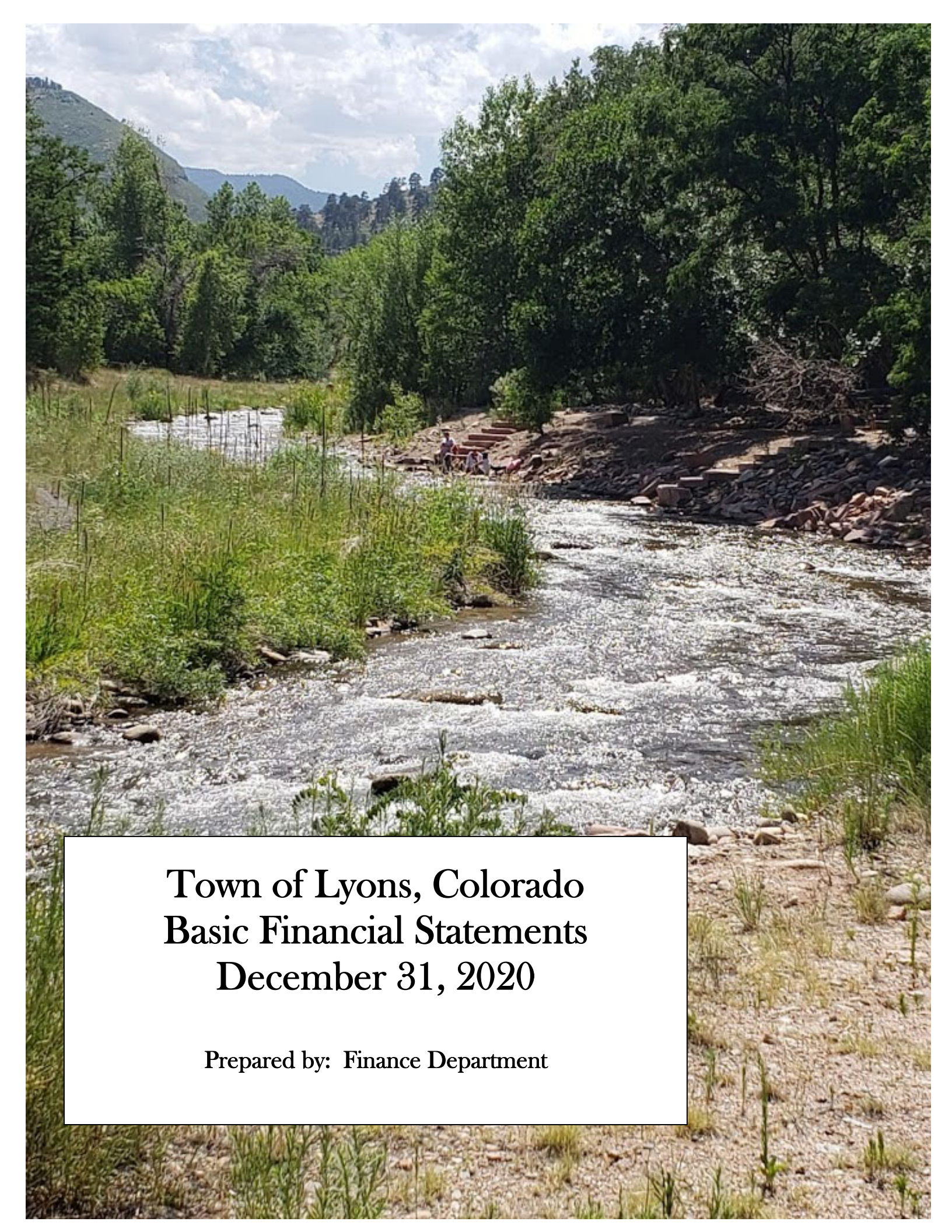




Town of Lyons, Colorado Basic Financial Statements December 31, 2020

Prepared by: Finance Department

Photos

Cover: Looking upstream from 2nd avenue bridge

MD&A: Clarifier Project

Basic Financial Statements: Town Hall

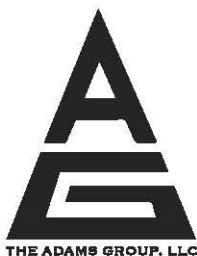
Required Supplementary Information: Visitors Center

Other Supplementary Information - Combining and Individual Fund
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CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Lyons, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, Colorado (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, Colorado, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

The budgetary comparison schedules, combining fund statements, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, combining fund statements, and the Local Highway Finance 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 13, 2021, 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 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 13, 2021



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, 2020.

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 2020 by \$75,511,526 (*net position*). Of this amount, \$2,113,053 (*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 \$3,556,142.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending fund balances of \$5,412,126.
- At the end of the current year, unassigned fund balance for the general fund was \$1,285,648, or about 55.05% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the town's financial position. In the case of the Town of Lyons, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,511,526 at the close of 2020.

Town of Lyons Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 14,328,973	\$ 16,441,888	\$ 3,526,832	\$ 3,516,699	\$ 17,855,805	\$ 19,958,587
Capital Assets	54,616,981	52,999,520	20,765,595	18,826,557	75,382,576	71,826,077
Total Assets	68,945,954	69,441,408	24,292,427	22,343,256	93,238,381	91,784,664
Deferred Outflows of Resources-						
Asset retirement obligation	-	-	353,237	351,855	353,237	351,855
Long-term Liabilities Outstanding	9,573,288	9,529,098	5,798,490	5,756,377	15,371,778	15,285,475
Other Liabilities	1,095,846	2,869,385	816,948	1,283,305	1,912,794	4,152,690
Total Liabilities	10,669,134	12,398,483	6,615,438	7,039,682	17,284,572	19,438,165
Deferred Inflows of Resources-						
Unavailable resources of property taxes	795,520	742,970	-	-	795,520	742,970
Net Investment in Capital Assets	54,616,981	52,999,520	15,366,700	12,815,847	69,983,681	65,815,367
Restricted						
Required emergency reserve	122,700	132,518	-	-	122,700	132,518
Debt Service	-	-	422,919	325,722	422,919	325,722
Parks and Open Space	221,475	198,661	-	-	221,475	198,661
Capital outlay - Grant Expenditures	2,647,698	1,454,684	-	-	2,647,698	1,454,684
Unrestricted	(127,554)	1,514,572	2,240,607	2,513,860	2,113,053	4,028,432
Total Net Position	\$ 57,481,300	\$ 56,299,955	\$ 18,030,226	\$ 15,655,429	\$ 75,511,526	\$ 71,955,384

By far the largest portion of the town's net position (92.68%) reflects its investment of \$70.0 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, \$3.4 million (4.52%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$2.1 million (2.80%), is generally available to be used to meet the town's on-going obligations to the public and creditors. Due to flood related issues, the Town has limited sources for non-flood related expenditures. It is important to note that the unrestricted net position of the town's business-type activities may not be used to fund governmental activities, or vice versa.

At the end of the current fiscal year, the Town of Lyons can report positive balances in most categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. Net position invested in capital assets, net of related debt, increased by \$4.2 million, or 6.33%, compared to 2019 increase of 15.23%. This increase is discussed below in "Capital Assets." The exception is the \$(127,554) deficit related to governmental activities resulting from the transfer of \$2.4 million of capital asset to the business-type activities.

Governmental activities – Governmental activities increased the Town of Lyons net position by \$1,181,345. Other key elements of governmental activities are as follows:

- The grants fund created to assist with the 2013 Flood rebuilding and recovery contributed approximately \$5.0 million in assets for 2020. 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 decreased \$52,793 in 2020 over 2019.

- Grant revenues decreased by \$4,584,665 in 2020 over 2019. This is largely attributed to collection of FEMA eligible expense reimbursement as well as state and local grant reimbursements.

Town of Lyons Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 823,641	\$ 650,728	\$ 3,629,286	\$ 3,312,314	\$ 4,452,927	\$ 3,963,042
Operating Grants and Contributions	1,319,591	525,081	-	-	1,319,591	525,081
Capital Grants and Contributions	3,814,461	9,193,636	59,730	154,397	3,874,191	9,348,033
General Revenues:						
Property Taxes	747,022	571,046	-	-	747,022	571,046
Other Taxes	1,551,194	1,585,861	-	-	1,551,194	1,585,861
Unrestricted investment earnings	14,235	77,144	10,280	207,557	24,515	284,701
Intergovernmental	-	93,950	-	-	-	93,950
Other	212,610	578,922	12,859	-	225,469	578,922
Total Revenues	<u>8,482,754</u>	<u>13,276,368</u>	<u>3,712,155</u>	<u>3,674,268</u>	<u>12,194,909</u>	<u>16,950,636</u>
Expenses:						
General Government	1,827,695	2,129,779	-	-	1,827,695	2,129,779
Public Safety	727,424	785,706	-	-	727,424	785,706
Public Health and Welfare	285,097	-	-	-	285,097	-
Public Works & Streets	1,109,869	560,179	-	-	1,109,869	560,179
Parks, Recreation & Culture	1,326,578	1,625,852	-	-	1,326,578	1,625,852
Electric	-	-	1,520,781	1,466,058	1,520,781	1,466,058
Water and Sanitation	-	-	2,158,842	2,150,102	2,158,842	2,150,102
Storm Water	-	-	62,640	65,781	62,640	65,781
Total Expenses	<u>5,276,663</u>	<u>5,101,516</u>	<u>3,742,263</u>	<u>3,681,941</u>	<u>9,018,926</u>	<u>8,783,457</u>
Excess (Deficiency) Before Extraordinary						
Gains and Transfers	3,206,091	8,174,852	(30,108)	(7,673)	3,175,983	8,167,179
Transfers	(2,404,905)	(355,770)	2,404,905	355,770	-	-
Extraordinary gain	380,159	-	-	-	380,159	-
Increase or Decrease in Net Position	<u>1,181,345</u>	<u>7,819,082</u>	<u>2,374,797</u>	<u>348,097</u>	<u>3,556,142</u>	<u>8,167,179</u>
Net Position, Beginning as restated	<u>56,299,955</u>	<u>48,480,873</u>	<u>15,655,429</u>	<u>15,307,332</u>	<u>71,955,384</u>	<u>63,788,205</u>
Net Position, Ending	<u>\$ 57,481,300</u>	<u>\$ 56,299,955</u>	<u>\$ 18,030,226</u>	<u>\$ 15,655,429</u>	<u>\$ 75,511,526</u>	<u>\$ 71,955,384</u>

Proprietary (Business-type) activities - Business-type activities increased the Town of Lyons net position by \$2,374,797 in 2020. The 2020 loss before transfers and contribution decreased by \$22,435. Increases in sewer rates, in addition to adding a BOD surcharge, increased revenues in the Water/Wastewater fund. Operating & maintenance costs dropped in the Electric fund however, the Water/Wastewater fund continued to have higher operating costs due to plant processing capacity and major repairs.

Electric Fund is budgeted to purchase automatic meter reading devices and have them installed in to begin replacing outdated electric meters in the Town. The project was partially completed in 2020, with the final \$100,000 projected to be spent in 2021.

Water/Sanitation Fund will be funding significant capital projects in 2021. The Longs Peak water/sewer line replacement, which has been on the capital projects list for many years, will be constructed in 2021 at a cost of \$1,000,000. Town staff are looking for matching grants to help offset some of the cost. In addition to the water/sewer line replacement, construction of improvements required for the Wastewater Treatment Plant (WWTP) rerating permit are expected to cost approximately \$215,000.

Storm Water Fund was created in 2018. The fund has enabled the Town to start flushing storm drains; this service will continue each year in a different part of town. Identified storm water projects over the next five years are expected to cost over \$14.7 million dollars.

The Town completed the construction of a new Wastewater Treatment Facility (WWTF) at its current location. The new system is a sequence batch reactor with ultraviolet disinfection. Honeywell and Filanc/Frachetti were contracted to design and build the plant under an energy performance contract. It was anticipated to be completed in October 2015 but was accepted as complete in July 2016. Since that time, the plant is not operating as anticipated and is costing 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, 2020, the town's governmental funds reported combined ending fund balances of \$5,412,126, an increase of \$1,452,618 over the previous year. This increase 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 \$1,874,539.

The general fund is the chief operating fund of the Town of Lyons. At the end of the fiscal year, unassigned fund balance of the general fund was \$1,285,648, while total fund balance reached \$1,463,421. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.05% of total general fund expenditures, while total fund balance represents 62.66% 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, 2020, the unrestricted net position of the Electric Fund was \$854,762; the Water and Sanitation Fund was \$1,165,576; the Stormwater Fund was \$220,269. The total increase in net position for all proprietary funds was \$2,374,797 due mainly to the transfer of completed assets from the governmental activities to the proprietary funds. Other factors concerning the finances of the proprietary funds have already been discussed in the Town of Lyons' business-type activities.

General Fund Budgetary Highlights

Actual revenue compared to the budget was \$197,534 higher than budgeted (108.26%). The revenue that came in significantly over budget was Charges for Services, \$270,682 while investment earnings were significantly under budget, \$37,293. Additionally Sales Taxes were \$64,151 higher than budgeted and Use Taxes were \$50,675 under budget.

The year of 2020 quickly changed with the arrival of the COVID-19 Pandemic in late January. Priorities shifted and staff were constantly maneuvering to adjust to ever-changing information. Small businesses, which generate most of our sales tax revenue, were extremely hard hit. Town staff reworked the budget to reflect the worse-case scenario for this revenue source. Town staff was able to secure more than \$250 thousand dollars in CARES Act funding to help support local businesses. The pandemic was further magnified by several significant wildfires in the areas above Lyons.

In 2020, the Town lost sales tax revenue due to the COVID-19 pandemic restrictions. Sales tax accounts for about half of total Town revenues. Final figures showed a decrease in sales tax revenue over the previous year. Cancellation of festivals and markedly decreased spending at local restaurants and retailers were the prime causes.

The sales tax decrease could have been much worse had not the State of Colorado in 2019 changed the way sales tax is collected. The new law implements “destination sourcing” that requires tax be collected on goods and services sold online based on a buyer’s address rather than the physical location of a business. The law went into effect for online sellers like Amazon and Etsy in October of 2019. This change in how the State of Colorado collects sales taxes was instrumental in helping navigate the revenue challenges of the COVID pandemic of 2020. Even though the Town’s small businesses were unable to have shoppers, mail orders to residents increased to help sustain the sales tax revenues. As of this report, total sales tax revenues for 2020 were only down 2.83% compared to the prior year.

2020 Flood Recovery / Grant Funded Highlights / Capital Assets

2020 continued to be highlighted by flood recovery work and permanent improvements to infrastructure in addition to navigating the federal and state regulations regarding flood related documentation, monitoring visits and reimbursements. Administrative staffing needs slowed while project staffing needs remained at a high-level. One administrative position in recovery was eliminated at the end of 2020 due to the needs being reduced. Project staffing positions have been extended through 2021.

Reduced spending was implemented early in 2020 based on expected revenue reductions. Given the economic conditions the Town is currently experiencing, the budget for 2021 was prepared with a focus on controlling and reducing normal operating expenses wherever possible to help with cash flow. A 10% staffing reduction plan was proposed by the Town staff and approved by the Board of Trustees.

The year 2020 continued to be focused on recovery from the flood with several major projects being completed: the town public works operations and replacement buildings; Apple Valley water line replacement project; Bohn Park ballfields, skatepark and shelter facilities; eastern corridor utilities; paving and gutter on the south side of Town; as well as storm drainage on High Street. The last flood projects (2nd Avenue replacement bridge and the pedestrian bridge/safe routes to school improvements) are expected to be completed in 2021.

The Town is continuing to rebuild at a pace dictated by federal approval and reimbursement processes. Cash flow continues to be a concern. Simply put, the federal funds are reimbursable; the Town completes a project and then applies for the federal funds. This makes flood projects difficult to initiate and fund. To facilitate the projects, the State of Colorado advanced the Town \$6.5 million and later increased the amount by \$3 million. Basically, the Town uses this fund to pay for flood projects, requests reimbursement from the federal government and then pays back the State.

As a requirement for this advance money, the State asked for a cash flow spread sheet from the Town. This process has resulted in the Town prioritizing flood recovery projects based upon anticipated advances along with reimbursements. The Town tripled its employee base in 2015 to manage the increased workload from grants, projects and finance. As the flood recovery work completes in 2021, the grant-funded staffing required to support those projects will be eliminated.

In 2020, the Town completed the following flood recovery infrastructure projects along with managing all funding sources associated with them:

- Lyons Valley River Park (FEMA and CDPHE funded Design to Construction, approximately \$2.2M). This work included restoration of the ponds, trail system and the construction of the new outfall for the wastewater treatment plant.
- Apple Valley Waterline Relocation (FEMA and CDBG-DR funded-Design to Construction, approximately \$1.8M) During the flood the watermain broke in two places where it crossed the stream. It was decided to move the existing water main away from the stream to a more resilient location in the road. The length of the pipe runs from Antelope Road to Planet Bluegrass.
- Eastern Corridor Utilities (EDA & CDBG-DR funded-Design to Construction, approximately \$2.6M) This was the connection of a sewer force main from Town to the eastern corridor as well as adding three pressure-reducing valves (PRV's) onto the water main to allow future water connection, installation of a new lift station and upgrade to an existing lift station. This infrastructure was constructed to support the new public works building and future commercial development east of Town.
- Bohn Park (FEMA, Colorado Rockies donation, other parks donations, LYBSA, Insurance, Lyons Community Foundation, Cemex Donation, Home & Garden funded- Design to Construction, approximately \$3.6M) This encompassed replacing two ballfields, restoration of trails and adding a new skate park, shelter, custom pavilion and intake structure for irrigation.
- Roadway Repairs (CDBG-DR and FEMA funded-Design to Construction, approximately \$2M) This was the restoration of paving in areas that were damaged by flood recovery work. In addition, curb and gutter was added to for stormwater improvements.
- High Street Stormwater Improvements (CDBG-DR funded-Design to Construction, approximately \$500K) This was the replacement of a stormwater line plus other stormwater improvements on the southside of High Street.
- Emergency Siren (CDBG funded, approximately \$72K) Installation of an emergency siren east of Town at the new development site.

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, 2020, amounts to \$75,382,576 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, streets, utility systems, improvements, machinery and equipment, park facilities and structures.

Major capital asset events during the 2020 fiscal year included the following:

- CIP 2nd Avenue Bridge and road improvements
- CIP Public Works facility
- CIP Water transmission line in Apple Valley
- CIP Eastern Corridor sewer line
- CIP Bohn Park Phase II – includes skatepark and ball fields
- High Street Stormwater Improvements
- Installation of an Emergency siren
- Lyons Valley River Park

Town of Lyons Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land, Water and Construction in Progress	\$ 38,028,537	\$ 38,996,900	\$ 2,397,362	\$ 2,109,581	\$ 40,425,899	\$ 41,106,481
Building and Improvements	16,299,240	13,825,271	-	-	16,299,240	13,825,271
Plant and systems	-	-	18,195,781	16,545,148	18,195,781	16,545,148
Machinery and Equipment	289,204	177,349	172,452	171,828	461,656	349,177
	<u>\$ 54,616,981</u>	<u>\$ 52,999,520</u>	<u>\$ 20,765,595</u>	<u>\$ 18,826,557</u>	<u>\$ 75,382,576</u>	<u>\$ 71,826,077</u>

Long-Term Debt – At the end of the current fiscal year, the Town of Lyons had debt outstanding of \$15,371,778. Debt represented by bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) are within the proprietary funds. The Town of Lyons does not hold any general obligation within the governmental funds. The Town acquired land of which approximately 1/3 is to be for its public works complex and the balance of the land is deemed to be available for sale for which the Town put under contract in 2020. The value of the land is estimated at \$724,922 was acquired with cash and debt of \$610,000 which is payable over two years. The loan is paid in full as of December 31, 2019. The contract price for the land sale was \$851,000 and was completed in 2020. Compensated Absences represent the total employee benefit dollar amount (at current rate of pay) regarding vacation, sick and compensated time, earned but not taken. In addition to the summary below, see the notes to the Financial Statements section for more information.

Town of Lyons Outstanding Debt Revenue Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Advance from State	\$ 9,500,000	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ 9,500,000
Compensated Absences	73,288	59,098	38,595	30,794	111,883	89,892
Asset retirement obligation	-	-	361,000	351,855	361,000	351,855
Notes Payable	-	-	-	-	-	-
Revenue Bonds	-	-	273,708	360,209	273,708	360,209
Revenue Loans	-	-	5,125,187	5,650,500	5,125,187	5,650,500
Total	<u>\$ 9,573,288</u>	<u>\$ 9,559,098</u>	<u>\$ 5,798,490</u>	<u>\$ 6,393,358</u>	<u>\$ 15,371,778</u>	<u>\$ 15,952,456</u>

All issues of the Town of Lyons are unrated.

Economic Factors and Next Year's Budgets and Rates

In preparing the 2020 budget, the Town had to estimate the fiscal impact on all revenues for the town and its government recovering from the devastating flood disaster that caused over \$50 million in damages to the Town's infrastructure in 2013. The regional population increase, as well as people visiting Rocky Mountain National Park and five wedding venues in the area, have increased visitors to our businesses creating an urgent need for affordable housing for residents and lodging needs for visitors.

The Town 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 to build 40 units, both single family and multiplex units. The project is expected to start sometime in 2021.

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

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

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

Department Operating Budgets - The 2021 budget proposes a \$50,000 reduction in salaries and benefits for the planning and zoning department. Other departments will operate at mostly sustained levels. In 2021, the Town will also remove unfilled positions that were budgeted in 2020, particularly in the public works and parks departments. These positions include a maintenance worker, seasonal maintenance worker, sustainability coordinator, receptionist and a second park host at Lavern Johnson Park.

Capital Plan – The Town has developed a 5-year capital plan to be able to plan for long-term capital improvements. All projects from the individual plans developed over the years were identified and prioritized. Additionally, a Capital Projects fund was created to set aside funding for the projects. The initial revenue for this fund is a transfer from the General Fund.

Capital items/projects include: replace plow vehicle, 1-ton dump vehicle, and town vehicle; complete electric undergrounding through 2nd Avenue bridge; replace pressure-reducing valves PRV #1 and PRV #4; replace Longs Peak water/sewer line; complete construction for treatment plan rerating; upgrade kiosks at parking areas; and install automatic gates at Lavern M. Johnson park entrance.

The Town enters 2021 with significant challenges related to continued flood recovery efforts and economic impacts of the pandemic; however, steps are being taken to increase efficiency and reduce expenses to meet the reduced revenues. Fund balances, on a modified accrual basis, are healthy which will assist the Town in persevering during this challenging time. The Town's development of a 5-year capital plan will ensure projects will be prioritized and funding is 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 PO Box 49, 432 5th Ave, Lyons, Colorado 80540.



Basic Financial Statements

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 5,370,245	\$ 3,081,037	\$ 8,451,282
Restricted cash and cash equivalents	-	78,919	78,919
Receivables	109,466	314,339	423,805
Due from other governments	7,524,774	-	7,524,774
Property tax receivable	795,520	-	795,520
Internal balances	(3,207)	3,207	-
Prepaid items	6,194	17,830	24,024
Inventories	-	31,500	31,500
Revolving loan funds receivable	525,981	-	525,981
Capital assets not being depreciated			
Land, water rights and construction in progress	38,028,537	2,397,362	40,425,899
Capital assets, net of accumulated depreciation			
Buildings	4,103,818	-	4,103,818
Improvements	12,195,422	-	12,195,422
Plant and systems	-	18,195,781	18,195,781
Equipment	289,204	172,452	461,656
Total Assets	<u>68,945,954</u>	<u>24,292,427</u>	<u>93,238,381</u>
<u>Deferred Outflow of Resources</u>			
Asset retirement obligation - Wastewater Treatment Plant	<u>-</u>	<u>353,237</u>	<u>353,237</u>
<u>Liabilities</u>			
<u>Current liabilities</u>			
Accounts payable and other current liabilities	1,003,790	752,775	1,756,565
Other current liabilities	37,409	48,718	86,127
Deposits	10,760	15,455	26,215
Unearned revenues	43,887	-	43,887
Due within one year	7,033,000	641,153	7,674,153
Due in more than one year	2,540,288	5,157,337	7,697,625
Total Liabilities	<u>10,669,134</u>	<u>6,615,438</u>	<u>17,284,572</u>
<u>Deferred Inflows of Resources</u>			
Unavailable resources property taxes	<u>795,520</u>	<u>-</u>	<u>795,520</u>
<u>Net Position</u>			
Net investment in capital assets	54,616,981	15,366,700	69,983,681
Restricted			
Required emergency reserve	122,700	-	122,700
Debt service	-	422,919	422,919
Parks and open space	221,475	-	221,475
Grant expenditures	2,647,698	-	2,647,698
Unrestricted	<u>(127,554)</u>	<u>2,240,607</u>	<u>2,113,053</u>
Total Net Position	<u>\$ 57,481,300</u>	<u>\$ 18,030,226</u>	<u>\$ 75,511,526</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, 2020

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	\$ 1,827,695	\$ 325,203	\$ 350,440	\$ -	\$ (1,152,052)	\$ -	\$ (1,152,052)
Public safety	727,424	190,885	587,787	1,171,529	1,222,777	-	1,222,777
Public health and welfare	285,097	-	285,097	-	-	-	-
Public works and streets	1,109,869	-	74,931	2,649,368	1,614,430	-	1,614,430
Parks, recreation and cultural	1,326,578	307,553	21,336	(6,436)	(1,004,125)	-	(1,004,125)
Total governmental activities	5,276,663	823,641	1,319,591	3,814,461	681,030	-	681,030
Business-type activities							
Electric	1,520,781	1,591,305	-	13,500	-	84,024	84,024
Water and Sanitation	2,158,842	1,920,845	-	46,230	-	(191,767)	(191,767)
Storm Sewer	62,640	117,136	-	-	-	54,496	54,496
Total business-type activities	3,742,263	3,629,286	-	59,730	-	(53,247)	(53,247)
Total primary government	\$ 9,018,926	\$ 4,452,927	\$ 1,319,591	\$ 3,874,191	681,030	(53,247)	627,783
General revenues							
Property taxes					747,022	-	747,022
Sales and use taxes					1,464,852	-	1,464,852
Ownership taxes					35,052	-	35,052
Other taxes and fees					51,290	-	51,290
Unrestricted investment earnings					14,235	10,280	24,515
Other income					212,610	12,859	225,469
Transfers					(2,404,905)	2,404,905	-
Total general revenues					120,156	2,428,044	2,548,200
Extraordinary gain					380,159	-	380,159
Total general revenues and extraordinary gains					500,315	2,428,044	2,928,359
Change in net position					1,181,345	2,374,797	3,556,142
Net position, beginning					56,299,955	15,655,429	71,955,384
Net position, ending					\$ 57,481,300	\$ 18,030,226	\$ 75,511,526

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

TOWN OF LYONS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Major Funds				
	General	Grants	Parks, Recreation, and Cultural	Other Governmental	Total Governmental
Assets					
Cash and cash equivalents	\$ 1,319,353	\$ 2,672,797	\$ 1,093,423	\$ 284,672	\$ 5,370,245
Accounts receivable	35,605	-	70,930	-	106,535
Accounts receivable - land use permits	2,931	-	-	-	2,931
Revolving loan funds receivable	-	525,981	-	-	525,981
Due from other governments	181,134	7,343,640	-	-	7,524,774
Property taxes receivable	766,392	-	-	29,128	795,520
Prepaid items	6,194	-	-	-	6,194
Due from other funds	44,157	57,348	-	-	101,505
Total Assets	\$ 2,355,766	\$ 10,599,766	\$ 1,164,353	\$ 313,800	\$ 14,433,685
Liabilities					
Accounts payable	\$ 97,941	\$ 855,835	\$ 48,568	\$ 1,446	\$ 1,003,790
Accrued liabilities	17,252	9,613	10,544	-	37,409
Deposits	10,760	-	-	-	10,760
Due to other funds	-	61,139	-	43,573	104,712
Unearned revenue	-	-	43,887	-	43,887
Total Liabilities	125,953	926,587	102,999	45,019	1,200,558
Deferred Inflows of Resources					
Unavailable resources property taxes	766,392	-	-	29,128	795,520
Unavailable resources grants	-	7,025,481	-	-	7,025,481
Total Deferred Inflows of Resources	766,392	7,025,481	-	29,128	7,821,001
Fund Balance					
Nonspendable for					
Inventory and prepaid items	6,194	-	-	-	6,194
Restricted for					
Emergencies	122,700	-	-	-	122,700
Grant expenditures	-	2,647,698	-	-	2,647,698
Parks, recreation and cultural	-	-	-	221,475	221,475
Assigned to					
Parks, recreation and cultural	-	-	1,061,354	-	1,061,354
Community development	-	-	-	18,178	18,178
Capital projects	48,879	-	-	-	48,879
Unassigned	1,285,648	-	-	-	1,285,648
Total Fund Balance	1,463,421	2,647,698	1,061,354	239,653	5,412,126
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,355,766	\$ 10,599,766	\$ 1,164,353	\$ 313,800	\$ 14,433,685

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

Total fund balance shown above	\$ 5,412,126
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.	(9,573,288)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	7,025,481
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	54,616,981
Net Position of Governmental Activities	\$ 57,481,300

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, 2020

	General Fund	Grants	Parks, Recreation and Cultural	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Taxes					
General property tax	\$ 720,718	\$ -	\$ -	\$ 26,304	\$ 747,022
Specific ownership tax	35,052	-	-	-	35,052
Sales tax	934,151	-	328,876	-	1,263,027
Use tax	134,475	-	67,350	-	201,825
Other taxes and fees	30,640	-	20,650	-	51,290
Licenses and permits	132,826	-	-	-	132,826
Intergovernmental	93,861	7,354,229	-	21,336	7,469,426
Charges for services	297,907	-	299,353	-	597,260
Fines and forfeitures	93,555	-	-	-	93,555
Investment earnings	7,707	1,439	3,611	1,478	14,235
Rental income	100,106	-	-	-	100,106
Contributions and donations	265	24,002	6,500	-	30,767
Other income	8,097	66,717	2,823	-	77,637
Total Revenues	2,589,360	7,446,387	729,163	49,118	10,814,028
<u>Expenditures</u>					
Current					
General government	1,559,795	31,474	-	19,787	1,611,056
Public safety	390,733	336,691	-	-	727,424
Health and welfare	-	285,097	-	-	285,097
Economic development	89,294	127,402	-	-	216,696
Public works	290,124	518,691	-	-	808,815
Parks, recreation and cultural	-	-	717,673	-	717,673
Capital outlay	5,654	4,954,018	39,077	-	4,998,749
Total Expenditures	2,335,600	6,253,373	756,750	19,787	9,365,510
Excess (deficiency) of revenues over (under) expenditures	253,760	1,193,014	(27,587)	29,331	1,448,518
<u>Other financing sources (uses)</u>					
Insurance recoveries	950	-	3,150	-	4,100
Transfers in	-	-	-	10,011	10,011
Transfers out	(10,011)	-	-	-	(10,011)
Total other financing sources (uses)	(9,061)	-	3,150	10,011	4,100
Change in fund balances	244,699	1,193,014	(24,437)	39,342	1,452,618
Fund balance, beginning	1,218,722	1,454,684	1,085,791	200,311	3,959,508
Fund balance, ending	\$ 1,463,421	\$ 2,647,698	\$ 1,061,354	\$ 239,653	\$ 5,412,126

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, 2020

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

Net change in fund balances, total governmental funds	\$ 1,452,618
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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	\$ 4,998,749	
Less capital assets contributed to enterprise funds	(2,404,905)	
Less current period depreciation	(976,383)	
Net amount by which capital outlay exceeded depreciation and loss on disposal of asset in the current period		1,617,461

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(1,874,544)
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Accrued compensated absences are not reported as an expenditure at the fund level.	(14,190)
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Change in Net Position of Governmental Activities	\$ 1,181,345
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The accompanying notes are an integral part of these financial statements.

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Totals
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 892,817	\$ 1,975,985	\$ 212,235	\$ 3,081,037
Restricted cash, cash equivalents	78,919	-	-	78,919
Accounts receivable	165,969	137,637	10,733	314,339
Due from other funds	-	3,207	-	3,207
Inventory, at cost	31,500	-	-	31,500
Prepays	-	17,830	-	17,830
Total current assets	<u>1,169,205</u>	<u>2,134,659</u>	<u>222,968</u>	<u>3,526,832</u>
Noncurrent assets				
Capital assets not being depreciated				
Land, construction in progress and water rights	<u>113,738</u>	<u>2,266,477</u>	<u>17,147</u>	<u>2,397,362</u>
Capital assets being depreciated				
Plant and systems	<u>3,788,691</u>	<u>22,319,822</u>	<u>505,843</u>	<u>26,614,356</u>
Equipment	<u>45,375</u>	<u>397,513</u>	<u>3,500</u>	<u>446,388</u>
Plant, systems and equipment	<u>3,834,066</u>	<u>22,717,335</u>	<u>509,343</u>	<u>27,060,744</u>
Less accumulated depreciation	<u>(1,511,284)</u>	<u>(6,918,558)</u>	<u>(262,669)</u>	<u>(8,692,511)</u>
Capital assets, net of accumulated depreciation	<u>2,322,782</u>	<u>15,798,777</u>	<u>246,674</u>	<u>18,368,233</u>
Total noncurrent assets	<u>2,436,520</u>	<u>18,065,254</u>	<u>263,821</u>	<u>20,765,595</u>
Total Assets	<u>3,605,725</u>	<u>20,199,913</u>	<u>486,789</u>	<u>24,292,427</u>
<u>Deferred Outflows of Resources</u>				
Asset retirement obligation	<u>-</u>	<u>353,237</u>	<u>-</u>	<u>353,237</u>
<u>Liabilities</u>				
Current liabilities				
Accounts payable	205,665	546,328	782	752,775
Accrued liabilities	9,883	38,263	572	48,718
Customer deposits	6,800	8,655	-	15,455
Compensated absences-current	5,000	11,400	600	17,000
Revenue notes payable - current	24,938	510,218	-	535,156
Revenue bonds payable - current	88,997	-	-	88,997
Total current liabilities	<u>341,283</u>	<u>1,114,864</u>	<u>1,954</u>	<u>1,458,101</u>
Noncurrent liabilities				
Compensated absences	8,176	12,674	745	21,595
Notes payable	146,404	4,443,627	-	4,590,031
Bonds payable	184,711	-	-	184,711
Asset retirement obligation	-	361,000	-	361,000
Total noncurrent liabilities	<u>339,291</u>	<u>4,817,301</u>	<u>745</u>	<u>5,157,337</u>
Total Liabilities	<u>680,574</u>	<u>5,932,165</u>	<u>2,699</u>	<u>6,615,438</u>
<u>Net position</u>				
Net investment in capital assets	1,991,470	13,111,409	263,821	15,366,700
Restricted for debt service	78,919	344,000	-	422,919
Unrestricted	<u>854,762</u>	<u>1,165,576</u>	<u>220,269</u>	<u>2,240,607</u>
Total Net Position	<u>\$ 2,925,151</u>	<u>\$ 14,620,985</u>	<u>\$ 484,090</u>	<u>\$ 18,030,226</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, 2020

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Totals
<u>Operating revenues</u>				
Charges for services	\$ 1,519,371	\$ 1,828,707	\$ 117,136	\$ 3,465,214
Other	71,934	92,138	-	164,072
Total operating revenues	1,591,305	1,920,845	117,136	3,629,286
<u>Operating expenses</u>				
Operations and maintenance	1,187,102	867,687	29,470	2,084,259
Administrative	209,030	510,074	21,718	740,822
Depreciation and amortization	104,541	676,451	11,452	792,444
Total operating expenses	1,500,673	2,054,212	62,640	3,617,525
Operating income (loss)	90,632	(133,367)	54,496	11,761
<u>Non-operating revenues (expenses)</u>				
Insurance proceeds	3,213	9,646	-	12,859
Investment earnings	3,461	6,174	645	10,280
Interest on indebtedness	(20,108)	(104,630)	-	(124,738)
Total Non-Operating Revenues (Expenses)	(13,434)	(88,810)	645	(101,599)
Income (loss) before capital contributions, and transfers	77,198	(222,177)	55,141	(89,838)
Capital contributions	13,500	2,451,135	-	2,464,635
Change in net position	90,698	2,228,958	55,141	2,374,797
Net position, beginning of year	2,834,453	12,392,027	428,949	15,655,429
Net position, end of year	\$ 2,925,151	\$ 14,620,985	\$ 484,090	\$ 18,030,226

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, 2020

	Electric Fund	Water and Sanitation Fund	Stormwater Fund	Total
<u>Cash flows from operating activities</u>				
Receipts from customers and users	\$ 1,529,498	\$ 1,833,872	\$ 117,024	\$ 3,480,394
Other services	71,934	92,138	-	164,072
Payments to suppliers and employees	(1,305,690)	(1,420,441)	(69,071)	(2,795,202)
Net cash provided by operating activities	295,742	505,569	47,953	849,264
<u>Cash Flows from Noncapital Financing Activities</u>				
Interfund borrowings	63,038	67,331	-	130,369
Insurance proceeds	3,213	9,646	-	12,859
Net cash provided by (used for) noncapital financing activities	66,251	76,977	-	143,228
<u>Cash flows from capital and related financing activities</u>				
Principal repayments	(110,162)	(501,653)	-	(611,815)
Contributions from customers	13,500	46,230	-	59,730
Interest paid	(20,870)	(95,958)	-	(116,828)
Purchase of fixed assets	(64,523)	(253,126)	(1,165)	(318,814)
Net cash used for capital and related financing activities	(182,055)	(804,507)	(1,165)	(987,727)
<u>Cash flows from investing activities</u>				
Proceeds from land held for sale	-	851,000	-	851,000
Interest earned	3,462	6,174	645	10,281
Net cash provided by investing activities	3,462	857,174	645	861,281
Net change in cash and equivalents	183,400	635,213	47,433	866,046
Cash and equivalents, beginning of year	788,336	1,340,772	164,802	2,293,910
Cash and equivalents, end of year	<u>\$ 971,736</u>	<u>\$ 1,975,985</u>	<u>\$ 212,235</u>	<u>\$ 3,159,956</u>
Operating income (loss)	\$ 90,632	\$ (133,367)	\$ 54,496	\$ 11,761
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	104,541	676,451	11,452	792,444
(Increase) decrease in inventory	3,500	-	-	3,500
(Increase) decrease in prepaids	-	(17,830)	-	(17,830)
Decrease (increase) in accounts receivable	11,627	10,935	(112)	22,450
Decrease (increase) in due from other funds	-	-	(1,941)	(1,941)
(Decrease) increase in accounts payable	88,969	(21,074)	(16,308)	51,587
(Decrease) increase in accrued liabilities	(2,027)	(3,776)	366	(5,437)
(Decrease) increase in customer deposits	(1,500)	(5,770)	-	(7,270)
Total adjustments	205,110	638,936	(6,543)	837,503
Net cash provided by operating activities	<u>\$ 295,742</u>	<u>\$ 505,569</u>	<u>\$ 47,953</u>	<u>\$ 849,264</u>

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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. 84, “Fiduciary Activities”. This Statement establishes criteria for identifying fiduciary activities. The Statement requires activities which meet these criteria to be reported using a fiduciary fund in the basic financial statements. The Town of Lyons has two (2) fiduciary activities, Lyons Youth Baseball and Softball Association (LYBSA) and Lyons Arts and Humanities Commission (LAHC). Because of the immaterial nature of the balances managed for these two activities, the Town continues to report the activities in the Grants Fund. This statement was effective for financial statements for reporting periods beginning after December 15, 2019. The implementation of this statement does not have any impact on the Town's financial statements.

The GASB (Governmental Accounting Standards Board) has issued Statement No. 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.

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020

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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town reports the following major proprietary funds:

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

The Town reports two governmental funds and one proprietary fund as non-major:

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

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

Budgets

Budgets are adopted on a basis consistent with Colorado Revised Statutes and Local Government Budget Law. The budgets for the Town are adopted for all funds and presented on a basis consistent with GAAP except as follows. In the budgets for the enterprise funds: 1) bond and other debt proceeds are treated as other financing sources, and bond and other debt principal payments are treated as budget expenditures, 2) tap fees for the Electric Fund and Water and Sanitation Fund are

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

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

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

The 2020 expenditures related to the Water and Wastewater and Grant Funds were in excess of appropriations.

Legal Compliance – TABOR Amendment

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

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

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

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

Restricted Revenue

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Revenue (Continued)

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

	<u>Percentage</u>	<u>Sales Tax</u>	<u>Use Tax</u>	<u>Total</u>
General Fund	74.25%	\$ 934,151	\$ 134,475	\$ 1,068,626
Parks, Recreation and Cultural Fund	25.75%	328,876	67,350	396,226
	<u>100%</u>	<u>\$ 1,263,027</u>	<u>\$ 201,825</u>	<u>\$ 1,464,852</u>

Assets, Deferred Inflow of Resources, 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, 2020, 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. 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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources include asset retirement obligations which will be consumed in a future period after December 31, 2020. 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, 2020.

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

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Asset Retirement Obligation – The Town operates a wastewater treatment facility and has evaluated the required expense if the plant were to be decommissioned. At this time, the plant is operational and is not scheduled to be decommissioned. The liability arises from the legal obligation to provide funding if the need arises. If the plant were to be decommissioned, the liability in the government-wide and proprietary fund type financial statements is estimated to be \$361,000 as of December 31, 2020.

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

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – All other spendable amounts.

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2020, the Town contributed \$24,815.

Risk Management

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

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect certain reported amounts and disclosures. The Town has recorded a receivable for approximately \$7,525,000 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, 2020, follows:

Petty cash	\$ 1,150
Deposits	3,792,661
Investments	4,736,390
Total Cash and Investments	<u>\$ 8,530,201</u>

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

Cash and investments	\$ 8,451,282
Restricted cash and investments	78,919
Total Cash and Investments	<u>\$ 8,530,201</u>

Deposits

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

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2020, the carrying amount of the Town's deposits was \$3,792,661 and the bank balance was \$4,180,594. Of this amount \$250,000 was covered by FDIC insurance. The remaining \$3,847,347 was included in the PDPA funds. The Town has \$83,247 of funds held by a credit card processor which is uninsured.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

- Obligations of the United States, 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

Investments

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

The State Securities Commissioner administers and enforces all State statutes governing the pool. The pool operates similar to a money market fund and each share is equal in value to \$1.00. The pool offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury Securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of the U.S. agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of the U.S. government agencies. A designated custodial bank serves as custodian for the pool's portfolios pursuant to a custodial agreement. The custodian acts as safekeeping agent for the pool's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST places no restrictions or limitations on withdrawals. The fund is rated AAAM by the Standard and Poor's Corporation. At December 31, 2020, the Town had invested \$4,736,390 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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk - The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2020, the Town has interest rate risk related only to its investments in COLOTRUST. At December 31, 2020, COLOTRUST PLUS+ had a weighted average to final maturity of 80 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, 2020, the Town's investments consisted of the investment pool.

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

NOTE 3 - CASH - RESTRICTED

The Electric Fund revenue 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, 2020.

NOTE 4 - INTERNAL BALANCES

During the year ended December 31, 2020, \$10,011 was transferred to the LURA fund from the General fund to cover additional legal costs incurred by the LURA fund. The Town transferred capital assets related to projects completed in the Grant fund in the amount of \$2,404,905 to the Water and Sanitation enterprise fund during 2020.

	<u>Transfer From</u> <u>Other Funds</u>	<u>Transfer To</u> <u>Other Funds</u>
General Fund	\$ -	\$ 10,011
LURA Fund	<u>10,011</u>	<u>-</u>
Totals	<u>\$ 10,011</u>	<u>\$ 10,011</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 - INTERNAL BALANCES (CONTINUED)

The following are the balances owed between funds as of December 31, 2020. 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	\$ 44,157	\$ -
Grants Fund	57,348	61,139
Water and Sanitation Fund	3,207	-
Non-Major Funds		
Lyons Urban Renewal Fund	-	43,573
	<u> </u>	<u> </u>
Totals	<u>\$ 104,712</u>	<u>\$ 104,712</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2020 was as follows:

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 21,445,810	\$ 200,607	\$ -	\$ 21,646,417
Construction in progress	17,551,090	4,998,749	(6,167,719)	16,382,120
Total capital assets, not depreciated	<u>38,996,900</u>	<u>5,199,356</u>	<u>(6,167,719)</u>	<u>38,028,537</u>
Capital assets being depreciated				
Buildings	1,547,342	3,400,155	-	4,947,497
Improvements	16,642,562	-	-	16,642,562
Equipment	585,544	162,052	-	747,596
Total capital assets, depreciated	<u>18,775,448</u>	<u>3,562,207</u>	<u>-</u>	<u>22,337,655</u>
Less accumulated depreciation for				
Buildings	(702,043)	(141,636)	-	(843,679)
Improvements	(3,662,590)	(784,550)	-	(4,447,140)
Equipment	(408,195)	(50,197)	-	(458,392)
Total accumulated depreciation	<u>(4,772,828)</u>	<u>(976,383)</u>	<u>-</u>	<u>(5,749,211)</u>
Total capital assets being depreciated, net	<u>14,002,620</u>	<u>2,585,824</u>	<u>-</u>	<u>16,588,444</u>
Governmental activities				
Capital assets, net	<u>\$ 52,999,520</u>	<u>\$ 7,785,180</u>	<u>\$ (6,167,719)</u>	<u>\$ 54,616,981</u>

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

General government	\$ 72,856
Public works and streets	299,053
Parks, culture, and recreation	<u>604,474</u>
Total current year depreciation	<u>\$ 976,383</u>

Capital asset activity for the business-type activities for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
<u>Business-type Activities</u>				
Capital assets, not being depreciated				
Land and water rights (restated)	\$ 2,033,682	\$ 82,378	\$ -	\$ 2,116,060
Construction in progress	<u>75,899</u>	<u>205,403</u>	<u>-</u>	<u>281,302</u>
Total capital assets, not depreciated	<u>2,109,581</u>	<u>287,781</u>	<u>-</u>	<u>2,397,362</u>
Capital assets being depreciated				
Plant and systems	24,209,452	2,404,904	-	26,614,356
Equipment	<u>415,354</u>	<u>31,034</u>	<u>-</u>	<u>446,388</u>
Total capital assets, depreciated	<u>24,624,806</u>	<u>2,435,938</u>	<u>-</u>	<u>27,060,744</u>
Less accumulated depreciation for				
Plant and systems	(7,664,304)	(754,271)	-	(8,418,575)
Equipment	<u>(243,526)</u>	<u>(30,410)</u>	<u>-</u>	<u>(273,936)</u>
Total accumulated depreciation	<u>(7,907,830)</u>	<u>(784,681)</u>	<u>-</u>	<u>(8,692,511)</u>
Total capital assets being depreciated, net	<u>16,716,976</u>	<u>1,651,257</u>	<u>-</u>	<u>18,368,233</u>
Business-type activities				
Capital assets, net	<u>\$ 18,826,557</u>	<u>\$ 1,939,038</u>	<u>\$ -</u>	<u>\$ 20,765,595</u>

Depreciation expense for the business-type activities totaled \$784,681 for the year ended December 31, 2020. In addition, \$7,763 of amortization was recognized as a result of the Town's ARO deferred inflow of resources.

NOTE 6 - LONG TERM DEBT

	Balance 1/1/20	Advances	Payments	Balance 12/31/20	Due Within One Year
<u>Governmental activities</u>					
Advance from State	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ 7,000,000
Compensated absences	<u>59,098</u>	<u>52,120</u>	<u>37,930</u>	<u>73,288</u>	<u>33,000</u>
	<u>\$ 9,559,098</u>	<u>\$ 52,120</u>	<u>\$ 37,930</u>	<u>\$ 9,573,288</u>	<u>\$ 7,033,000</u>

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

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 - LONG TERM DEBT (CONTINUED)

During 2014, the Town received an advance from the State of Colorado to assist with cashflow issues in the amount of \$3,500,000. During 2015, the Town received an additional \$3,000,000 and an additional \$3,000,000 in 2016. The advance is to be paid with the final FEMA reimbursements. At this time, the Town expects to repay approximately \$7,000,000 to the State in 2021. The advance has no interest component.

	Balance 1/1/20	Advances	Payments	Balance 12/31/20	Due Within One Year
<u>Business-type activities</u>					
2006 Elec Rev Note	\$ 195,002	\$ -	\$ 23,660	\$ 171,342	\$ 24,938
2019 Elec Rev Ref Bonds	360,210	-	86,502	273,708	88,997
2003 CWRPDA Loan	1,364,512	-	251,652	1,112,860	257,244
2013 CWRPDA Loan	4,090,986	-	250,001	3,840,985	252,974
Compensated absences	30,794	28,127	20,326	38,595	17,000
Asset retirement obligation	351,855	9,145	-	361,000	-
	<u>\$ 6,393,359</u>	<u>\$ 37,272</u>	<u>\$ 632,141</u>	<u>\$ 5,798,490</u>	<u>\$ 641,153</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.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 - LONG TERM DEBT (CONTINUED)

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 CWRPDPA require three months operations and maintenance expenses be restricted for debt service. For purposes of the bond issue, the Water and Sanitation funds are combined. The required amount of restricted equity totals \$344,000 as of December 31, 2020.

As of December 31, 2020, the Town was not in compliance with the required debt service covenants regarding adequate rates on either note.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 624,153	\$ 115,422	\$ 739,575
2022	642,020	95,339	737,359
2023	665,417	68,478	733,895
2024	593,435	47,144	640,579
2025	296,248	38,387	334,635
2026-2030	1,410,381	126,032	1,536,413
2031-2034	<u>1,167,241</u>	<u>34,538</u>	<u>1,201,779</u>
	<u>\$ 5,398,895</u>	<u>\$ 525,340</u>	<u>\$ 5,924,235</u>

Interest expense for the year ended December 31, 2020 totaled \$124,738.

NOTE 7 - ASSET RETIREMENT OBLIGATION

The Town recognized an Asset Retirement Obligation (ARO) related to the wastewater treatment plant. The State of Colorado Department of Public Health and Environment requires certain mediation efforts be used if the plant were to be decommissioned. The Town Engineer has developed a decommissioning plan which resulted in estimated costs of \$361,000. The Town has also recognized a deferred outflow of resources related of \$361,000 related to the ARO. The amortization of the deferred inflow of resources over the estimated life of the plant of approximately 46 years results in an annual charge to operations of \$7,763. The accumulation of the charges over the life of the plant should result in accumulated reserves adequate to retire the plant from reserves.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 - EQUITY

Net Position

As described in Note 1, net position in the Government-Wide Statement of Net Position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments. At December 31, 2020 restrictions on the governmental activities net position totaled \$2,991.873. Restrictions on the net position of the business type activities totaled \$422,919.

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 fundDs to perpetuate the program. An eligibility committee of community members determines eligibility of an applicant to receive loans through this program. In 2017, the spouse of a board member received a \$20,000 loan from the fund by applying through the normal programmatic process.

NOTE 10 -COMMITMENTS AND CONTINGENCIES

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies, as well as matching obligations from the Town. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. The Town is unable to make an estimate of costs which might be disallowed at this time.

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

Commitments

During 2020, the Town entered several agreements related to the flood reconstruction. The total remaining balances of these agreements at December 31, 2020 is approximately \$4.6 million. The Town anticipates that most of these costs will be paid by grant reimbursements.

TOWN OF LYONS, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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.

The Town recognized additional insurance proceeds of \$380,159 as an extraordinary gain for 2020. As of December 31, 2020, 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 2021 prior to the issuance of the 2020 financial statements. The Town has been awarded a \$280,000 grant through GOCO to be used on trails. A \$450,000 grant was awarded through DOLA for the Longs Peak Infrastructure Project. The Colorado Department of Transportation awarded a \$150,000 Downtown Revitalizations Grant. In addition, the Town is expected to receive \$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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<u>Revenues</u>				
Taxes				
General property tax	\$ 720,369	\$ 720,369	\$ 720,718	\$ 349
Specific ownership tax	29,000	29,000	35,052	6,052
Sales tax	870,000	870,000	934,151	64,151
Use tax	185,150	185,150	134,475	(50,675)
Other taxes and fees	40,500	40,500	30,640	(9,860)
Licenses and permits	155,057	155,057	141,451	(13,606)
Intergovernmental	99,350	99,350	93,861	(5,489)
Charges for services	18,400	18,400	289,282	270,882
Fines and forfeitures	105,000	105,000	93,555	(11,445)
Investment earnings	45,000	45,000	7,707	(37,293)
Rental income	107,000	107,000	100,106	(6,894)
Contributions and donations	9,000	9,000	265	(8,735)
Other income	8,000	8,000	8,097	97
Total revenues	<u>2,391,826</u>	<u>2,391,826</u>	<u>2,589,360</u>	<u>197,534</u>
<u>Expenditures</u>				
Current				
General government				
Legislative council	40,395	40,395	30,639	9,756
Judicial	40,512	40,512	54,632	(14,120)
Administrative	968,075	968,075	977,542	(9,467)
Police	449,950	449,950	390,733	59,217
Economic development	140,432	140,432	89,294	51,138
Building inspections	65,048	65,048	77,800	(12,752)
Public works - streets	382,489	382,489	290,124	92,365
Planning	309,833	309,833	247,213	62,620
Health, welfare and community	185,014	185,014	164,631	20,383
Visitor's Center	7,844	7,844	7,338	506
Capital outlay	43,827	43,827	5,654	38,173
Total expenditures	<u>2,633,419</u>	<u>2,633,419</u>	<u>2,335,600</u>	<u>297,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(241,593)</u>	<u>(241,593)</u>	<u>253,760</u>	<u>495,353</u>
<u>Other financing sources (uses)</u>				
Insurance recoveries	-	-	950	950
Transfers in	285,795	285,795	-	(285,795)
Transfers out	-	-	(10,011)	(10,011)
Total other financing sources (uses)	<u>285,795</u>	<u>285,795</u>	<u>(9,061)</u>	<u>(294,856)</u>
Net change in fund balances	<u>\$ 44,202</u>	<u>\$ 44,202</u>	<u>244,699</u>	<u>\$ 200,497</u>
Fund balances - beginning			<u>1,218,722</u>	
Fund balances - ending			<u>\$ 1,463,421</u>	

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

TOWN OF LYONS, COLORADO
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
<u>Revenues</u>				
Intergovernmental	\$ 5,796,677	\$ 5,796,677	\$ 7,354,229	\$ 1,557,552
Contributions and donations	-	-	24,002	24,002
Investment interest	-	-	1,439	1,439
Other income	-	-	66,717	66,717
Total revenues	<u>5,796,677</u>	<u>5,796,677</u>	<u>7,446,387</u>	<u>1,649,710</u>
<u>Expenditures</u>				
Current				
General government	1,500,000	1,500,000	31,474	1,468,526
Public safety	-	-	336,691	(336,691)
Health and Welfare	-	-	285,097	(285,097)
Economic development	35,000	35,000	127,402	(92,402)
Public works	65,000	65,000	518,691	(453,691)
Parks, recreation and cultural	30,000	30,000	-	30,000
Capital outlay	<u>4,166,677</u>	<u>4,166,677</u>	<u>4,954,018</u>	<u>(787,341)</u>
Total expenditures	<u>5,796,677</u>	<u>5,796,677</u>	<u>6,253,373</u>	<u>(456,696)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,193,014	<u>\$ 1,193,014</u>
Fund balances - beginning			<u>1,454,684</u>	
Fund balances - ending			<u>\$ 2,647,698</u>	

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

TOWN OF LYONS, COLORADO
PARKS, RECREATION, AND CULTURAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>Revenues</u>				
Sales tax	\$ 347,960	\$ 347,960	\$ 328,876	\$ (19,084)
Use tax	92,575	92,575	67,350	(25,225)
Home additions fees	33,241	33,241	20,650	(12,591)
Interest income	7,500	7,500	3,611	(3,889)
Grants, contributions and donations	-	-	6,500	6,500
Charges for services				
Camping	210,000	210,000	219,705	9,705
Other park division charges	115,620	115,620	66,483	(49,137)
Recreation	20,400	20,400	9,445	(10,955)
Cultural and special events	119,900	119,900	3,720	(116,180)
Other income	-	-	2,823	2,823
	<u>947,196</u>	<u>947,196</u>	<u>729,163</u>	<u>(218,033)</u>
<u>Total revenues</u>				
<u>Expenditures</u>				
Administrative	198,397	198,397	167,462	30,935
Allocated expenses	119,600	119,600	119,600	-
Cultural and recreation				
Special event expenditures	91,800	91,800	14,623	77,177
Parks				
Operations and maintenance	499,344	499,344	415,988	83,356
Recreation	12,500	12,500	-	12,500
Capital outlay	78,166	78,166	39,077	39,089
	<u>999,807</u>	<u>999,807</u>	<u>756,750</u>	<u>243,057</u>
<u>Total expenditures</u>				
Excess (deficiency) of revenues over (under) expenditures	(52,611)	(52,611)	(27,587)	25,024
<u>Other financing sources (uses)</u>				
Insurance proceeds	-	-	3,150	3,150
Transfers in (out)	49,500	49,500	-	(49,500)
	<u>\$ (3,111)</u>	<u>\$ (3,111)</u>	<u>(24,437)</u>	<u>(21,326)</u>
<u>Net change in fund balances</u>				
Fund balance, beginning			<u>1,085,791</u>	
Fund balance, end			<u>\$ 1,061,354</u>	

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



**Other Supplementary Information
Combining and Individual Fund
Statements and Schedules**

TOWN OF LYONS, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	Conservation Trust Fund	Lyons Urban Renewal Authority	Total
Assets			
Cash and cash equivalents	\$ 221,475	\$ 63,197	\$ 284,672
Property taxes receivable	-	29,128	29,128
Total Assets	<u>\$ 221,475</u>	<u>\$ 92,325</u>	<u>\$ 313,800</u>
Liabilities			
Accounts payable	\$ -	\$ 1,446	\$ 1,446
Due to other funds	-	43,573	43,573
Total Liabilities	<u>-</u>	<u>45,019</u>	<u>45,019</u>
Deferred Inflows of Resources			
Unavailable resources property taxes	<u>-</u>	<u>29,128</u>	<u>29,128</u>
Fund Balance			
Restricted for			
Parks, recreation and cultural	221,475	-	221,475
Assigned to			
Community development	<u>-</u>	<u>18,178</u>	<u>18,178</u>
Total Fund Balance	<u>221,475</u>	<u>18,178</u>	<u>239,653</u>
Total Liabilities and Fund Balance	<u>\$ 221,475</u>	<u>\$ 92,325</u>	<u>\$ 313,800</u>

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

TOWN OF LYONS, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020

	Conservation Trust Fund	Lyons Urban Renewal Authority	Total
<u>Revenues</u>			
Property taxes	\$ -	\$ 26,304	\$ 26,304
Intergovernmental revenue	21,336	-	21,336
Investment earnings	1,478	-	1,478
Total revenues	22,814	26,304	49,118
<u>Expenditures</u>			
General government	-	19,787	19,787
Total expenditures	-	19,787	19,787
Excess (deficiency) of revenues over (under) expenditures	22,814	6,517	29,331
<u>Other financing sources (uses)</u>			
Transfers in	-	10,011	10,011
Net change in fund balance	22,814	16,528	39,342
Fund balance, beginning of year	198,661	1,650	200,311
Fund balance, end of year	\$ 221,475	\$ 18,178	\$ 239,653

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

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Conservation Trust Fund			Variance
	Original Budget	Final Budget	Actual	With Final Budget
<u>Revenues</u>				
Intergovernmental revenue	\$ 20,000	\$ 20,000	\$ 21,336	\$ 1,336
Investment earnings	3,000	3,000	1,478	(1,522)
Total revenues	23,000	23,000	22,814	(186)
<u>Expenditures</u>				
Cultural and recreation	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	23,000	23,000	22,814	(186)
<u>Other financing sources (uses)</u>				
Transfers out	(49,500)	(49,500)	-	49,500
Net change in fund balance	<u>\$ (26,500)</u>	<u>\$ (26,500)</u>	22,814	<u>\$ 49,314</u>
Fund balance, beginning of year			198,661	
Fund balance, end of year			<u>\$ 221,475</u>	

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

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Lyons Urban Renewal Authority			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<u>Revenues</u>				
Property taxes	\$ 22,629	\$ 22,629	\$ 26,304	\$ 3,675
Investment earnings	-	-	-	-
Total revenues	22,629	22,629	26,304	3,675
<u>Expenditures</u>				
General government	32,640	32,640	19,787	12,853
Excess (deficiency) of revenues over (under) expenditures	(10,011)	(10,011)	6,517	16,528
<u>Other financing sources (uses)</u>				
Transfers in	10,011	10,011	10,011	-
Net change in fund balance	\$ -	\$ -	16,528	\$ 16,528
Fund balance, beginning of year			1,650	
Fund balance, end of year			\$ 18,178	

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

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Electric Fund			Variance
	Original Budget	Final Budget	Actual	With Final Budget
<u>Revenues</u>				
Sales	\$ 1,567,350	\$ 1,567,350	\$ 1,519,371	\$ (47,979)
Investment / tap fees	63,000	63,000	13,500	(49,500)
Investment earnings	25,000	25,000	3,461	(21,539)
Other income	69,500	69,500	71,934	2,434
Insurance proceeds	-	-	3,213	3,213
Total revenues	1,724,850	1,724,850	1,611,479	(113,371)
<u>Operating expenses</u>				
Administrative	146,342	146,342	155,736	(9,394)
Allocated expenses	53,294	53,294	53,294	-
Distribution and maintenance	1,454,107	1,454,107	1,187,102	267,005
Debt service				
Bond principal	110,624	110,624	110,162	462
Bond interest	20,877	20,877	20,108	769
Capital outlay	213,542	213,542	64,523	149,019
Total expenses	1,998,786	1,998,786	1,590,925	407,861
Net income (loss)	<u>\$ (273,936)</u>	<u>\$ (273,936)</u>	20,554	<u>\$ 294,490</u>
<u>Reconciliation to change in net position</u>				
Add bond principal paid			110,162	
Add Capital outlay			64,523	
Less depreciation expense			(104,541)	
Change in net position			<u>\$ 90,698</u>	

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

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020

	Water and Sanitation Fund			Variance
	Original Budget	Final Budget	Actual	With Final Budget
<u>Revenues</u>				
Water sales	\$ 1,824,000	\$ 1,824,000	\$ 1,804,055	\$ (19,945)
Water tap fees	375,265	375,265	46,230	(329,035)
Pipe water sales	29,000	29,000	24,652	(4,348)
Investment earnings	75,500	75,500	6,174	(69,326)
Miscellaneous	-	-	92,138	92,138
Contributions	-	-	2,404,905	2,404,905
Insurance proceeds	-	-	9,646	9,646
Total revenues	2,303,765	2,303,765	4,387,800	2,084,035
<u>Expenses</u>				
Administration	360,044	360,044	403,590	(43,546)
Allocated expenses	106,484	106,484	106,484	-
Treatment services	700,398	700,398	625,105	75,293
Distribution services	282,990	282,990	242,582	40,408
Capital outlay	62,084	62,084	253,126	(191,042)
Debt service				
Principal	501,654	501,654	501,653	1
Interest	107,789	107,789	104,630	3,159
Total expenses	2,121,443	2,121,443	2,237,170	(115,727)
Net income	<u>\$ 182,322</u>	<u>\$ 182,322</u>	2,150,630	<u>\$ 1,968,308</u>
<u>Reconciliation to change in net position</u>				
Add bond principal paid			501,653	
Add Capital outlay			253,126	
Less depreciation and amortization expense			(676,451)	
Change in net position			<u>\$ 2,228,958</u>	

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

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DECEMBER 31, 2020

	Stormwater Fund		
	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>			
Service fees	\$ 120,000	\$ 117,136	\$ (2,864)
Investment earnings	2,000	645	(1,355)
Total revenues	<u>122,000</u>	<u>117,781</u>	<u>(4,219)</u>
<u>Expenses</u>			
Administration	14,098	15,601	(1,503)
Allocated expenses	6,117	6,117	-
Maintenance	71,383	29,470	41,913
Capital outlay	25,541	1,165	24,376
Total expenses	<u>117,139</u>	<u>52,353</u>	<u>64,786</u>
Net income	<u>\$ 4,861</u>	65,428	<u>\$ 60,567</u>
<u>Reconciliation to change in net position</u>			
Capital outlay		1,165	
Less depreciation expense		<u>(11,452)</u>	
Change in net position		<u>\$ 55,141</u>	

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



Other Supplementary Information State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Town of Lyons
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of		Prepared By:
Town of Lyons, Colorado		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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	437,407
3. Other local imposts (from page 2)	35,052
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	472,459
B. Private Contributions	
C. Receipts from State government (from page 2)	68,873
D. Receipts from Federal Government (from page 2)	1,327,527
E. Total receipts (A.7 + B + C + D)	1,868,859

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,327,527
2. Maintenance:	242,888
3. Road and street services:	
a. Traffic control operations	273
b. Snow and ice removal	27,070
c. Other	19,893
d. Total (a. through c.)	47,236
4. General administration & miscellaneous	112,780
5. Highway law enforcement and safety	138,428
6. Total (1 through 5)	1,868,859
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,868,859

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	1,868,859	1,868,859	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 2020	

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	35,052	g. Other Misc. Receipts	0
6. Total (1. through 5.)	35,052	h. Other	0
c. Total (a. + b.)	35,052	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	56,301	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	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	12,572	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Feder CDBG-DR	1,327,527
f. Total (a. through e.)	12,572	g. Total (a. through f.)	1,327,527
4. Total (1. + 2. + 3.f)	68,873	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		180,579	180,579
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,146,948	1,146,948
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,146,948	1,146,948
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,327,527	1,327,527
			(Carry forward to page 1)

Notes and Comments: