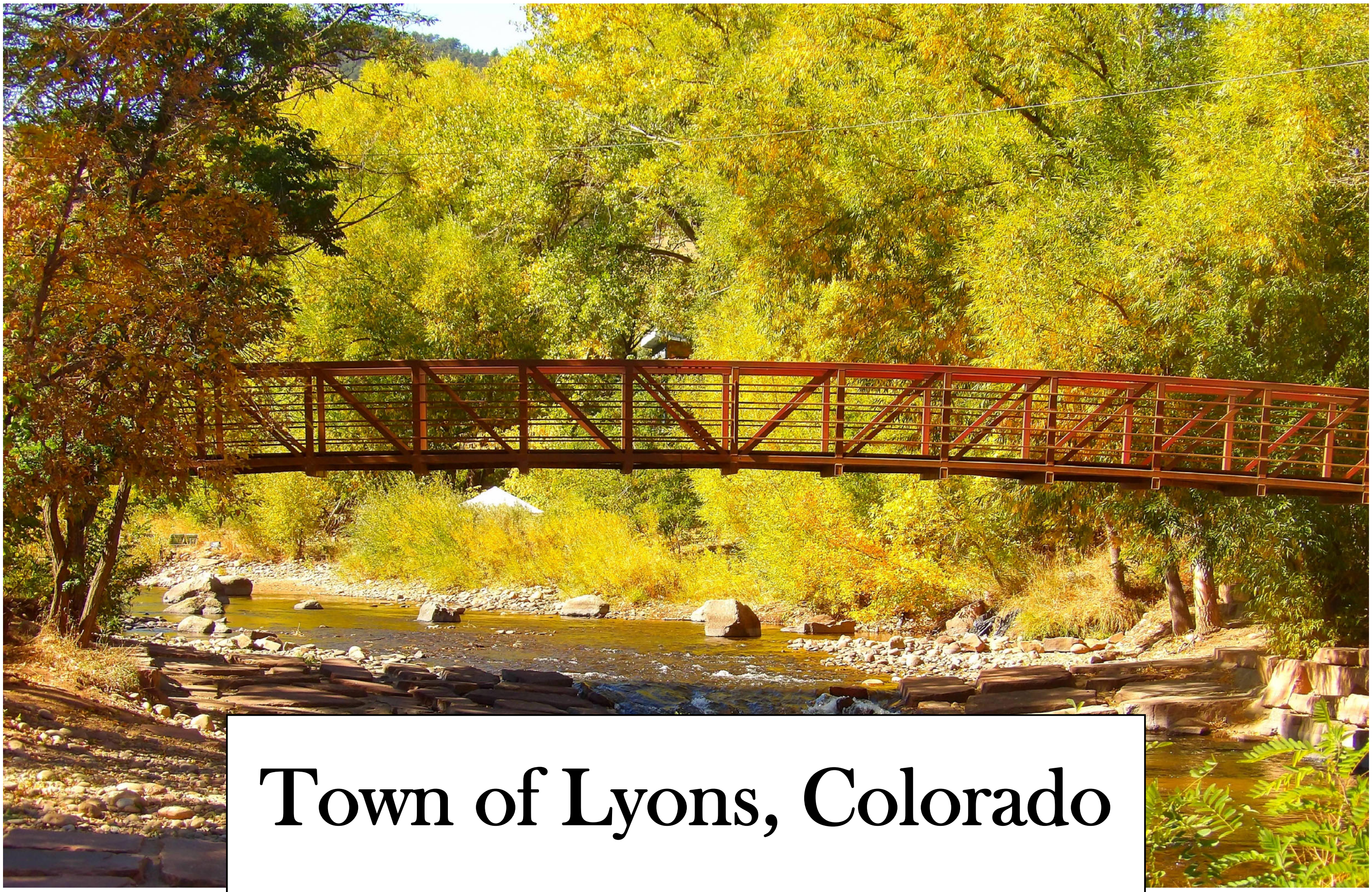

Town of Lyons, Colorado

Basic Financial Statements
December 31, 2025

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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Lyons, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lyons, Colorado (the Town) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

The Adams Group, LLC

Greenwood Village, Colorado
July 10, 2026

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, 2025.

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 2025 by $85,146,678 (*net position*). Of this amount, $7,964,392, (*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 $2,273,944.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending fund balances of $5,979,655.
- At the end of the current year, the unassigned fund balance for the General Fund was $2,016,426, or about 65.5% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to cover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, administrative services, public safety, public works (streets), planning and zoning, judicial and legislative, parks, recreation and cultural activities, and grant funds that include the rebuilding and recovery from the 2013 Flood disaster. The business-type activities of the Town include the electric utility, water and wastewater 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 six 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, Parks, Recreation, and Cultural Fund, and Capital Improvement 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 Wastewater Fund which are considered major funds. Individual proprietary fund data is presented for the Stormwater Utility Fund as a non-major proprietary fund of the Town of Lyons.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town of Lyons, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $84,543,868, at the close of 2025.

Town of Lyons Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 12,938,176	$ 12,528,713	$ 5,788,156	$ 5,048,611	$ 18,726,332	$ 17,577,324
Capital Assets	53,095,472	52,122,222	24,232,358	24,168,925	77,327,830	76,291,147
Total Assets	66,033,648	64,650,935	30,020,514	29,217,536	96,054,162	93,868,471
Long-term Liabilities Outstanding	4,646,230	5,183,248	2,601,635	2,894,651	7,247,865	8,077,899
Other Liabilities	1,627,650	979,810	445,582	341,905	2,073,232	1,321,715
Total Liabilities	6,273,880	6,163,058	3,047,217	3,236,556	9,321,097	9,399,614
Deferred Inflows of Resources-						
Unavailable resources of property taxes	992,804	896,227	-	-	992,804	896,227
Unavailable resources leases	593,583	699,896	-	-	593,583	699,896
Total Deferred Inflows	1,586,387	1,596,123	-	-	1,586,387	1,596,123
Net Investment in Capital Assets	52,814,490	52,047,778	21,452,804	21,296,055	74,267,294	73,343,833
Restricted						
Required emergency reserve	162,000	174,000	-	-	162,000	174,000
Debt Service	-	-	426,990	443,190	426,990	443,190
Parks and Open Space	1,191,037	1,144,560	-	-	1,191,037	1,144,560
Capital outlay - Grant Expenditures	1,134,965	1,444,242	-	-	1,134,965	1,444,242
Unrestricted	2,870,889	2,081,174	5,093,503	4,241,735	7,964,392	6,322,909
Total Net Position	$ 58,173,381	$ 56,891,754	$ 26,973,297	$ 25,980,980	$ 85,146,678	$ 82,872,734

By far the largest portion of the Town's net position (87.2%) reflects its investment of $74.2 million in capital assets (e.g., land, buildings, machinery and equipment, utility plants and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to the public; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $2.9 million (3.42%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, $7.9 million (9.35%), is generally available to be used to meet the Town's ongoing obligations to the public and creditors. It is important to note that the unrestricted net position of the Town's business-type activities may not be used to fund governmental activities or vice versa.

At the end of the current fiscal year, the Town of Lyons can report positive balances in all categories of net position, both for the government in total, as well as for its separate governmental and business-type activities. Net position invested in capital assets, net of related debt, increased by $923,461, or 1.26%.

<u>Governmental activities</u> – Governmental activities increased the Town of Lyons' net position by $1,281,627. Key elements of governmental activities are as follows:

- Tax revenue increased by approximately $130,300 from 2024.
- Capital grants and contributions for improvement projects generated more than $2.1 million in revenue.
- The St Vrain Trail capital project continued in 2025, incurring approximately $1.3 million in expenditures, which were offset by grant revenues.

Town of Lyons Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	$ 1,132,747	$ 1,111,596	$ 4,050,254	$ 3,758,535	$ 5,183,001	$ 4,870,131
Operating Grants and Contributions	270,056	360,006	-	-	270,056	360,006
Capital Grants and Contributions	2,168,563	1,641,429	932,325	79,500	3,100,888	1,720,929
General Revenues:						
Property Taxes	895,401	934,751	-	-	895,401	934,751
Other Taxes	2,656,495	2,486,802	-	-	2,656,495	2,486,802
Unrestricted investment earnings	157,009	193,040	161,344	158,757	318,353	351,797
Gain on disposal of equipment	1,500	-	318,925	-	320,425	-
Other	167,574	206,376	-	9,849	167,574	216,225
Total Revenues	7,449,345	6,934,000	5,462,848	4,006,641	12,912,193	10,940,641
Expenses:						
General Government	2,069,800	1,942,293	-	-	2,069,800	1,942,293
Public Safety	618,851	589,931	-	-	618,851	589,931
Public Health and Welfare	50,000	112,984	-	-	50,000	112,984
Public Works & Streets	1,162,522	1,002,640	-	-	1,162,522	1,002,640
Parks, Recreation & Culture	2,299,282	2,290,771	-	-	2,299,282	2,290,771
Interest	6,263	2,470	-	-	6,263	2,470
Electric	-	-	1,614,722	1,520,416	1,614,722	1,520,416
Water and Wastewater	-	-	2,602,777	2,700,539	2,602,777	2,700,539
Stormwater	-	-	214,032	151,038	214,032	151,038
Total Expenses	6,206,718	5,941,089	4,431,531	4,371,993	10,638,249	10,313,082
Excess (Deficiency) Before Extraordinary Gains and Transfers	1,242,627	992,911	1,031,317	(365,352)	2,273,944	627,559
Transfers	39,000	(59,572)	(39,000)	59,572	-	-
Extraordinary gain	-	-	-	-	-	-
Increase or Decrease in Net Position	1,281,627	933,339	992,317	(305,780)	2,273,944	627,559
Net Position, Beginning	56,891,754	55,958,415	25,980,980	26,286,760	82,872,734	82,245,175
Net Position, Ending	$ 58,173,381	$ 56,891,754	$ 26,973,297	$ 25,980,980	$ 85,146,678	$ 82,872,734

Proprietary (Business-type) activities - Business-type activities increased the Town of Lyons net position by $992,317 in 2025. Key elements of business-type activities are as follows:

- In 2025, the Town formally accepted utility-related public improvements associated with the Lyons Valley Park/Summit development in the amount of $800,125.

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. 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; Capital Improvement Fund, and Lyons Urban Renewal Authority Fund.

As of December 31, 2025, the Town's governmental funds reported combined ending fund balances of $5,979,655, a decrease of $78,154 over the previous year. This decrease is due to planned use of fund balance for one-time capital projects.

The General Fund is the chief operating fund of the Town of Lyons. At the end of the fiscal year, the unassigned fund balance of the General Fund was $2,016,426, while the total fund balance reached $2,962,748. The total fund balance increased $155,746 from 2024. As of December 31, 2025, $600,000 of the total fund balance has been assigned for the Town's share of flood costs. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 65.5% of total General Fund expenditures, while total fund balance represents 96.3% of that same amount.

The Grant Fund had an ending fund balance of $1,134,965. Other funds often transfer into the Grant Fund for grant matches and/or contributions for various projects. In 2025, $254,000 was transferred to the Grant Fund for grant-related projects.

As of December 31, 2025, the Parks, Recreation and Cultural Fund had an ending fund balance of $1,121,448. Of this amount, $300,000 has been earmarked for the Town's share of flood costs.

The Capital Improvement Fund had approximately $381,000 in expenses in 2025 for various street improvements. A voter-approved sales tax of 0.5% went into effect in July 2024 and brought in $260,175 in tax revenue to be used towards capital improvement projects. The General Fund currently budgets annual transfers to the fund and transferred $141,400 in 2025 that was used for street improvement projects. The Capital Improvement Fund had an ending fund balance of $636,757.

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, 2025, the unrestricted net position of the Electric Fund was $1,247,301; the Water and Wastewater Fund was $3,566,802; the Stormwater Fund was $279,400. These amounts include the 3-month operating reserve. The total increase in unrestricted net position for all proprietary funds was $851,768.

General Fund Budgetary Highlights

While still applying a conservative approach when projecting 2025 revenues and expenditures, in most cases revenues came in higher and expenses came in lower than expected.

Actual revenue compared to the budget was $190,256 higher than budgeted. The largest contributing revenue sources to this variance was sales tax revenue coming in over budget ($103,348) as well as investment earnings ($49,179). Expenses, including transfers out to the Capital Fund, were $714,926 lower than budget projections. Much of this is related to delayed capital purchases/projects ($437,578).

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, 2025, amounts to $77,327,830 (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 2025 fiscal year included the following:

- Accepted utility-related public improvements associated with the Lyons Valley Park/Summit development
- Vehicle and equipment replacements
- Street improvements
- LaVern Johnson Park Streambank Improvements

Town of Lyons Capital Assets
(net of depreciation)

	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total Primary Government 2025	Total Primary Government 2024
Land, Water and Construction in Progress	$ 26,415,259	$ 24,904,904	$ 3,262,937	$ 3,006,886	$ 29,678,196	$ 27,911,790
Right to Use Assets	74,440	73,586	-	-	74,440	$ 73,586
Building and Improvements	26,255,440	26,736,595	-	-	26,255,440	26,736,595
Plant and systems	-	-	20,872,831	21,066,846	20,872,831	21,066,846
Machinery and Equipment	350,333	407,137	96,590	95,193	446,923	502,330
	$ 53,095,472	$ 52,122,222	$ 24,232,358	$ 24,168,925	$ 77,327,830	$ 76,291,147

Long-Term Debt – At the end of the current fiscal year, the Town of Lyons had debt outstanding of $7,274,865. Debt represented by bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) is within the proprietary funds. The Town of Lyons does not hold any general obligation within the governmental funds. Compensated Absences represent the total employee benefit dollar amount (at the current rate of pay) regarding paid time off (PTO) and compensated time, earned but not taken. In addition to the summary below, see the notes in the Financial Statements section for more information.

Town of Lyons Outstanding Debt
Revenue Bonds and Loans

	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total 2025	Total 2024
Advance from State	$ 4,544,286	$ 5,067,394	$ -	$ -	$ 4,544,286	$ 5,067,394
Compensated Absences	51,431	41,411	24,013	20,780	75,444	62,191
Lease Liability	77,513	74,443	-	-	77,513	74,443
Revenue Bonds	-	-	32,439	63,215	32,439	63,215
Revenue Loans	-	-	2,545,183	2,810,655	2,545,183	2,810,655
Total	$ 4,673,230	$ 5,183,248	$ 2,601,635	$ 2,894,650	$ 7,274,865	$ 8,077,898

All issues of the Town of Lyons are unrated.

Economic Factors and Next Year's Budget

Revenue and expenditure projections for the various funds are based on historical trends, various economic and inflation forecasts, rate changes, and known changes in operations.

The 2026 budget was approved by the Board of Trustees in November 2025. In preparing the 2026 budget, the Town conservatively projected all revenues. The Town enters 2026 with no sales tax growth projected. The Town budgeted a 10.0% increase in General Fund revenues primarily due to property tax and one-time use tax and building revenue. The Town's fund balances continue to set aside a 3-month operating reserve to enable operations to continue in the event of an economic downturn or emergency.

The Town will continue to focus on capital projects and improvements. The Town's 5-year capital plan will ensure projects will be prioritized and funding secured for critical needs.

Contacting the Town's Financial Management

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

Basic Financial Statements

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 7,148,490	$ 5,363,439	$ 12,511,929
Restricted cash and cash equivalents	-	34,190	34,190
Receivables	-	318,384	318,384
Lease receivables	642,652	-	642,652
Due from other governments	4,119,391	-	4,119,391
Property tax receivable	992,804	-	992,804
Internal balances	(8,258)	8,258	-
Prepaid items	17,942	21,176	39,118
Inventories	-	42,709	42,709
Revolving loan funds receivable	25,155	-	25,155
Capital assets not being depreciated			
Land, water rights and construction in progress	26,415,259	3,262,937	29,678,196
Capital assets, net of accumulated depreciation			
Buildings	3,640,731	-	3,640,731
Improvements	22,614,709	-	22,614,709
Plant and systems	-	20,872,831	20,872,831
Equipment	350,333	96,590	446,923
Right to use assets	74,440	-	74,440
Total Assets	66,033,648	30,020,514	96,054,162
Liabilities			
Current liabilities			
Accounts payable and other current liabilities	1,360,118	434,314	1,794,432
Other current liabilities	83,913	10,414	94,327
Deposits	-	854	854
Unearned revenues	156,619	-	156,619
Due within one year	3,077,008	325,206	3,402,214
Due in more than one year	1,596,222	2,276,429	3,872,651
Total Liabilities	6,273,880	3,047,217	9,321,097
Deferred Inflows of Resources			
Unavailable resources property taxes	992,804	-	992,804
Unavailable resources leases	593,583	-	593,583
	1,586,387	-	1,586,387
Net Position			
Net investment in capital assets	52,814,490	21,452,804	74,267,294
Restricted			
Required emergency reserve	162,000	-	162,000
Debt service	-	426,990	426,990
Parks and open space	1,191,037	-	1,191,037
Grant expenditures	1,134,965	-	1,134,965
Unrestricted	2,870,889	5,093,503	7,964,392
Total Net Position	$ 58,173,381	$ 26,973,297	$ 85,146,678

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

TOWN OF LYONS, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	$ 2,069,800	$ 393,921	$ 136,854	$ 791,000	$ (748,025)	$ -	$ (748,025)
Public safety	618,851	137,072	10,979	-	(470,800)	-	(470,800)
Public health and welfare	50,000	-	49,934	-	(66)	-	(66)
Public works and streets	1,162,522	-	46,237	440	(1,115,845)	-	(1,115,845)
Parks, recreation and cultural	2,299,282	601,754	26,052	1,377,123	(294,353)	-	(294,353)
Interest	6,263	-	-	-	(6,263)	-	(6,263)
Total governmental activities	6,206,718	1,132,747	270,056	2,168,563	(2,635,352)	-	(2,635,352)
Business-type activities							
Electric	1,614,722	1,660,337	-	219,500	-	265,115	265,115
Water and Wastewater	2,602,777	2,269,533	-	589,700	-	256,456	256,456
Storm Sewer	214,032	120,384	-	123,125	-	29,477	29,477
Total business-type activities	4,431,531	4,050,254	-	932,325	-	551,048	551,048
Total primary government	$ 10,638,249	$ 5,183,001	$ 270,056	$ 3,100,888	(2,635,352)	551,048	(2,084,304)

	Governmental Activities	Business-Type Activities	Total
General revenues			
Property taxes	895,401	-	895,401
Sales and use taxes	2,457,541	-	2,457,541
Ownership taxes	40,297	-	40,297
Other taxes and fees	158,657	-	158,657
Unrestricted investment earnings	157,009	161,344	318,353
Gain on disposal of equipment	1,500	318,925	320,425
Other income	167,574	-	167,574
Transfers	39,000	(39,000)	-
Total general revenues	3,916,979	441,269	4,358,248
Change in net position	1,281,627	992,317	2,273,944
Net position, beginning	56,891,754	25,980,980	82,872,734
Net position, ending	$ 58,173,381	$ 26,973,297	$ 85,146,678

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

TOWN OF LYONS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds					
	General	Grants	Parks, Recreation, and Cultural	Capital Improvement Fund	Other Governmental	Total Governmental
Assets						
Cash and cash equivalents	$ 2,698,717	$ 2,560,670	$ 1,118,492	$ 595,767	$ 174,844	$ 7,148,490
Revolving loan funds receivable	-	25,155	-	-	-	25,155
Due from other governments	243,935	3,748,212	86,254	40,990	-	4,119,391
Property taxes receivable	992,804	-	-	-	-	992,804
Leases receivable	642,652	-	-	-	-	642,652
Prepaid items	14,162	-	3,780	-	-	17,942
Due from other funds	105,960	1,451,903	-	-	413	1,558,276
Total Assets	$ 4,698,230	$ 7,785,940	$ 1,208,526	$ 636,757	$ 175,257	$ 14,504,710
Liabilities						
Accounts payable	$ 50,606	$ 1,276,988	$ 26,246	$ -	$ 6,278	$ 1,360,118
Accrued liabilities	75,719	826	7,368	-	-	83,913
Due to other funds	11,697	1,503,545	6,050	-	45,242	1,566,534
Unearned revenue	11,073	98,132	47,414	-	-	156,619
Total Liabilities	149,095	2,879,491	87,078	-	51,520	3,167,184
Deferred Inflows of Resources						
Unavailable resources property taxes	992,804	-	-	-	-	992,804
Unavailable resources grants and rlf funds	-	3,771,484	-	-	-	3,771,484
Unavailable resources leases	593,583	-	-	-	-	593,583
Total Deferred Inflows of Resources	1,586,387	3,771,484	-	-	-	5,357,871
Fund Balance						
Nonspendable for						
Inventory and prepaid items	14,162	-	3,780	-	-	17,942
Restricted for						
Emergencies	162,000	-	-	-	-	162,000
Grant expenditures	-	1,134,965	-	-	-	1,134,965
Parks, recreation and cultural	-	-	1,117,668	-	73,369	1,191,037
Assigned to						
Subsequent year's expenditures	170,160	-	-	-	-	170,160
Community development	-	-	-	-	50,368	50,368
Town's share of flood costs	600,000	-	-	-	-	600,000
Capital projects	-	-	-	636,757	-	636,757
Unassigned	2,016,426	-	-	-	-	2,016,426
Total Fund Balance	2,962,748	1,134,965	1,121,448	636,757	123,737	5,979,655
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 4,698,230	$ 7,785,940	$ 1,208,526	$ 636,757	$ 175,257	$ 14,504,710

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

Total fund balance shown above	$ 5,979,655
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.	(4,673,230)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.	3,771,484
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	53,095,472
Net Position of Governmental Activities	$ 58,173,381

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, 2025

	Major Funds					
	General Fund	Grants	Parks, Recreation and Cultural	Capital Improvement Fund	Other Governmental	Total Governmental Funds
Revenues						
Taxes	$ 2,689,950	$ -	$ 601,771	$ 260,175	$ -	$ 3,551,896
Licenses and permits	120,215	-	-	-	-	120,215
Intergovernmental	19,161	1,653,695	-	-	26,052	1,698,908
Charges for services	348,433	-	601,754	-	-	950,187
Fines and forfeitures	62,345	-	-	-	-	62,345
Investment earnings	116,519	132	35,202	-	5,156	157,009
Rental income	111,940	-	-	-	-	111,940
Contributions and donations	-	37,627	-	-	21,580	59,207
Other income	26,460	27,320	1,854	-	-	55,634
Total Revenues	3,495,023	1,718,774	1,240,581	260,175	52,788	6,767,341
Expenditures						
Current						
General government	1,781,158	37,627	-	-	13,804	1,832,589
Public safety	616,824	2,027	-	-	-	618,851
Health and welfare	-	50,000	-	-	-	50,000
Economic development	120,967	41,790	-	-	-	162,757
Public works	414,619	52,722	-	51,735	-	519,076
Parks, recreation and cultural	-	3,025	1,110,013	-	-	1,113,038
Debt service						
Principal	13,524	523,108	9,661	-	-	546,293
Interest	3,814	-	2,449	-	-	6,263
Capital outlay	125,885	1,429,309	178,948	329,241	-	2,063,383
Total Expenditures	3,076,791	2,139,608	1,301,071	380,976	13,804	6,912,250
Excess (deficiency) of revenues over (under) expenditures	418,232	(420,834)	(60,490)	(120,801)	38,984	(144,909)
Other financing sources (uses)						
Lease proceeds	26,255	-	-	-	-	26,255
Sale of assets	1,500	-	-	-	-	1,500
Transfers in	53,659	254,000	151,859	141,400	-	600,918
Transfers out	(343,900)	(142,443)	(12,500)	-	(63,075)	(561,918)
Total other financing sources (uses)	(262,486)	111,557	139,359	141,400	(63,075)	66,755
Change in fund balances	155,746	(309,277)	78,869	20,599	(24,091)	(78,154)
Fund balance, beginning	2,807,002	1,444,242	1,042,579	616,158	147,828	6,057,809
Fund balance, ending	$ 2,962,748	$ 1,134,965	$ 1,121,448	$ 636,757	$ 123,737	$ 5,979,655

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, 2025

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

Net change in fund balances, total governmental funds		$ (78,154)
Issuances of debt are treated as revenues in the governmental funds, but are recorded as liabilities on the statement of net position. Repayments of this debt are recorded as expenses in the governmental funds and reduce liabilities on the statements of net position.		
Principal payments on outstanding debt	546,293	
Capital lease proceeds	(26,255)	
Net amount by which debt proceeds exceeded principal payments		520,038
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	2,037,128	
Donated capital assets are not reported as revenues at the fund level	791,000	
Right to use assets	26,255	
Less current period depreciation	(1,881,133)	
Net amount by which depreciation and loss on disposal of assets exceeded capital outlay in the current period		973,250
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(123,487)
Accrued compensated absences are not reported as an expenditure at the fund level.		(10,020)
Change in Net Position of Governmental Activities		$ 1,281,627

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

TOWN OF LYONS, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Electric Fund	Water and Wastewater Fund	Stormwater Fund	Totals
Assets				
Current assets				
Cash and cash equivalents	$ 1,192,316	$ 3,901,251	$ 269,872	$ 5,363,439
Restricted cash, cash equivalents	34,190	-	-	34,190
Accounts receivable	149,195	157,239	11,950	318,384
Due from other funds	-	8,258	-	8,258
Inventory, at cost	31,459	11,250	-	42,709
Prepaids	-	21,176	-	21,176
Total current assets	1,407,160	4,099,174	281,822	5,788,156
Noncurrent assets				
Capital assets not being depreciated				
Land, construction in progress and water rights	388,898	2,874,039	-	3,262,937
Capital assets being depreciated				
Plant and systems	4,380,259	28,392,286	1,956,682	34,729,227
Equipment	73,858	406,400	5,069	485,327
Plant, systems and equipment	4,454,117	28,798,686	1,961,751	35,214,554
Less accumulated depreciation	(2,041,855)	(11,656,891)	(546,387)	(14,245,133)
Capital assets, net of accumulated depreciation	2,412,262	17,141,795	1,415,364	20,969,421
Total noncurrent assets	2,801,160	20,015,834	1,415,364	24,232,358
Total Assets	4,208,320	24,115,008	1,697,186	30,020,514
Liabilities				
Current liabilities				
Accounts payable	138,289	296,025	-	434,314
Accrued liabilities	310	9,443	661	10,414
Customer deposits	-	854	-	854
Compensated absences-current	7,285	14,967	1,761	24,013
Revenue notes payable - current	32,439	268,754	-	301,193
Total current liabilities	178,323	590,043	2,422	770,788
Noncurrent liabilities				
Notes payable	-	2,276,429	-	2,276,429
Total noncurrent liabilities	-	2,276,429	-	2,276,429
Total Liabilities	178,323	2,866,472	2,422	3,047,217
Net position				
Net investment in capital assets	2,748,506	17,288,934	1,415,364	21,452,804
Restricted for debt service	34,190	392,800	-	426,990
Unrestricted	1,247,301	3,566,802	279,400	5,093,503
Total Net Position	$ 4,029,997	$ 21,248,536	$ 1,694,764	$ 26,973,297

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, 2025

	Electric Fund	Water and Wastewater Fund	Stormwater Fund	Totals
Operating revenues				
Charges for services	$ 1,638,221	$ 1,998,276	$ 120,384	$ 3,756,881
Other	22,116	271,257	-	293,373
Total operating revenues	1,660,337	2,269,533	120,384	4,050,254
Operating expenses				
Operations and maintenance	1,244,098	1,046,559	65,583	2,356,240
Administrative	239,937	524,486	82,777	847,200
Depreciation	127,966	997,303	65,672	1,190,941
Total operating expenses	1,612,001	2,568,348	214,032	4,394,381
Operating income (loss)	48,336	(298,815)	(93,648)	(344,127)
Non-operating revenues (expenses)				
Investment earnings	38,136	111,474	11,734	161,344
Gain on disposal of equipment	-	318,925	-	318,925
Interest on indebtedness	(2,721)	(34,429)	-	(37,150)
Total non-operating revenues (expenses)	35,415	395,970	11,734	443,119
Income (loss) before capital contributions, and transfers	83,751	97,155	(81,914)	98,992
Capital contributions	219,500	589,700	123,125	932,325
Transfers (out)	-	-	(39,000)	(39,000)
Change in net position	303,251	686,855	2,211	992,317
Net position, beginning of year	3,726,746	20,561,681	1,692,553	25,980,980
Net position, end of year	$ 4,029,997	$ 21,248,536	$ 1,694,764	$ 26,973,297

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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 does not issue 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)
Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. There are no legal restrictions concerning the use of property taxes. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *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 to capture grant related project revenue and expenses of the Town.

- The *Parks, Recreation, and Cultural Fund* is a special revenue fund that accounts for the acquisition and maintenance of parkland and related facilities, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- The *Capital Improvement Fund* is used to account for the Town's capital projects.

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 Wastewater 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.

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

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 Wastewater 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

Budgets are adopted on a basis consistent with Colorado Revised Statutes and Local Government Budget Law. The budgets for the Town are adopted for all funds and presented on a basis consistent with GAAP except as follows. In the budgets for the enterprise funds: 1) bond and other debt proceeds are treated as other financing sources, and bond and other debt principal payments are treated as budget expenditures, 2) tap fees for the Electric Fund and Water and Wastewater Fund are treated as budgeted revenues, 3) no depreciation or amortization is budgeted 4) capital acquisitions are treated as budget expenditures and 5) gains on disposals of equipment are not recognized as revenues for budget purposes. For the year ended December 31, 2025, the LURA had actual expenditures over budget. This may be a violation of the Colorado Budget Law.

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

The Town made two budget amendments in 2025 which increased the original budget by $7,042,783.

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.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Revenue

Restrictions are placed upon certain revenue received by the Town when legally mandated to be used for specific purposes. Currently the voters have approved a restriction for 1% of the 4% sales and 3% use tax to be used for parks and recreation. The exception to this allocation is the amount of recreational marijuana sales tax which remains in the General Fund.

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

	Percentage	Sales Tax	Use Tax	Total
General Fund	65.04%	$ 1,452,208	$ 150,497	$ 1,602,705
Cultural Fund	23.31%	520,350	74,311	594,661
Capital Improvement Fund	11.65%	260,175	-	260,175
	100%	$ 2,232,733	$ 224,808	$ 2,457,541

Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position/Fund Balances

Cash and Investments – For the 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 value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of December 31, 2025, management believes all receivables are collectible.

Accounts receivable 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period, reimbursable grant revenues which were earned but were not available and lease revenues to be received in the future as of December 31, 2025.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences – It is the policy of the Town to permit employees to accumulate a limited amount of earned but unused paid time off (PTO). Upon separation from Town service, earned but unused PTO up to 80 hours is paid to the employee. Accumulated PTO is accrued when earned in the government-wide and proprietary fund type financial statements. A liability is reported in the governmental funds financial statements when payment is due.

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Premiums and discounts related to debt issuance are deferred and amortized over the life of the bonds using the straight-line method.

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

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

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – All other spendable amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Retirement Commitments – The Town offers a 401(a) and a 457-plan administrated by the Colorado Retirement Association (CRA). Under these plans, participation in the 401(a) plan is mandatory at 3% of the employee's gross salary and the Town automatically matches this percentage. The employee can choose to contribute an additional 2% and the Town will match that additional amount. A new employee is eligible to participate following successful completion of a one-month period. Employee contributions are 100% vested at the time of contribution with the Town's contribution being vested 20% for every year of employment and fully vested after 5 years. During the year ended December 31, 2025, the Town contributed $82,963 to the Plan on behalf of the employees.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Risk Management (Continued)

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of the unit.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect certain reported amounts and disclosures. The Town has recorded a receivable for approximately $2,578,000 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, 2025, follows:

Petty cash	$ 2,198
Deposits	5,185,042
Investments	7,358,879
Total Cash and Investments	$ 12,546,119

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

Cash and investments	$ 12,511,929
Restricted cash and investments	34,190
Total Cash and Investments	$ 12,546,119

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits

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

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2025, the carrying amount of the Town's deposits was $5,185,042 and the bank balance was $5,282,552. Of this amount $250,000 was covered by FDIC insurance. The remaining $4,913,209 was included in the PDPA funds. The Town has $119,343 of funds held by a credit card processor, which is uninsured.

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

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

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

- Safety
- Liquidity
- Yield

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

The State Securities Commissioner administers and enforces all State statutes governing the pool. The pool operates similar to a money market fund and each share is equal in value to $1.00. The pool offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. Both COLOTRUST and COLOTRUST PLUS 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. The general objective of COLOTRUST EDGE is to generate a higher level of income than provided by a traditional stable NAV LGIP while seeking to protect participant capital. 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, 2025, the Town had invested $7,358,879 in COLOTRUST PLUS+. COLOTRUST funds are valued at NAV rather than by level. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk - The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2025, the Town has interest rate risk related only to its investments in COLOTRUST. As of December 31, 2025, COLOTRUST PLUS+ had a weighted average to final maturity of 81 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, 2025, 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 note agreement contains a provision requiring the Town to maintain $34,190 in a bond sub-account restricted for debt service as of December 31, 2025.

NOTE 4 - LEASES

The Town leases building space to the U.S. Postal Service under an operating lease for which the first five-year option period ends in September of 2026 with another five-year option through September of 2031. The agreement calls for monthly payments of $9,798 for the first option period and $10,305 for the second option period. The Town adopted GASB 87 effective January 1, 2022, and based upon that, the Town recognized the receivable of $1,016,305 and deferred inflow of resources of the same amount. In addition, the Town recognized a reduction in the inflow of resources of $106,313 for the year ending December 31, 2025, and interest of $22,506 based on the Town's estimated incremental borrowing rate of 2.87%. The balance of the receivable is $642,652 and deferred inflow of resources related to the lease is $593,583 as of December 31, 2025. The assets leased were constructed by the Town in 2013 at a cost of $322,000.

The following is a summary of expected lease payments as of December 31, 2025:

Year	Principal	Interest	Total
2026	$ 102,708	$ 16,896	$ 119,604
2027	109,784	13,876	123,660
2028	112,902	10,758	123,660
2029	116,175	7,485	123,660
2030	119,509	4,151	123,660
2031	81,574	866	82,440
	$ 642,652	$ 54,032	$ 696,684

NOTE 5 - INTERNAL BALANCES

During the year ended December 31, 2025, the Town transferred the following amounts.

	Transfer From Other Funds	Transfer To Other Funds
General Fund	$ 53,659	$ 343,900
Parks Fund	151,859	12,500
Conservation Trust Fund	-	60,000
Stormwater Fund	-	39,000
Lyons Urban Renewal Fund	-	3,075
Capital Improvement Fund	141,400	-
Grant Fund	254,000	142,443
Totals	$ 600,918	$ 600,918

NOTE 5 - INTERNAL BALANCES (CONTINUED)

The following are the balances owed between funds as of December 31, 2025. The balances are generally expected to be repaid within one year.

	Due From Other Funds	Due To Other Funds
Major funds		
General Fund	$ 105,960	$ 11,697
Grants Fund	1,451,903	1,503,545
Parks Fund	-	6,050
Water and Wastewater Fund	8,258	-
Non-Major Funds		
Conservation Trust Fund	413	-
Lyons Urban Renewal Fund	-	45,242
Totals	$ 1,566,534	$ 1,566,534

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2025, was as follows:

	Balance 1/1/25	Additions	Deletions	Balance 12/31/25
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 21,646,418	$ -	$ -	$ 21,646,418
Construction in progress	3,258,486	1,510,355	-	4,768,841
Total capital assets, not depreciated	24,904,904	1,510,355	-	26,415,259
Capital assets being depreciated				
Buildings	5,112,344	150,000	-	5,262,344
Improvements	34,709,775	1,139,196	-	35,848,971
Equipment	1,114,041	28,578	(5,373)	1,137,246
Right to use assets	84,098	26,254	-	110,352
Total capital assets, depreciated	41,020,258	1,344,028	(5,373)	42,358,913
Less accumulated depreciation for				
Buildings	(1,464,506)	(157,107)	-	(1,621,613)
Improvements	(11,621,018)	(1613,244)	-	(13,234,262)
Equipment	(706,904)	(85,382)	5,373	(786,913)
Right to use assets	(10,512)	(25,400)	-	(35,912)
Total accumulated depreciation	(13,802,940)	(1,881,133)	5,373	(15,678,700)
Total capital assets being depreciated, net	27,217,318	(537,105)	-	26,680,213
Governmental activities Capital assets, net	$ 52,122,222	$ 973,250	$ -	$ 53,095,472

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

General government	$ 56,197
Public works and streets	642,798
Parks, culture, and recreation	1,182,138
Total current year depreciation	$ 1,881,133

Capital asset activity for the business-type activities for the year ended December 31, 2025, was as follows:

	Balance 1/1/25	Additions	Deletions	Balance 12/31/25
Business-type Activities				
Capital assets, not being depreciated				
Land and water rights	$ 2,662,560	$ -	$ (9,430)	$ 2,653,130
Construction in progress	344,326	265,481	-	609,807
Total capital assets, not depreciated	3,006,886	265,481	(9,430)	3,262,937
Capital assets being depreciated				
Plant and systems	33,836,166	952,340	(59,279)	34,729,227
Equipment	473,948	45,983	(34,603)	485,328
Total capital assets, depreciated	34,310,114	998,323	(93,882)	35,214,555
Less accumulated depreciation for				
Plant and systems	(12,769,320)	(1,146,355)	59,279	(13,856,396)
Equipment	(378,755)	(44,586)	34,603	(388,738)
Total accumulated depreciation	(13,148,075)	(1,190,941)	93,882	(14,245,134)
Total capital assets being depreciated, net	21,162,039	(192,618)	-	20,969,421
Business-type activities, Capital assets, net	$ 24,168,925	$ 72,863	$ (9,430)	$ 24,232,358

Depreciation expense for the business-type activities totaled $1,190,941 for the year ended December 31, 2025.

NOTE 7 - LONG TERM DEBT

	Balance 1/1/25	Advances	Payments	Balance 12/31/25	Due Within One Year
Governmental activities					
Advance from State	$ 5,067,394	$ -	$ 523,108	$ 4,544,286	$ 3,000,000
Lease liability	74,443	26,255	23,185	77,513	25,577
Compensated absences	41,411	87,222	77,202	51,431	51,431
	$ 5,183,248	$ 113,477	$ 623,495	$ 4,673,230	$ 3,077,008

NOTE 7 - 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. Currently, the Town expects to repay approximately $3,000,000 to the State in 2026. The advance has no interest component.

The Town is the lessee for certain leases of equipment. The Town recognizes a lease liability and an intangible right to use lease assets in the government-wide financial statements. At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term, including any purchase option price that the Town is reasonably certain to exercise. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right to use assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement to date, plus certain initial direct costs.

Subsequently, the lease asset is amortized on a straight-line basis over the lease period. Lease related amortization expense of $25,400 was recorded for the year ended December 31, 2025. The Town will remeasure the lease and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The right to use assets are reported with other capital assets and lease liabilities are reported with long-term debt in the Statement of Position.

The Town currently has two right to use assets lease agreement. The leases are paid from the revenues of the General Fund, and the Parks, Recreation and Cultural Fund. The leases include interest recognized at 7.50%. The leases matures in 2028 and 2030.

The annual debt service requirements for the outstanding right to use leases as of December 31, 2025, are as follows:

Year ended December 31,	
2026	$ 30,524
2027	30,524
2028	18,398
2029	6,274
2030	1,046
	86,766
Less amount representing interest	(9,253)
	$ 77,513

NOTE 7 - LONG TERM DEBT (CONTINUED)

	Balance 1/1/25	Advances	Payments	Balance 12/31/25	Due Within One Year
Business-type activities					
2006 Elec Rev Note	$ 63,216	$ -	$ 30,777	$ 32,439	$ 32,439
2013 CWRPDA Loan	2,810,655	-	265,472	2,545,183	268,754
Compensated absences	20,780	41,821	38,588	24,013	24,013
	$ 2,894,651	$ 41,821	$ 334,837	$ 2,601,635	$ 325,206

Electric Fund – Revenue Refunding Bonds

In 2006, a revenue note was issued in the amount of $412,000 in support of the same project as the previously paid off 2019 Bonds. The rate on this note is 5.4% with a twenty-year term. The 2019 Bonds and 2006 revenue note are secured by pledged revenues consisting of gross revenues after deducting operating and maintenance expenses and by amounts in the reserve account.

Water and Wastewater fund - loans payable

The Town entered into a loan agreement with the CWRDPA through the Water Pollution Control 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 Wastewater Fund. Final payment is due on November 1, 2034. Capital improvements are pledged.

The Water and Wastewater fund loan agreement with the CWRPDA requires three months operations and maintenance expenses be restricted for debt service. For purposes of the bond issue, the Water and Wastewater funds are combined. The required amount of restricted net position totals $392,800 as of December 31, 2025.

As of December 31, 2025, the Town was in compliance with the required debt service covenants regarding adequate rates on both notes.

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

Year	Principal	Interest	Total
2026	$ 301,193	$ 33,442	$ 334,635
2027	272,103	28,341	300,444
2028	275,520	24,924	300,444
2029	279,005	21,439	300,444
2030	282,560	17,884	300,444
2031-2034	1,167,241	34,537	1,201,778
	$ 2,577,622	$ 160,567	$ 2,738,189

Interest expense for the year ended December 31, 2025, totaled $37,150.

NOTE 8 - 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. As of December 31, 2025 restrictions on the governmental activities net position totaled $2,488.002. Restrictions on the net position of the business type activities totaled $426,990.

NOTE 9 - ADDITIONAL CASH FLOW INFORMATION

The Town recognized the following capital asset additions in the following Enterprise Funds which were provided by developers.

Electric Fund	$ 215,000
Water and Waste Water Fund	506,585
Storm Water Fund	123,125
Total	$ 904,710

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.

Commitments

During 2025, the Town entered several agreements related to capital projects. The remaining balance of these agreements as of December 31, 2025, is approximately $858,400. The Town anticipates that most of these costs will be paid by Town fund balances, as budgeted with a portion paid by grant reimbursements.

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, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
Revenues				
Taxes				
General property tax	$ 898,515	$ 898,515	$ 895,401	$ (3,114)
Specific ownership tax	36,500	36,500	40,297	3,797
Sales tax	1,348,860	1,348,860	1,452,208	103,348
Use tax	140,000	140,000	150,497	10,497
Other taxes and fees	124,745	124,745	151,547	26,802
Licenses and permits	111,175	111,175	120,215	9,040
Intergovernmental	24,000	24,000	19,161	(4,839)
Charges for services	345,632	345,632	348,433	2,801
Fines and forfeitures	65,000	65,000	62,345	(2,655)
Investment earnings	67,340	67,340	116,519	49,179
Rental income	128,000	128,000	111,940	(16,060)
Other income	15,000	15,000	26,460	11,460
Total revenues	3,304,767	3,304,767	3,495,023	190,256
Expenditures				
Current				
General government				
Legislative council	57,996	57,996	43,652	14,344
Judicial	36,318	36,318	35,691	627
Administrative	1,101,124	1,101,124	1,059,001	42,123
Public safety	701,335	701,335	616,824	84,511
Economic development	127,499	127,499	120,967	6,532
Building inspections	128,531	128,531	158,826	(30,295)
Public works - streets	486,431	486,431	414,619	71,812
Planning	254,147	254,147	173,004	81,143
Health, welfare and community	310,533	310,533	301,238	9,295
Visitor's Center	12,240	12,240	9,746	2,494
Debt service				
Principal	12,100	12,100	13,524	(1,424)
Interest	-	-	3,814	(3,814)
Capital outlay	185,000	563,463	125,885	437,578
Total expenditures	3,413,254	3,791,717	3,076,791	714,926
Excess (deficiency) of revenues over (under) expenditures	(108,487)	(486,950)	418,232	905,182
Other financing sources (uses)				
Lease proceeds	-	-	26,255	26,255
Sale of assts			1,500	1,500
Transfers in	-	-	53,659	53,659
Transfers out	(100,000)	(100,000)	(343,900)	(243,900)
Total other financing sources (uses)	(100,000)	(100,000)	(262,486)	(162,486)
Net change in fund balances	$ (208,487)	$ (586,950)	155,746	$ 742,696
Fund balances - beginning			2,807,002	
Fund balances - ending			$ 2,962,748	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
Revenues				
Intergovernmental	$ -	$ 5,927,000	$ 1,653,695	$ (4,273,305)
Contributions and donations	12,000	12,000	37,627	25,627
Investment interest	-	-	132	132
Other income	11,000	11,000	27,320	16,320
Total revenues	23,000	5,950,000	1,718,774	(4,231,226)
Expenditures				
Current				
General government	11,000	11,000	37,627	(26,627)
Public safety	-	-	2,027	(2,027)
Health and Welfare	12,000	12,000	50,000	(38,000)
Economic development	-	-	41,790	(41,790)
Public works	-	-	52,722	(52,722)
Parks, recreation and cultural	-	-	3,025	(3,025)
Capital outlay	-	2,927,000	1,429,309	1,497,691
Debt service				
Principal	-	3,000,000	523,108	2,476,892
Total expenditures	23,000	5,950,000	2,139,608	3,810,392
Excess (deficiency) of revenues over (under) expenditures	-	-	(420,834)	(420,834)
Other financing sources (uses)				
Transfers in	-	-	254,000	254,000
Transfers (out)	-	-	(142,443)	(142,443)
Total other financing sources (uses)	-	-	111,557	111,557
Net change in fund balances	$ -	$ -	(309,277)	$ (309,277)
Fund balances - beginning			1,444,242	
Fund balances - ending			$ 1,134,965	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
PARKS, RECREATION, AND CULTURAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Sales tax	$ 476,136	$ 476,136	$ 520,350	$ 44,214
Use tax	70,000	70,000	74,311	4,311
Home additions fees	2,500	2,500	7,110	4,610
Interest income	34,860	34,860	35,202	342
Charges for services				
Camping	295,000	295,000	341,185	46,185
Other park division charges	207,650	207,650	213,115	5,465
Recreation	34,250	34,250	37,119	2,869
Cultural and special events	13,500	13,500	10,335	(3,165)
Other income	1,000	1,000	1,854	854
Total revenues	1,134,896	1,134,896	1,240,581	105,685
Expenditures				
Administrative	258,480	258,480	249,252	9,228
Allocated expenses	160,091	160,091	160,091	-
Cultural and recreation				
Special event expenditures	21,500	21,500	22,298	(798)
Parks				
Operations and maintenance	735,728	735,728	655,642	80,086
Recreation	19,300	19,300	22,730	(3,430)
Debt service				
Principal	-	-	9,661	(9,661)
Interest	-	-	2,449	(2,449)
Capital outlay	160,000	210,463	178,948	31,515
Total expenditures	1,355,099	1,405,562	1,301,071	104,491
Excess (deficiency) of revenues over (under) expenditures	(220,203)	(270,666)	(60,490)	210,176
Other financing sources (uses)				
Transfers in	60,000	60,000	151,859	91,859
Transfers (out)	-	-	(12,500)	(12,500)
Total other financing sources (uses)	60,000	60,000	139,359	79,359
Net change in fund balances	$ (160,203)	$ (210,666)	$ 78,869	$ 289,535
Fund balance, beginning			1,042,579	
Fund balance, end			$ 1,121,448	

See accompanying Independent Auditors' Report.

Other Supplementary Information
Combining and Individual Fund Statements and Schedules

TOWN OF LYONS, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2025

	Special Revenue		
	Conservation Trust Fund	Lyons Urban Renewal Authority	Total
Assets			
Cash and cash equivalents	$ 72,956	$ 101,888	$ 174,844
Due from other funds	413	-	413
Total Assets	$ 73,369	$ 101,888	$ 175,257
Liabilities			
Accounts payable	$ -	$ 6,278	$ 6,278
Due to other funds	-	45,242	45,242
Total Liabilities	-	51,520	51,520
Fund Balance			
Restricted for			
Parks, recreation and cultural	73,369	-	73,369
Assigned to			
Community development	-	50,368	50,368
Total Fund Balance	73,369	50,368	123,737
Total Liabilities and Fund Balance	$ 73,369	$ 101,888	$ 175,257

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue		
	Conservation Trust Fund	Lyons Urban Renewal Authority	Total
Revenues			
Intergovernmental revenue	$ 26,052	$ -	$ 26,052
Contributions		21,580	21,580
Investment earnings	5,156	-	5,156
Total revenues	31,208	21,580	52,788
Expenditures			
General government	-	13,804	13,804
Total expenditures	-	13,804	13,804
Excess (deficiency) of revenues over (under) expenditures	31,208	7,776	38,984
Other financing sources (uses)			
Transfers out	(60,000)	(3,075)	(63,075)
Total other financing sources (uses)	(60,000)	(3,075)	(63,075)
Net change in fund balance	(28,792)	4,701	(24,091)
Fund balance, beginning of year	102,161	45,667	147,828
Fund balance, end of year	$ 73,369	$ 50,368	$ 123,737

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Conservation Trust Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenue	$ 30,000	$ 30,000	$ 26,052	$ (3,948)
Investment earnings	2,000	2,000	5,156	3,156
Total revenues	32,000	32,000	31,208	(792)
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	32,000	32,000	31,208	(792)
Other financing sources (uses)				
Transfers out	(60,000)	(60,000)	(60,000)	-
Net change in fund balance	$ (28,000)	$ (28,000)	(28,792)	$ (792)
Fund balance, beginning of year			102,161	
Fund balance, end of year			$ 73,369	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Lyons Urban Renewal Authority			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Contributions	$ -	$ -	$ 21,580	$ 21,580
Total revenues	-	-	21,580	21,580
Expenditures				
General government	10,000	10,000	13,804	(3,804)
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(10,000)	7,776	17,776
Other financing sources (uses)				
Transfers out	(2,500)	(2,500)	(3,075)	(575)
Total other financing sources (uses)	(2,500)	(2,500)	(3,075)	(575)
Net change in fund balance	$ (12,500)	$ (12,500)	$ 4,701	$ 17,201
Fund balance, beginning of year			45,667	
Fund balance, end of year			$ 50,368	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales taxes	$ 238,068	$ 238,068	$ 260,175	$ 22,107
Total revenues	238,068	238,068	260,175	22,107
Expenditures				
Public works	-	-	51,735	(51,735)
Capital outlay	300,000	380,992	329,241	51,751
Total expenditures	300,000	380,992	380,976	16
Excess (deficiency) of revenues over (under) expenditures	(61,932)	(142,924)	(120,801)	22,091
Other financing sources (uses)				
Transfers in	100,000	100,000	141,400	41,400
Total other financing sources (uses)	100,000	100,000	141,400	41,400
Net change in fund balance	$ 38,068	$ (42,924)	20,599	$ 63,491
Fund balance, beginning of year			616,158	
Fund balance, end of year			$ 636,757	

See accompanying Independent Auditors' Report.

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Electric Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales	$ 1,601,380	$ 1,601,380	$ 1,638,221	$ 36,841
Investment / tap fees	9,000	9,000	4,500	(4,500)
Investment earnings	34,372	34,372	38,136	3,764
Other income	10,000	10,000	22,116	12,116
Total revenues	1,654,752	1,654,752	1,702,973	48,221
Operating expenses				
Administrative	192,020	192,020	185,526	6,494
Allocated expenses	54,411	54,411	54,411	-
Distribution and maintenance	1,166,436	1,166,436	1,244,098	(77,662)
Debt service				
Bond principal	30,777	30,777	30,777	-
Bond interest	3,414	3,414	2,721	693
Capital outlay	250,000	266,667	78,208	188,459
Total expenses	1,697,058	1,713,725	1,595,741	117,984
Net income (loss)	$ (42,306)	$ (58,973)	107,232	$ 166,205
Reconciliation to change in net position				
Add bond principal paid			30,777	
Contributed assets			215,000	
Add Capital outlay			78,208	
Less depreciation expense			(127,966)	
Change in net position			$ 303,251	

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Water and Wastewater Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales	$ 2,010,500	$ 2,039,400	$ 1,998,276	$ (41,124)
Tap fees	52,000	52,000	23,115	(28,885)
Investment earnings	57,720	57,720	111,474	53,754
Sale of assets	-	350,000	318,925	(31,075)
Miscellaneous	119,500	231,500	271,257	39,757
Total revenues	2,239,720	2,730,620	2,723,047	(7,573)
Expenses				
Administration	421,218	421,218	414,001	7,217
Allocated expenses	110,485	110,485	110,485	-
Treatment services	730,800	810,000	778,528	31,472
Distribution services	277,008	277,008	268,031	8,977
Capital outlay	610,000	1,032,198	280,885	751,313
Debt service				
Principal	265,472	265,472	265,471	1
Interest	34,974	34,974	34,429	545
Total expenses	2,449,957	2,951,355	2,151,830	799,525
Net income (loss)	$ (210,237)	$ (220,735)	571,217	$ 791,952
Reconciliation to change in net position				
Contributed assets			566,585	
Add bond principal paid			265,471	
Add Capital outlay			280,885	
Less depreciation expense			(997,303)	
Change in net position			$ 686,855	

TOWN OF LYONS, COLORADO
ENTERPRISE FUNDS - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Stormwater Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Service fees	$ 120,000	$ 120,000	$ 120,384	$ 384
Investment earnings	6,000	6,000	11,734	5,734
Total revenues	126,000	126,000	132,118	6,118
Expenses				
Administration	62,391	62,391	63,632	(1,241)
Allocated expenses	19,145	19,145	19,145	-
Transmission	27,631	115,431	65,583	49,848
Transfers out	-	-	39,000	(39,000)
Total expenses	109,167	196,967	187,360	9,607
Net income (loss)	$ 16,833	$ (70,967)	(55,242)	$ 15,725
Reconciliation to change in net position				
Contributed assets			123,125	
Less depreciation expense			(65,672)	
Change in net position			$ 2,211	

Other Supplementary Information
State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO		
THIS INFORMATION FROM THE RECORDS OF: Town of Lyons, Colorado	**PREPARED BY:** Cassandra Eyestone ceyestone@townoflyons.com	**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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. Total (1 - (2 through 4))				

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 Assesments		a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	52,280.00	b. Other Misc. Local Receipts	284,357.00
c. Total (a + b)	$ 52,280.00	**c. Total (a + b)**	$ 284,357.00

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	70,981.00	1. FHWA (from Item I.D.5.)	1,070,435.00
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 70,981.00	**3. Total (1 + 2)**	$ 1,070,435.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	62,033.00
c. Construction Costs	1,706,054.00
d. Total Capital Outlay (a+ b + c)	$ 1,768,087.00

Form FHWA-536 (Rev. 02-2025) Page2

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount 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.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	1,064,032.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 52,280.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 284,357.00
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)	$ -
7. Total (1 through 6)	$ 1,400,669.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 70,981.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 1,070,435.00
E. Total receipts (A.7 + B + C + D)	$ 2,542,085.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 1,768,087.00
2. Maintenance:	411,756.00
3. Road and Street Services:	
a. Snow and Ice Removal	38,978.00
b. Other & Traffic Control Operations	27,173.00
c. Total (a + b)	$ 66,151.00
4. General Administration & Miscellaneous	150,857.00
5. Highway Law Enforcement and Safety	145,234.00
6. Total (1 through 5)	$ 2,542,085.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 2,542,085.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -