August 9, 2022



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, 2021.

Financial Highlights

- The assets and deferred outflows of revenues of the Town of Lyons exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$79,919,705 (*net position*). Of this amount, \$2,763,963 (*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 \$4,408,179.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending fund balances of \$5,296,410.
- At the end of the current year, the unassigned fund balance for the general fund was \$1,123,910, or about 41.65% 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 a private-sector business.

The statement of net position presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 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 stormwater 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,919,705 at the close of 2021.

Town of Lyons Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,807,579	\$ 14,328,973	\$ 3,903,510	\$ 3,526,832	\$ 15,711,089	\$ 17,855,805
Capital Assets	<u>52,975,411</u>	<u>54,616,981</u>	<u>25,211,907</u>	<u>20,765,595</u>	<u>78,187,318</u>	<u>75,382,576</u>
Total Assets	<u>64,782,990</u>	<u>68,945,954</u>	<u>29,115,417</u>	<u>24,292,427</u>	<u>93,898,407</u>	<u>93,238,381</u>
Long-term Liabilities Outstanding	6,456,727	9,573,288	4,807,906	5,437,490	11,264,633	15,010,778
Other Liabilities	<u>1,104,250</u>	<u>1,095,846</u>	<u>775,627</u>	<u>824,711</u>	<u>1,879,877</u>	<u>1,920,557</u>
Total Liabilities	<u>7,560,977</u>	<u>10,669,134</u>	<u>5,583,533</u>	<u>6,262,201</u>	<u>13,144,510</u>	<u>16,931,335</u>
Deferred Inflows of Resources-						
Unavailable resources of property taxes	834,192	795,520	-	-	834,192	795,520
Net Investment in Capital Assets	52,975,411	54,616,981	20,437,166	15,366,700	73,412,577	69,983,681
Restricted						
Required emergency reserve	176,000	122,700	-	-	176,000	122,700
Debt Service	-	-	419,919	422,919	419,919	422,919
Parks and Open Space	1,309,729	1,282,829	-	-	1,309,729	1,282,829
Capital outlay - Grant Expenditures	1,837,517	2,647,698	-	-	1,837,517	2,647,698
Unrestricted	89,164	(1,188,908)	2,674,799	2,240,607	2,763,963	1,051,699
Total Net Position	<u>\$ 56,387,821</u>	<u>\$ 57,481,300</u>	<u>\$ 23,531,884</u>	<u>\$ 18,030,226</u>	<u>\$ 79,919,705</u>	<u>\$ 75,511,526</u>

By far the largest portion of the Town's net position (91.86%) reflects its investment of \$73.4 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, \$3.7 million (4.68 %), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$2.8 million (3.46%), is generally available to be used to meet the Town's ongoing 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 in total, as well as for its separate governmental and business-type activities. Net position invested in capital assets, net of related debt, increased by \$3.4 million, or 4.90%, compared to 2020 increase of 6.33%. This increase is discussed below in "Capital Assets."

Governmental activities – Governmental activities decreased the Town of Lyons net position by \$1,093,479. This is partially a result of the transfer of capital assets to business-type activities. Other key elements of governmental activities are as follows:

- The grants fund created to assist with the 2013 Flood rebuilding and recovery contributed approximately \$4.7 million in assets for 2021. 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 by \$375,112 in 2021 over 2020.

- Grant revenues increased by \$846,835 in 2021 over 2020. This is largely attributed to the 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 1,058,975	\$ 823,641	\$ 3,604,074	\$ 3,629,286	\$ 4,663,049	\$ 4,452,927
Operating Grants and Contributions	80,226	1,319,591	-	-	80,226	1,319,591
Capital Grants and Contributions	4,622,930	3,814,461	1,140,000	59,730	5,762,930	3,874,191
General Revenues:						
Property Taxes	795,131	747,022	-	-	795,131	747,022
Other Taxes	2,003,074	1,551,194	-	-	2,003,074	1,551,194
Unrestricted investment earnings	2,360	14,235	1,036	10,280	3,396	24,515
Other	291,372	212,610	-	12,859	291,372	225,469
Total Revenues	8,854,068	8,482,754	4,745,110	3,712,155	13,599,178	12,194,909
Expenses:						
General Government						
General Government	1,793,033	1,827,695	-	-	1,793,033	1,827,695
Public Safety	665,219	727,424	-	-	665,219	727,424
Public Health and Welfare	6,234	285,097	-	-	6,234	285,097
Public Works & Streets	732,364	1,109,869	-	-	732,364	1,109,869
Parks, Recreation & Culture	1,985,576	1,326,578	-	-	1,985,576	1,326,578
Electric	-	-	1,624,357	1,520,781	1,624,357	1,520,781
Water and Sanitation	-	-	2,304,921	2,158,842	2,304,921	2,158,842
Storm Water	-	-	79,295	62,640	79,295	62,640
Total Expenses	5,182,426	5,276,663	4,008,573	3,742,263	9,190,999	9,018,926
Excess (Deficiency) Before Extraordinary						
Gains and Transfers	3,671,642	3,206,091	736,537	(30,108)	4,408,179	3,175,983
Transfers	(4,765,121)	(2,404,905)	4,765,121	2,404,905	-	-
Extraordinary gain	-	380,159	-	-	-	380,159
Increase or Decrease in Net Position	(1,093,479)	1,181,345	5,501,658	2,374,797	4,408,179	3,556,142
Net Position, Beginning	57,481,300	56,299,955	18,030,226	15,655,429	75,511,526	71,955,384
Net Position, Ending	\$ 56,387,821	\$ 57,481,300	\$ 23,531,884	\$ 18,030,226	\$ 79,919,705	\$ 75,511,526

Proprietary (Business-type) activities - Business-type activities increased the Town of Lyons net position by \$5,501,658 in 2021. The 2021 gain before transfers and contributions increased by \$766,645. Contributions from tap and investment fees attributed to increased revenues in the Water/Wastewater and Electric funds. Other key elements of business-type activities are as follows:

- The Electric Fund completed the purchase and installation of automatic meter reading devices in 2021.
- Water/Sanitation Fund began funding significant capital projects in 2021. The Longs Peak water/sewer line replacement, which has been on the capital projects list for many years, began construction in 2021 with anticipated completion in 2022 and a cost of \$1,200,000. Town staff secured an Energy and Mineral Impact Assistance matching grant through DOLA in the amount of \$450,000 to help offset some of the cost.
- Stormwater Fund was created in 2018. The fund has enabled the Town to start flushing storm drains and improve existing systems; this service will continue each year in a different part of the Town. Identified stormwater projects over the next five years are expected to cost over \$14.6 million dollars.

The Town completed the construction to upgrade the Wastewater Treatment Facility (WWTF). The new system is a sequence batch reactor with ultraviolet disinfection. Honeywell, Filanc, and Frachetti were contracted to design and build the plant under an energy performance contract. Since project completion in 2016, the plant has not been operating as anticipated and continues to cost the Town more in energy and operating expenses. The Town is pursuing legal avenues to find remedies to this situation.

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, 2021, the Town's governmental funds reported combined ending fund balances of \$5,296,410, a decrease of \$115,716 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) decreased by \$2,452,754.

The general fund is the chief operating fund of the Town of Lyons. At the end of the fiscal year, the unassigned fund balance of the general fund was \$1,123,910, while the total fund balance reached \$1,804,881. 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. The unassigned fund balance represents 41.65% of total general fund expenditures, while total fund balance represents 76.72% 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, 2021, the unrestricted net position of the Electric Fund was \$936,408; the Water and Sanitation Fund was \$1,454,794; the Stormwater Fund was \$283.597. The total increase in net position for all proprietary funds was \$5,501,121 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

The arrival of the COVID-19 Pandemic in 2020 brought many uncertainties and a conservative approach when projecting the 2021 budget for revenues and expenditures. Priorities shifted and staff were constantly maneuvering to adjust to ever-changing information.

Even though the pandemic continued into 2021, actual revenue compared to the budget was \$465,605 higher than budgeted. This is primarily due to sales tax revenue coming in significantly over budget (\$342,248). Due to the economic shifts to online shopping and the return of festivals and markets, the Town's sales tax revenue quickly rebounded from the initial pandemic impacts in 2020.

Flood Recovery Highlights

2021 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 necessary. Administrative positions in recovery will be eliminated in 2022 due to the needs being reduced. Project staffing positions have been extended through 2022. The last flood projects (the 2nd Avenue replacement bridge and the pedestrian bridge/safe routes to school improvements) are continuing in 2022.

To facilitate the projects, the State of Colorado advanced the Town \$9.5 million. The Town uses this fund to pay for flood projects, requests reimbursement from the federal government, and then pays back the State. To date, the Town has paid back approximately \$3.1 million of this advance.

In 2021, the Town completed the following flood recovery infrastructure projects along with managing the various funding sources associated with them:

- 2nd Ave Bridge Replacement (FEMA funded Design to Construction, approximately \$4.1M). This was the replacement of the 2nd Ave Bridge to be a more resilient bridge in a similar event. During the 2013 flood debris built up on this bridge pushing flood waters to the south causing damage to the public works storage building, the wastewater treatment plant, and the McConnell Bridge. Replacing the bridge is intended to mitigate future damage to infrastructure downstream in the case of a similar flood event.
- Roadway Repairs (FEMA and CDBG-DR funded - Design to Construction, approximately \$1.5M) The scope of this project was to replace or repair paving that was damaged by the flood or by recovery efforts. This also included adding curb and gutter for stormwater management, this was considered mitigation in the event of future flooding.
- St. Vrain Streambank Restoration (Downstream of Lyons Valley River Park) (CDBG-DR funded - Design to Construction, approximately \$575K) This was the restoration of the streambank downstream of the Lyons Valley River Park ponds and the Highland Ditch diversion. A large section of the streambank in that area was washed away in the flood. The streambank had been eroding away over the years and threatening the safety of homes in that area.
- Storm Drainage (CDBG-DR \$1M) This project was improvements to stormwater conveyance. The first phase was improvements to the stormwater infrastructure on 4th & High St. Phase II was stormwater improvements at Bohn Park crossing 2nd Ave. This work was considered mitigation to our stormwater infrastructure.

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, 2021, amounts to \$78,187,318 (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 not related to flood recovery during the 2021 fiscal year included the following:

- Began work on the Longs Peak Drive water and sewer line replacements
- Purchase of two (2) pieces of equipment, a 1-ton dump truck and a utility truck with a plow
- Installation of pond aerators at Lyons Valley River Park ponds

Town of Lyons Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land, Water and Construction in Progress	\$ 26,831,382	\$ 38,996,900	\$ 2,765,209	\$ 2,397,362	\$ 29,596,591	\$ 41,394,262
Building and Improvements	25,750,000	16,299,240	-	-	25,750,000	16,299,240
Plant and systems	-	-	22,261,133	18,195,781	22,261,133	18,195,781
Machinery and Equipment	394,029	289,204	185,565	172,452	579,594	461,656
	<u>\$ 52,975,411</u>	<u>\$ 55,585,344</u>	<u>\$ 25,211,907</u>	<u>\$ 20,765,595</u>	<u>\$ 78,187,318</u>	<u>\$ 76,350,939</u>

Long-Term Debt – At the end of the current fiscal year, the Town of Lyons had debt outstanding of \$11,638,633. Debt represented by bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) is within the proprietary funds. The Town of Lyons does not hold any general obligation within the governmental funds. Compensated Absences represent the total employee benefit dollar amount (at the 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	
	2021	2020	2021	2020	2021	2020
Advance from State	\$ 6,398,094	\$ 9,500,000	\$ -	\$ -	\$ 6,398,094	\$ 9,500,000
Compensated Absences	58,633	73,288	33,165	38,595	91,798	111,883
Revenue Bonds	-	-	184,710	273,708	184,710	273,708
Revenue Loans	-	-	4,590,031	5,125,187	4,590,031	5,125,187
Total	<u>\$ 6,456,727</u>	<u>\$ 9,573,288</u>	<u>\$ 4,807,906</u>	<u>\$ 5,437,490</u>	<u>\$ 11,264,633</u>	<u>\$ 15,010,778</u>

All issues of the Town of Lyons are unrated.

Economic Factors and Next Year's Budgets and Rates

In preparing the 2022 budget, the Town conservatively projected all revenues for the Town. 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. While this does increase tax revenue for the Town it is also creating an urgent need for affordable housing for residents and lodging needs for visitors.

The Town has taken 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 Group to build 40 units, both single family and multiplex units. The project is ongoing and expected to be complete in 2023. Additionally, the Town is currently working with a developer on a 79-room boutique hotel to be located on Main Street. This hotel is anticipated to open in 2024.

The Town budgeted an increase in general fund revenues primarily due to increases in sales tax, use tax, and property taxes. There is a 5.5% increase over 2021 projections budgeted in sales tax revenues and a 5.5% increase in property taxes revenue. The 2022 has the mill levy set at amount allowed under Tabor.

The Town's parks continue to be very popular destinations with camping, sporting opportunities, and other park amenities. In 2021, the Town saw an increase of 51.3% in parking and camping fees from the prior year.

Department Operating Budgets - The 2022 budget included a 9.7% increase in salaries and benefits as the result of a survey conducted with surrounding and like-size communities in Colorado. Budgeted full-time equivalents (FTEs) were not increased for 2022. The 2022 budget eliminated a full-time Human Resources position (1.0 FTE) and a full-time Special Events position (1.0 FTE). Subsequently, the 2022 budget added the conversion of the part-time Planner to a full-time position (0.5 FTE), a full-time Code Compliance position (1.0 FTE), and half of the full-time Grant/Project Manager position (0.5 FTE). Generally, department operating budgets increased to bring services back to pre-COVID levels and because of the overall cost increase of supplies and services seen nationally.

Capital Improvements - In 2021, a Capital Project Fund was created to set aside funding for much-needed street maintenance projects. The 2022 budget includes a \$300,000 transfer from the General Fund to continue providing funding for identified projects.

Capital items/projects planned for 2022 include: replacement of a Town vehicle, wildfire mitigation, electric undergrounding, replacement of PRV #4, wastewater treatment plant re-rating, solar project, Depot irrigation, Recycle Center fencing, Bohn Park bike jump park, US 36/Broadway improvements, street paving, and Black Bear Hole/2nd Avenue improvements.

The Town enters 2022 with continued sales tax growth despite the economic impacts of the pandemic. As flood recovery efforts come to an end, the Town will continue to focus on non-flood related capital projects and improvements. Fund balances, on a modified accrual basis, are healthy which will assist the Town in funding high priority projects. The Town's development of a 5-year capital plan will ensure projects will be prioritized and funding secured for critical needs.

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 P.O. Box 49, 432 5th Ave, Lyons, Colorado 80540.



Basic Financial Statements

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,038,010	\$ 3,440,366	\$ 9,478,376
Restricted cash and cash equivalents	-	78,919	78,919
Receivables	83,912	318,020	401,932
Due from other governments	4,801,638	-	4,801,638
Property tax receivable	834,192	-	834,192
Internal balances	(16,391)	16,391	-
Prepaid items	10,892	18,314	29,206
Inventories	-	31,500	31,500
Revolving loan funds receivable	55,326	-	55,326
Capital assets not being depreciated			
Land, water rights and construction in progress	26,831,382	2,765,209	29,596,591
Capital assets, net of accumulated depreciation			
Buildings	3,942,168	-	3,942,168
Improvements	21,807,832	-	21,807,832
Plant and systems	-	22,261,133	22,261,133
Equipment	394,029	185,565	579,594
Total Assets	<u>64,782,990</u>	<u>29,115,417</u>	<u>93,898,407</u>
Liabilities			
Current liabilities			
Accounts payable and other current liabilities	908,896	721,972	1,630,868
Other current liabilities	36,664	44,655	81,319
Deposits	44,095	9,000	53,095
Unearned revenues	114,595	-	114,595
Due within one year	3,050,000	670,084	3,720,084
Due in more than one year	3,406,727	4,137,822	7,544,549
Total Liabilities	<u>7,560,977</u>	<u>5,583,533</u>	<u>13,144,510</u>
Deferred Inflows of Resources			
Unavailable resources property taxes	<u>834,192</u>	<u>-</u>	<u>834,192</u>
Net Position			
Net investment in capital assets	52,975,411	20,437,166	73,412,577
Restricted			
Required emergency reserve	176,000	-	176,000
Debt service	-	419,919	419,919
Parks and open space	1,309,729	-	1,309,729
Grant expenditures	1,837,517	-	1,837,517
Unrestricted	<u>89,164</u>	<u>2,674,799</u>	<u>2,763,963</u>
Total Net Position	<u>\$ 56,387,821</u>	<u>\$ 23,531,884</u>	<u>\$ 79,919,705</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, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,793,033	\$ 432,796	\$ -	\$ -	\$ (1,360,237)	\$ -	\$ (1,360,237)
Public safety	665,219	129,728	39,206	-	(496,285)	-	(496,285)
Public health and welfare	6,234	-	7,167	-	933	-	933
Public works and streets	732,364	-	8,991	4,432,064	3,708,691	-	3,708,691
Parks, recreation and cultural	1,985,576	496,451	24,862	190,866	(1,273,397)	-	(1,273,397)
Total governmental activities	<u>5,182,426</u>	<u>1,058,975</u>	<u>80,226</u>	<u>4,622,930</u>	<u>579,705</u>	<u>-</u>	<u>579,705</u>
Business-type activities							
Electric	1,624,357	1,606,675	-	180,000	-	162,318	162,318
Water and Sanitation	2,304,921	1,873,995	-	960,000	-	529,074	529,074
Storm Sewer	79,295	123,404	-	-	-	44,109	44,109
Total business-type activities	<u>4,008,573</u>	<u>3,604,074</u>	<u>-</u>	<u>1,140,000</u>	<u>-</u>	<u>735,501</u>	<u>735,501</u>
Total primary government	<u>\$ 9,190,999</u>	<u>\$ 4,663,049</u>	<u>\$ 80,226</u>	<u>\$ 5,762,930</u>	<u>579,705</u>	<u>735,501</u>	<u>1,315,206</u>
		General revenues					
		Property taxes		795,131	-	795,131	
		Sales and use taxes		1,850,609	-	1,850,609	
		Ownership taxes		38,182	-	38,182	
		Other taxes and fees		114,283	-	114,283	
		Unrestricted investment earnings		2,360	1,036	3,396	
		Other income		291,372	-	291,372	
		Transfers		(4,765,121)	4,765,121	-	
		Total general revenues		(1,673,184)	4,766,157	3,092,973	
		Change in net position		(1,093,479)	5,501,658	4,408,179	
		Net position, beginning		<u>57,481,300</u>	<u>18,030,226</u>	<u>75,511,526</u>	
		Net position, ending		<u>\$ 56,387,821</u>	<u>\$ 23,531,884</u>	<u>\$ 79,919,705</u>	

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

TOWN OF LYONS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Major Funds					
			Parks, Recreation, and Cultural	Other Governmental	Total Governmental	
	General	Grants				
Assets						
Cash and cash equivalents	\$ 1,731,360	\$ 2,568,872	\$ 1,133,867	\$ 603,911	\$ 6,038,010	
Accounts receivable	8,153	-	74,024	-	82,177	
Accounts receivable - land use permits	1,735	-	-	-	1,735	
Revolving loan funds receivable	-	55,326	-	-	55,326	
Due from other governments	225,494	4,576,144	-	-	4,801,638	
Property taxes receivable	806,462	-	-	27,730	834,192	
Prepaid items	10,892	-	-	-	10,892	
Due from other funds	60,692	761,001	6,817	-	828,510	
Total Assets	<u>2,844,788</u>	<u>7,961,343</u>	<u>1,214,708</u>	<u>631,641</u>	<u>12,652,480</u>	
Liabilities						
Accounts payable	\$ 136,420	\$ 736,668	\$ 35,699	\$ 109	\$ 908,896	
Accrued liabilities	20,770	6,897	8,997	-	36,664	
Deposits	44,095	-	-	-	44,095	
Due to other funds	32,160	769,168	-	43,573	844,901	
Unearned revenue	-	38,366	76,229	-	114,595	
Total Liabilities	<u>233,445</u>	<u>1,551,099</u>	<u>120,925</u>	<u>43,682</u>	<u>1,949,151</u>	
Deferred Inflows of Resources						
Unavailable resources property taxes	806,462	-	-	27,730	834,192	
Unavailable resources grants	-	4,572,727	-	-	4,572,727	
Total Deferred Inflows of Resources	<u>806,462</u>	<u>4,572,727</u>	<u>-</u>	<u>27,730</u>	<u>5,406,919</u>	
Fund Balance						
Nonspendable for						
Inventory and prepaid items	10,892	-	-	-	10,892	
Restricted for						
Emergencies	176,000	-	-	-	176,000	
Grant expenditures	-	1,837,517	-	-	1,837,517	
Parks, recreation and cultural	-	-	1,093,783	215,946	1,309,729	
Assigned to						
Subsequent year's expenditures	194,079	-	-	-	194,079	
Community development	-	-	-	44,283	44,283	
Town's share of flood costs	300,000	-	-	-	300,000	
Capital projects	-	-	-	300,000	300,000	
Unassigned	1,123,910	-	-	-	1,123,910	
Total Fund Balance	<u>1,804,881</u>	<u>1,837,517</u>	<u>1,093,783</u>	<u>560,229</u>	<u>5,296,410</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,844,788</u>	<u>\$ 7,961,343</u>	<u>\$ 1,214,708</u>	<u>\$ 631,641</u>	<u>\$ 12,652,480</u>	

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

Total fund balance shown above	\$ 5,296,410
Amounts reported for governmental activities in the statement of net position are different because long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds.	(6,456,727)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds	4,572,727
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	52,975,411
Net Position of Governmental Activities	<u><u>\$ 56,387,821</u></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, 2021

	General Fund	Grants	Parks, Recreation and Cultural	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Taxes					
General property tax	\$ 765,387	\$ -	\$ -	\$ 29,744	\$ 795,131
Specific ownership tax	38,182	-	-	-	38,182
Sales tax	1,207,253	-	430,886	-	1,638,139
Use tax	141,879	-	70,591	-	212,470
Other taxes and fees	108,823	-	5,460	-	114,283
Licenses and permits	108,005	-	-	-	108,005
Intergovernmental	66,902	6,593,495	-	24,862	6,685,259
Charges for services	392,062	-	496,451	-	888,513
Fines and forfeitures	62,457	-	-	-	62,457
Investment earnings	673	1,208	370	109	2,360
Rental income	116,807	-	-	-	116,807
Contributions and donations	69	27,633	100	-	27,802
Other income	31,229	110,842	4,685	-	146,756
 Total Revenues	 3,039,728	 6,733,178	 1,008,543	 54,715	 10,836,164
<u>Expenditures</u>					
Current					
General government	1,550,395	6,993	-	3,639	1,561,027
Public safety	438,082	227,137	-	-	665,219
Health and welfare	-	6,234	-	-	6,234
Economic development	78,265	35,056	-	-	113,321
Public works	246,215	73,286	-	-	319,501
Parks, recreation and cultural	-	6,926	889,646	-	896,572
Capital outlay	39,561	4,511,731	116,968	-	4,668,260
Debt service					
Principal	-	3,101,906	-	-	3,101,906
 Total Expenditures	 2,352,518	 7,969,269	 1,006,614	 3,639	 11,332,040
Excess (deficiency) of revenues over (under) expenditures	687,210	(1,236,091)	1,929	51,076	(495,876)
<u>Other financing sources (uses)</u>					
Insurance recoveries	-	380,160	-	-	380,160
Transfers in	-	45,750	30,500	300,000	376,250
Transfers out	(345,750)	-	-	(30,500)	(376,250)
 Total other financing sources (uses)	 (345,750)	 425,910	 30,500	 269,500	 380,160
Change in fund balances	341,460	(810,181)	32,429	320,576	(115,716)
Fund balance, beginning	1,463,421	2,647,698	1,061,354	239,653	5,412,126
Fund balance, ending	<u>\$ 1,804,881</u>	<u>\$ 1,837,517</u>	<u>\$ 1,093,783</u>	<u>\$ 560,229</u>	<u>\$ 5,296,410</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, 2021

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

Net change in fund balances, total governmental funds	\$ (115,716)
Issuances of debt are treated as revenues in the governmental funds, but are recorded as liabilities on the statement of net position. Repayments of this debt are recorded as expenses in the governmental funds and reduce liabilities on the statements of net position.	
Principal payments on outstanding debt	\$ 3,101,906
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	\$ 4,668,260
Less capital assets contributed to enterprise funds	(4,765,121)
Less current period depreciation	<u>(1,544,712)</u>
Net amount by which capital outlay exceeded depreciation and loss on disposal of asset in the current period	(1,641,573)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(2,452,751)
Accrued compensated absences are not reported as an expenditure at the fund level.	<u>14,655</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,093,479)</u></u>

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

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 857,518	\$ 2,307,721	\$ 275,127	\$ 3,440,366
Restricted cash, cash equivalents	78,919	-	-	78,919
Accounts receivable	163,187	144,106	10,727	318,020
Due from other funds	5,476	10,197	718	16,391
Inventory, at cost	31,500	-	-	31,500
Prepays	-	18,314	-	18,314
Total current assets	<u>1,136,600</u>	<u>2,480,338</u>	<u>286,572</u>	<u>3,903,510</u>
Noncurrent assets				
Capital assets not being depreciated				
Land, construction in progress and water rights	49,215	2,715,994	-	2,765,209
Capital assets being depreciated				
Plant and systems	3,925,561	26,007,802	1,710,835	31,644,198
Equipment	59,881	427,844	4,819	492,544
Plant, systems and equipment	3,985,442	26,435,646	1,715,654	32,136,742
Less accumulated depreciation	(1,619,341)	(7,781,700)	(289,003)	(9,690,044)
Capital assets, net of accumulated depreciation	2,366,101	18,653,946	1,426,651	22,446,698
Total noncurrent assets	<u>2,415,316</u>	<u>21,369,940</u>	<u>1,426,651</u>	<u>25,211,907</u>
Total Assets	<u>3,551,916</u>	<u>23,850,278</u>	<u>1,713,223</u>	<u>29,115,417</u>
Liabilities				
Current liabilities				
Accounts payable	92,649	628,788	535	721,972
Accrued liabilities	9,212	34,726	717	44,655
Customer deposits	9,000	-	-	9,000
Compensated absences-current	9,000	18,000	1,000	28,000
Revenue notes payable - current	26,285	524,434	-	550,719
Revenue bonds payable - current	91,365	-	-	91,365
Total current liabilities	<u>237,511</u>	<u>1,205,948</u>	<u>2,252</u>	<u>1,445,711</u>
Noncurrent liabilities				
Compensated absences	1,413	3,029	723	5,165
Notes payable	120,119	3,919,193	-	4,039,312
Bonds payable	93,345	-	-	93,345
Total noncurrent liabilities	<u>214,877</u>	<u>3,922,222</u>	<u>723</u>	<u>4,137,822</u>
Total Liabilities	<u>452,388</u>	<u>5,128,170</u>	<u>2,975</u>	<u>5,583,533</u>
Net position				
Net investment in capital assets	2,084,201	16,926,314	1,426,651	20,437,166
Restricted for debt service	78,919	341,000	-	419,919
Unrestricted	936,408	1,454,794	283,597	2,674,799
Total Net Position	<u>\$ 3,099,528</u>	<u>\$ 18,722,108</u>	<u>\$ 1,710,248</u>	<u>\$ 23,531,884</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, 2021

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Totals
<u>Operating revenues</u>				
Charges for services	\$ 1,564,844	\$ 1,862,851	\$ 117,318	\$ 3,545,013
Other	41,831	11,144	6,086	59,061
Total operating revenues	<u>1,606,675</u>	<u>1,873,995</u>	<u>123,404</u>	<u>3,604,074</u>
<u>Operating expenses</u>				
Operations and maintenance	1,255,997	861,033	21,602	2,138,632
Administrative	244,093	486,488	31,359	761,940
Depreciation and amortization	108,057	863,142	26,334	997,533
Total operating expenses	<u>1,608,147</u>	<u>2,210,663</u>	<u>79,295</u>	<u>3,898,105</u>
Operating income (loss)	<u>(1,472)</u>	<u>(336,668)</u>	<u>44,109</u>	<u>(294,031)</u>
<u>Non-operating revenues (expenses)</u>				
Investment earnings	361	600	75	1,036
Interest on indebtedness	(16,210)	(94,258)	-	(110,468)
Total Non-Operating Revenues (Expenses)	<u>(15,849)</u>	<u>(93,658)</u>	<u>75</u>	<u>(109,432)</u>
Income (loss) before capital contributions, and transfers	(17,321)	(430,326)	44,184	(403,463)
Capital contributions	<u>191,698</u>	<u>4,531,449</u>	<u>1,181,974</u>	<u>5,905,121</u>
Change in net position	<u>174,377</u>	<u>4,101,123</u>	<u>1,226,158</u>	<u>5,501,658</u>
Net position, beginning of year	<u>2,925,151</u>	<u>14,620,985</u>	<u>484,090</u>	<u>18,030,226</u>
Net position, end of year	<u>\$ 3,099,528</u>	<u>\$ 18,722,108</u>	<u>\$ 1,710,248</u>	<u>\$ 23,531,884</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, 2021

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 1,569,826	\$ 1,856,382	\$ 117,324	\$ 3,543,532
Other services	41,831	3,381	6,086	51,298
Payments to suppliers and employees	<u>(1,622,016)</u>	<u>(1,372,041)</u>	<u>(53,403)</u>	<u>(3,047,460)</u>
Net cash provided (used) by operating activities	<u>(10,359)</u>	<u>487,722</u>	<u>70,007</u>	<u>547,370</u>
Cash flows from capital and related financing activities				
Principal repayments	(113,936)	(510,218)	-	(624,154)
Contributions from customers	180,000	868,517	-	1,048,517
Interest paid	(16,210)	(101,472)	-	(117,682)
Purchase of fixed assets	<u>(75,155)</u>	<u>(413,413)</u>	<u>(7,190)</u>	<u>(495,758)</u>
Net cash used for capital and related financing activities	<u>(25,301)</u>	<u>(156,586)</u>	<u>(7,190)</u>	<u>(189,077)</u>
Cash flows from investing activities				
Interest earned	361	600	75	1,036
Net cash provided by investing activities	<u>361</u>	<u>600</u>	<u>75</u>	<u>1,036</u>
Net change in cash and equivalents	<u>(35,299)</u>	<u>331,736</u>	<u>62,892</u>	<u>359,329</u>
Cash and equivalents, beginning of year	<u>971,736</u>	<u>1,975,985</u>	<u>212,235</u>	<u>3,159,956</u>
Cash and equivalents, end of year	<u><u>\$ 936,437</u></u>	<u><u>\$ 2,307,721</u></u>	<u><u>\$ 275,127</u></u>	<u><u>\$ 3,519,285</u></u>
Operating income (loss)	<u><u>\$ (1,472)</u></u>	<u><u>\$ (336,668)</u></u>	<u><u>\$ 44,109</u></u>	<u><u>\$ (294,031)</u></u>
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	108,057	863,142	26,334	997,533
Write off ARO	-	(7,763)	-	(7,763)
(Increase) decrease in prepaids	-	(484)	-	(484)
Decrease (increase) in accounts receivable	2,782	(6,469)	6	(3,681)
Decrease (increase) in due from other funds	(5,476)	(6,990)	(718)	(13,184)
(Decrease) increase in accounts payable	(113,016)	(17,678)	(247)	(130,941)
(Decrease) increase in accrued liabilities	(3,434)	632	523	(2,279)
(Decrease) increase in customer deposits	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>2,200</u>
Total adjustments	<u>(8,887)</u>	<u>824,390</u>	<u>25,898</u>	<u>841,401</u>
Net cash provided (used) by operating activities	<u><u>\$ (10,359)</u></u>	<u><u>\$ 487,722</u></u>	<u><u>\$ 70,007</u></u>	<u><u>\$ 547,370</u></u>

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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. 96, “Subscription-based information technology arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of the SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases as amended. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in exchange or exchange-like transaction.

The GASB (Governmental Accounting Standards Board) has issued Statement No. 87, “Leases”. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The implementation of this statement is anticipated to take place within the reporting period ending December 31, 2022.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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
December 31, 2021

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
December 31, 2021

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).
- *Stormwater Fund* – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of stormwater facilities of the Town. It is self-supported by customer user charges.

The Town reports three governmental funds as non-major:

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

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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

The 2021 expenditures related to the General and Grant Funds were in excess of appropriations. This may be a violation of Colorado Budget Law.

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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	73.70%	\$ 1,207,253	\$ 141,879	\$ 1,349,132
Parks, Recreation and Cultural Fund	26.30%	430,886	70,591	501,477
	<u>100%</u>	<u>\$ 1,638,139</u>	<u>\$ 212,470</u>	<u>\$ 1,850,609</u>

Assets, Liabilities, Deferred Inflow of Resources 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, 2021, 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 acquisition 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 acquisition cost or estimated acquisition cost if purchased or constructed.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflow of Resources and Net Position/Fund Balances (Continued)

Capital Assets (Continued)

Donated capital assets are recorded at estimated acquisition cost at the date of the donation.

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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. 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 as of December 31, 2021.

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflow of Resources and Net Position/Fund Balances (Continued)

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-line method

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

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

Fund balances of the governmental funds are classified as follows:

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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflow of Resources and Net Position/Fund Balances (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first.

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

Property Taxes - Property taxes are levied by the Board and certified to Boulder County for collection by December 15 of each year. These taxes attach an enforceable lien on property as of January 1 of the succeeding year and are payable in full by May 2 or in two installments by February 28 and June 15 in the year of collection. The County Treasurer collects the property taxes and remits the collections to the Town 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, 2021, the Town contributed \$23,115.

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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Inflow of Resources and Net Position/Fund Balances (Continued)

Risk Management (Continued)

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.

The Town's claims have not exceeded coverage in the last three fiscal years.

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 \$4,800,000 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, 2021, follows:

Petty cash	\$ 1,150
Deposits	5,645,269
Investments	3,910,876
Total Cash and Investments	<u>\$ 9,557,295</u>

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

Cash and investments	\$ 9,478,376
Restricted cash and investments	78,919
Total Cash and Investments	<u>\$ 9,557,295</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits

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

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2021, the carrying amount of the Town's deposits was \$5,547,982 and the bank balance was \$5,614,525. Of this amount \$250,000 was covered by FDIC insurance. The remaining \$5,364,525 was included in the PDPA funds. The Town has \$97,287 of funds held by a credit card processor which is uninsured.

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

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

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

- Safety
- Liquidity
- Yield

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

The Town invests funds in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds (pool). The Trust was organized in 1985 in accordance with the Investment Funds - Local Government Pooling Act, (Part 7, Article 75, Title 24, Colorado Revised 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, 2021, the Town had invested \$3,910,876 in COLOTRUST PLUS+. COLOTRUST funds are valued at NAV rather than by level. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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, 2021, the Town has interest rate risk related only to its investments in COLOTRUST. At December 31, 2021, COLOTRUST PLUS+ had a weighted average to final maturity of 71 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, 2021, the Town's investments consisted of the investment pool.

Fair Value Hierarchy - The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above investment pool is not subject to the Fair Value Hierarchy.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - CASH - RESTRICTED

The Electric Fund revenue refunding bond agreement contains a covenant provision requiring the Town to deposit restricted cash of \$44,729 in a bond reserve account. In addition, \$34,190 was contained in a bond sub-account restricted for debt service as of December 31, 2021.

NOTE 4 - INTERNAL BALANCES

During the year ended December 31, 2021, the Town transferred the following amounts. The Town also transferred capital assets related to projects completed in the Grant fund in the amount of \$4,765,121 to the various Enterprise funds during 2021.

	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General Fund	\$ -	\$ 345,750
Conservation Trust Fund	- -	30,500
Parks, Recreation and Culture Fund	30,500	-
Capital Improvement Fund	300,000	-
Grant Fund	<u>45,750</u>	<u>-</u>
 Totals	 <u>\$ 376,250</u>	 <u>\$ 376,250</u>

The following are the balances owed between funds as of December 31, 2021. 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	\$ 60,692	\$ 32,160
Grants Fund	761,001	769,168
Parks Fund	6,817	-
Electric Fund	5,476	-
Water and Sanitation Fund	10,197	-
Stormwater Fund	718	-
Non-Major Funds		
Lyons Urban Renewal Fund	<u>-</u>	<u>43,573</u>
 Totals	 <u>\$ 844,901</u>	 <u>\$ 844,901</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 21,646,417	\$ -	\$ -	\$ 21,646,417
Construction in progress	<u>16,382,120</u>	<u>4,511,963</u>	<u>(15,709,119)</u>	<u>5,184,964</u>
Total capital assets, not depreciated	<u>38,028,537</u>	<u>4,511,963</u>	<u>(15,709,119)</u>	<u>26,831,382</u>
Capital assets being depreciated				
Buildings	4,947,497	-	-	4,947,497
Improvements	16,642,562	10,943,999	-	27,586,561
Equipment	<u>747,596</u>	<u>156,298</u>	<u>-</u>	<u>903,894</u>
Total capital assets, depreciated	<u>22,337,655</u>	<u>11,100,297</u>	<u>-</u>	<u>33,437,952</u>
Less accumulated depreciation for				
Buildings	(843,679)	(161,650)	-	(1,005,329)
Improvements	(4,447,140)	(1,331,589)	-	(5,778,729)
Equipment	<u>(458,392)</u>	<u>(51,473)</u>	<u>-</u>	<u>(509,865)</u>
Total accumulated depreciation	<u>(5,749,211)</u>	<u>(1,544,712)</u>	<u>-</u>	<u>(7,293,923)</u>
Total capital assets being depreciated, net	<u>16,588,444</u>	<u>9,555,585</u>	<u>-</u>	<u>26,144,029</u>
Governmental activities				
Capital assets, net	<u>\$ 54,616,981</u>	<u>\$ 14,067,548</u>	<u>\$ (15,709,119)</u>	<u>\$ 52,975,411</u>

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

General government	\$ 36,202
Public works and streets	414,929
Parks, culture, and recreation	<u>1,093,581</u>
Total current year depreciation	<u>\$ 1,544,712</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
<u>Business-type Activities</u>				
Capital assets, not being depreciated				
Land and water rights	\$ 2,116,060	\$ -	\$ -	\$ 2,116,060
Construction in progress	<u>281,302</u>	<u>617,180</u>	<u>(249,333)</u>	<u>649,149</u>
Total capital assets, not depreciated	<u>2,397,362</u>	<u>617,180</u>	<u>(249,333)</u>	<u>2,765,209</u>
Capital assets being depreciated				
Plant and systems	26,614,356	5,029,842	-	31,644,198
Equipment	<u>446,388</u>	<u>46,156</u>	<u>-</u>	<u>492,544</u>
Total capital assets, depreciated	<u>27,060,744</u>	<u>5,075,998</u>	<u>-</u>	<u>32,136,742</u>
Less accumulated depreciation for				
Plant and systems	(8,418,575)	(964,490)	-	(9,383,065)
Equipment	<u>(273,936)</u>	<u>(33,043)</u>	<u>-</u>	<u>(306,979)</u>
Total accumulated depreciation	<u>(8,692,511)</u>	<u>(997,533)</u>	<u>-</u>	<u>(9,690,044)</u>
Total capital assets being depreciated, net	<u>18,368,233</u>	<u>4,078,465</u>	<u>-</u>	<u>22,446,698</u>
Business-type activities, Capital assets, net	<u>\$ 20,765,595</u>	<u>\$ 4,695,645</u>	<u>\$ (249,333)</u>	<u>\$ 25,211,907</u>

Depreciation expense for the business-type activities totaled \$997,533 for the year ended December 31, 2021

NOTE 6 - LONG TERM DEBT

	Balance 1/1/21	Advances	Payments	Balance 12/31/21	Due Within One Year
<u>Governmental activities</u>					
Advance from State	\$ 9,500,000	\$ -	\$ 3,101,906	\$ 6,398,094	\$ 3,000,000
Compensated absences	<u>73,288</u>	<u>49,340</u>	<u>63,995</u>	<u>58,633</u>	<u>50,000</u>
	<u>\$ 9,573,288</u>	<u>\$ 49,340</u>	<u>\$ 3,165,901</u>	<u>\$ 6,456,727</u>	<u>\$ 3,050,000</u>

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

During 2014, the Town received an advance from the State of Colorado to assist with cashflow issues in the amount of \$3,500,000. During 2015, the Town received an additional \$3,000,000 and an additional \$3,000,000 in 2016. The advance is to be paid with the final FEMA reimbursements. At this time, the Town expects to repay approximately \$3,000,000 to the State in 2022. The advance has no interest component.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

	Balance 1/1/21	Advances	Payments	Balance 12/31/21	Due Within One Year
Business-type activities					
2006 Elec Rev Note	\$ 171,342	\$ -	\$ 24,938	\$ 146,404	\$ 26,285
2019 Elec Rev Ref Bonds	273,708	-	88,998	184,710	91,365
2003 CWRPDA Loan	1,112,860	-	257,244	855,616	268,429
2013 CWRPDA Loan	3,840,985	-	252,974	3,588,011	256,005
Compensated absences	<u>38,595</u>	<u>28,238</u>	<u>33,668</u>	<u>33,165</u>	<u>28,000</u>
	<u><u>\$ 5,437,490</u></u>	<u><u>\$ 28,238</u></u>	<u><u>\$ 657,822</u></u>	<u><u>\$ 4,807,906</u></u>	<u><u>\$ 670,084</u></u>

• *Electric Fund – Revenue Refunding Bonds*

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.

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 net position totals \$341,000 as of December 31, 2021.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

As of December 31, 2021, the Town was in compliance with the required debt service covenants regarding adequate rates on both notes.

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

Year	Principal	Interest	Total
2022	\$ 642,084	\$ 95,339	\$ 737,423
2023	665,353	69,897	735,250
2024	593,435	48,640	642,075
2025	296,248	39,964	336,212
2026	301,193	35,104	336,297
2027-2031	1,395,374	106,848	1,502,222
2032-2034	<u>881,054</u>	<u>20,279</u>	<u>901,333</u>
	<u><u>\$ 4,774,741</u></u>	<u><u>\$ 416,071</u></u>	<u><u>\$ 5,190,812</u></u>

Interest expense for the year ended December 31, 2021, totaled \$110,468.

NOTE 7 - 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, 2021 restrictions on the governmental activities net position totaled \$3,323,246. Restrictions on the net position of the business type activities totaled \$419,919.

NOTE 8 - ADDITIONAL CASH FLOW INFORMATION

The Town recognized capital asset additions of \$11,698 in the Electric Fund, \$3,571,449 in the Water and Wastewater Fund and \$1,181,974 in the Stormwater Fund. The additions were non-cash contributions from the Grant Fund. In addition, the Water and Wastewater fund recognized \$91,483 in capital asset additions included in accounts payable at December 31, 2021.

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 2020, a board member received a \$4,900 loan from the fund by applying through the normal programmatic process. This loan was subsequently paid off in November of 2021.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 10- COMMITMENTS AND CONTINGENCIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies, as well as matching obligations from the Town. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants.

The Town 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.

Commitments

During 2021, the Town entered several agreements related to the flood reconstruction. The total remaining balances of these agreements as of December 31, 2021 is approximately \$720,000. The Town anticipates that most of these costs will be paid by grant reimbursements.

NOTE 11- FLOOD DISASTER

During September 2013, after historic rainfall, the Town of Lyons suffered significant damage from flash flooding of tributaries of the St. Vrain River. On September 24, 2013, a Presidential Disaster Declaration was issued. The Town estimates infrastructure damage at \$60 million and damage to the parks to be \$9 million. The Town is in the process of being awarded or has been awarded a number of different grants from different state and federal agencies that will assist in rebuilding of the Town and meeting the match requirements for the Federal Emergency Management Agency (FEMA) grants. These grants will also provide for the hiring of additional temporary personnel to implement and account for the awarded projects. The Town anticipates that these grants will exceed \$68.5 million.

As of December 31, 2021, the Town has recognized \$5,446,941 in insurance proceeds related to the flood.

NOTE 12- SUBSEQUENT EVENT

The Town was awarded and accepted several grants in 2022 prior to the issuance of the 2021 financial statements. The Town has been awarded a \$1,000,000 grant through The Colorado Department of Local Affairs (DOLA) to be used for a solar farm and battery storage project. In addition, the Town received \$275,000 in May of 2021 and another \$275,000 in May of 2022 related the Federal American Rescue Plan.



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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes				
General property tax	\$ 766,392	\$ 766,392	\$ 765,387	\$ (1,005)
Specific ownership tax	29,000	29,000	38,182	9,182
Sales tax	865,005	865,005	1,207,253	342,248
Use tax	130,000	130,000	141,879	11,879
Other taxes and fees	87,614	87,614	108,823	21,209
Licenses and permits	107,050	107,050	108,005	955
Intergovernmental	38,400	38,400	66,902	28,502
Charges for services	327,462	327,462	392,062	64,600
Fines and forfeitures	97,000	97,000	62,457	(34,543)
Investment earnings	10,000	10,000	673	(9,327)
Rental income	108,200	108,200	116,807	8,607
Contributions and donations	-	-	69	69
Other income	8,000	8,000	31,229	23,229
 Total revenues	 2,574,123	 2,574,123	 3,039,728	 465,605
<u>Expenditures</u>				
Current				
General government				
Legislative council	27,669	27,669	25,484	2,185
Judicial	31,206	31,206	30,719	487
Administrative	797,588	797,588	944,708	(147,120)
Public safety	423,074	423,074	438,082	(15,008)
Economic development	104,758	104,758	78,265	26,493
Building inspections	80,300	80,300	115,584	(35,284)
Public works - streets	321,628	321,628	246,215	75,413
Planning	262,541	262,541	207,849	54,692
Health, welfare and community	156,200	156,200	218,025	(61,825)
Visitor's Center	8,922	8,922	8,026	896
Capital outlay	46,500	46,500	39,561	6,939
 Total expenditures	 2,260,386	 2,260,386	 2,352,518	 (92,132)
Excess (deficiency) of revenues over (under) expenditures	313,737	313,737	687,210	373,473
<u>Other financing sources (uses)</u>				
Transfers out	(362,616)	(362,616)	(345,750)	16,866
 Total other financing sources (uses)	 (362,616)	 (362,616)	 (345,750)	 16,866
Net change in fund balances	\$ (48,879)	\$ (48,879)	341,460	\$ 390,339
 Fund balances - beginning			 1,463,421	
Fund balances - ending			 \$ 1,804,881	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
<u>Revenues</u>				
Intergovernmental	\$ 5,111,017	\$ 5,111,017	\$ 6,593,495	\$ 1,482,478
Contributions and donations	3,750	3,750	27,633	23,883
Investment interest	-	-	1,208	1,208
Other income	-	-	110,842	110,842
 Total revenues	 5,114,767	 5,114,767	 6,733,178	 1,618,411
<u>Expenditures</u>				
Current				
General government	-	-	6,993	(6,993)
Public safety	250,000	250,000	227,137	22,863
Health and Welfare	-	-	6,234	(6,234)
Economic development	7,500	7,500	35,056	(27,556)
Public works	-	-	73,286	(73,286)
Parks, recreation and cultural	-	-	6,926	(6,926)
Capital outlay	4,977,383	4,977,383	4,511,731	465,652
Debt service				
Principal	-	-	3,101,906	(3,101,906)
 Total expenditures	 5,234,883	 5,234,883	 7,969,269	 (2,734,386)
Excess (deficiency) of revenues over (under) expenditures	 (120,116)	 (120,116)	 (1,236,091)	 (1,115,975)
<u>Other financing sources (uses)</u>				
Transfers in	120,116	120,116	45,750	(74,366)
Insurance recoveries	-	-	380,160	380,160
 Total other financing sources (uses)	 120,116	 120,116	 425,910	 305,794
Net change in fund balances	\$ -	\$ -	(810,181)	\$ (810,181)
Fund balances - beginning			2,647,698	
Fund balances - ending			 \$ 1,837,517	

See accompanying Independent Auditors' Report.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Sales tax	\$ 282,320	\$ 282,320	\$ 430,886	\$ 148,566
Use tax	65,000	65,000	70,591	5,591
Home additions fees	6,000	6,000	5,460	(540)
Interest income	5,000	5,000	370	(4,630)
Grants, contributions and donations	-	-	100	100
Charges for services				
Camping	260,000	260,000	293,003	33,003
Other park division charges	113,650	113,650	147,844	34,194
Recreation	19,900	19,900	48,424	28,524
Cultural and special events	10,500	10,500	7,180	(3,320)
Other income	-	-	4,685	4,685
Total revenues	<u>762,370</u>	<u>762,370</u>	<u>1,008,543</u>	<u>246,173</u>
Expenditures				
Administrative	197,886	197,886	191,391	6,495
Allocated expenses	128,387	128,387	159,939	(31,552)
Cultural and recreation				
Special event expenditures	28,700	28,700	14,259	14,441
Parks				
Operations and maintenance	536,233	536,233	502,958	33,275
Recreation	9,375	9,375	21,099	(11,724)
Capital outlay	<u>155,250</u>	<u>155,250</u>	<u>116,968</u>	<u>38,282</u>
Total expenditures	<u>1,055,831</u>	<u>1,055,831</u>	<u>1,006,614</u>	<u>49,217</u>
Excess (deficiency) of revenues over (under) expenditures	(293,461)	(293,461)	1,929	295,390
Other financing sources (uses)				
Transfers in	101,000	101,000	30,500	(70,500)
Transfers (out)	(57,500)	(57,500)	-	57,500
Net change in fund balances	<u>\$ (249,961)</u>	<u>\$ (249,961)</u>	<u>32,429</u>	<u>282,390</u>
Fund balance, beginning			<u>1,061,354</u>	
Fund balance, end			<u>\$ 1,093,783</u>	

See accompanying Independent Auditors' Report.



Other Supplementary Information Combining and Individual Fund Statements and Schedules

TOWN OF LYONS, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

	Special Revenue		Capital Projects		Total
	Conservation Trust Fund	Lyons	Capital Impovment Fund		
		Urban Renewal Authority			
Assets					
Cash and cash equivalents	\$ 215,946	\$ 87,965	\$ 300,000		\$ 603,911
Property taxes receivable	-	27,730	-		27,730
Total Assets	\$ 215,946	\$ 115,695	\$ 300,000		\$ 631,641
 Liabilities					
Accounts payable	\$ -	\$ 109	\$ -		\$ 109
Due to other funds	-	43,573	-		43,573
Total Liabilities	-	43,682	-		43,682
 Deferred Inflows of Resources					
Unavailable resources property taxes	-	27,730	-		27,730
 Fund Balance					
Restricted for					
Parks, recreation and cultural	215,946	-	-		215,946
Assigned to					
Community development	-	44,283			44,283
Capital projects	-	-	300,000		300,000
Total Fund Balance	215,946	44,283	300,000		560,229
Total Liabilities and Fund Balance	\$ 215,946	\$ 115,695	\$ 300,000		\$ 631,641

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2021

	Special Revenue		Capital Projects		Total	
	Conservation Trust Fund	Lyons	Capital Improvement Fund	Capital Projects		
		Urban Renewal Authority				
<u>Revenues</u>						
Property taxes	\$ -	\$ 29,744	\$ -	\$ 29,744		
Intergovernmental revenue	24,862	-	-	-	24,862	
Investment earnings	109	-	-	-	109	
Total revenues	<u>24,971</u>	<u>29,744</u>	<u>-</u>	<u>-</u>	<u>54,715</u>	
<u>Expenditures</u>						
General government	-	3,639	-	-	3,639	
Total expenditures	<u>-</u>	<u>3,639</u>	<u>-</u>	<u>-</u>	<u>3,639</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>24,971</u>	<u>26,105</u>	<u>-</u>	<u>-</u>	<u>51,076</u>	
<u>Other financing sources (uses)</u>						
Transfers in	-	-	300,000	300,000		
Transfers out	(30,500)	-	-	-	(30,500)	
Total other financing sources (uses)	<u>(30,500)</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>269,500</u>	
Net change in fund balance	(5,529)	26,105	300,000	300,000	320,576	
Fund balance, beginning of year	<u>221,475</u>	<u>18,178</u>	<u>-</u>	<u>-</u>	<u>239,653</u>	
Fund balance, end of year	<u>\$ 215,946</u>	<u>\$ 44,283</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 560,229</u>	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Conservation Trust Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental revenue	\$ 20,000	\$ 20,000	\$ 24,862	\$ 4,862
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>109</u>	<u>(2,391)</u>
Total revenues	22,500	22,500	24,971	2,471
Expenditures				
Cultural and recreation	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	22,500	22,500	24,971	2,471
Other financing sources (uses)				
Transfers out	<u>(101,000)</u>	<u>(101,000)</u>	<u>(30,500)</u>	<u>70,500</u>
Net change in fund balance	<u>\$ (78,500)</u>	<u>\$ (78,500)</u>	<u>(5,529)</u>	<u>\$ 72,971</u>
Fund balance, beginning of year			221,475	
Fund balance, end of year			<u>\$ 215,946</u>	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Lyons Urban Renewal Authority			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ 29,128	\$ 29,128	\$ 29,744	\$ 616
Total revenues	29,128	29,128	29,744	616
Expenditures				
General government	23,220	23,220	3,639	19,581
Net change in fund balance	<u>\$ 5,908</u>	<u>\$ 5,908</u>	26,105	<u>\$ 20,197</u>
Fund balance, beginning of year			18,178	
Fund balance, end of year			<u>\$ 44,283</u>	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures</u>				
Capital outlay	<u>235,000</u>	<u>235,000</u>	<u>-</u>	<u>235,000</u>
Excess (deficiency) of revenues over (under) expenditures	(235,000)	(235,000)	-	235,000
<u>Other financing sources (uses)</u>				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>300,000</u>	<u>\$ 235,000</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ 300,000</u>	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Electric Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>				
Sales	\$ 1,517,850	\$ 1,517,850	\$ 1,564,844	\$ 46,994
Investment / tap fees	13,500	13,500	180,000	166,500
Investment earnings	5,000	5,000	361	(4,639)
Other income	<u>60,000</u>	<u>60,000</u>	<u>41,831</u>	<u>(18,169)</u>
Total revenues	<u>1,596,350</u>	<u>1,596,350</u>	<u>1,787,036</u>	<u>190,686</u>
<u>Operating expenses</u>				
Administrative	174,118	174,118	169,608	4,510
Allocated expenses	59,791	59,791	74,485	(14,694)
Distribution and maintenance	1,241,561	1,241,561	1,255,997	(14,436)
Debt service				
Bond principal	260,402	260,402	113,935	146,467
Bond interest	17,514	17,514	16,210	1,304
Capital outlay	<u>147,050</u>	<u>147,050</u>	<u>75,154</u>	<u>71,896</u>
Total expenses	<u>1,900,436</u>	<u>1,900,436</u>	<u>1,705,389</u>	<u>195,047</u>
Net income (loss)	<u>\$ (304,086)</u>	<u>\$ (304,086)</u>	<u>81,647</u>	<u>\$ 385,733</u>
<u>Reconciliation to change in net position</u>				
Add bond principal paid			113,935	
Contributed assets			11,698	
Add Capital outlay			75,154	
Less depreciation expense			<u>(108,057)</u>	
Change in net position			<u>\$ 174,377</u>	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Water and Sanitation Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>				
Sales	\$ 1,839,000	\$ 1,839,000	\$ 1,862,851	\$ 23,851
Tap fees	69,500	69,500	960,000	890,500
Investment earnings	10,000	10,000	600	(9,400)
Miscellaneous	15,000	15,000	11,144	(3,856)
 Total revenues	 1,933,500	 1,933,500	 2,834,595	 901,095
<u>Expenses</u>				
Administration	404,319	404,319	340,459	63,860
Allocated expenses	117,221	117,221	146,029	(28,808)
Treatment services	551,350	551,350	591,422	(40,072)
Distribution services	232,705	232,705	269,611	(36,906)
Capital outlay	1,305,650	1,305,650	596,378	709,272
Debt service				
Principal	510,219	510,219	510,218	1
Interest	108,803	108,803	94,258	14,545
 Total expenses	 3,230,267	 3,230,267	 2,548,375	 681,892
 Net income	 \$ (1,296,767)	 \$ (1,296,767)	 286,220	 \$ 1,582,987
 <u>Reconciliation to change in net position</u>				
Contributed assets			3,571,449	
Add bond principal paid			510,218	
Add Capital outlay			596,378	
Less depreciation and amortization expense			(863,142)	
 Change in net position			 \$ 4,101,123	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2021

	Stormwater Fund			Variance With Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Service fees	\$ 118,000	\$ 118,000	\$ 117,318	\$ (682)
Other income	-	-	6,086	6,086
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>75</u>	<u>(925)</u>
Total revenues	<u>119,000</u>	<u>119,000</u>	<u>123,479</u>	<u>4,479</u>
Expenses				
Administration	20,961	20,961	21,418	(457)
Allocated expenses	7,980	7,980	9,941	(1,961)
Maintenance	60,512	60,512	21,602	38,910
Capital outlay	<u>6,550</u>	<u>6,550</u>	<u>7,190</u>	<u>(640)</u>
Total expenses	<u>96,003</u>	<u>96,003</u>	<u>60,151</u>	<u>35,852</u>
Net income	<u>\$ 22,997</u>	<u>\$ 22,997</u>	<u>63,328</u>	<u>\$ 40,331</u>
Reconciliation to change in net position				
Contributed assets			1,181,974	
Capital outlay			7,190	
Less depreciation expense			<u>(26,334)</u>	
Change in net position			<u>\$ 1,226,158</u>	

See accompanying Independent Auditors' Report.



Other Supplementary Information State Compliance

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Lyons		
		YEAR ENDING : December 2021		
This Information From The Records Of (example - City of _ or County of Town of Lyons, Colorado)		Prepared By: Phone: (303)-823-6622		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES		
ITEM	AMOUNT	ITEM	AMOUNT	
A. Receipts from local sources:		A. Local highway disbursements:		
1. Local highway-user taxes	349,392	1. Capital outlay (from page 2)	3,230,407	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	205,543	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	4,819	
2. General fund appropriations	38,182	b. Snow and ice removal	22,952	
3. Other local imposts (from page 2)		c. Other	12,901	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	40,672	
5. Transfers from toll facilities		4. General administration & miscellaneous	104,318	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	115,551	
a. Bonds - Original Issues		6. Total (1 through 5)	3,696,491	
b. Bonds - Refunding Issues		B. Debt service on local obligations:		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	0	a. Interest		
7. Total (1 through 6)	387,574	b. Redemption		
B. Private Contributions		c. Total (a. + b.)	0	
C. Receipts from State government (from page 2)	570,797	2. Notes:		
D. Receipts from Federal Government (from page 2)	2,738,120	a. Interest		
E. Total receipts (A.7 + B + C + D)	3,696,491	b. Redemption		
		c. Total (a. + b.)	0	
		3. Total (1.c + 2.c)	0	
		C. Payments to State for highways		
		D. Payments to toll facilities		
		E. Total disbursements (A.6 + B.3 + C + D)	3,696,491	
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0
V. LOCAL ROAD AND STREET FUND BALANCE				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
	0	3,696,491	3,696,491	0
				0
Notes and Comments: The grant revenues related to CDBG-DR programs have been estimated on an accrual basis related to the expenditures incurred for the various flood related projects.				

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado
		YEAR ENDING (mm/yy): December 2021

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	38,182	g. Other Misc. Receipts	0
6. Total (1. through 5.)	38,182	h. Other	0
c. Total (a. + b.)	38,182	i. Total (a. through h.)	0
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	60,368	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	2,174,515
b. Project Match		c. HUD CDBG-DR	540,340
c. Motor Vehicle Registrations	11,141	d. Federal Transit Admin	16,264
d. Other (Specify) State PA Match	499,288	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Feder ARPA	7,001
f. Total (a. through e.)	510,429	g. Total (a. through f.)	2,738,120
4. Total (1. + 2. + 3.f)	570,797	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	14,654	162,181	176,835
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	455	3,053,117	3,053,572
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	455	3,053,117	3,053,572
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	15,109	3,215,298	3,230,407
		(Carry forward to page 1)	

Notes and Comments: