

Town of Lyons, Colorado

Financial Statements

December 31, 2007

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TOWN OF LYONS, COLORADO
Management's Discussion and Analysis
December 31, 2007

The management of the Town of Lyons offers this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2007.

Financial Highlights

- The assets of the Town of Lyons exceeded its liabilities at the close of 2007 by \$28,304,161 (*net assets*). Of this amount, \$6,381,827 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,284,149. This increase is attributable to a one time infusion of resources from tap fees, developer contributions, and special assessments.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending balances of \$1,790,834, an increase of \$246,803 in comparison with the prior year.
- At the end of the current year, unreserved, undesignated fund balance for the general fund was \$577,841, or about 40% of total general fund expenditures.
- The Town of Lyons total debt did not increase in 2007.

Overview of the Financial Statements

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

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

The statement of net assets present information on all of the town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future time periods (for example, uncollected taxes and earned but unused employee leave time).

Both of the government-wide financial statements distinguish functions of the town that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to cover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the town include general government, administrative services, public safety, public works (streets), planning and zoning, judicial and legislative, library services, and parks, recreation and cultural activities. The business-type activities of the town include electric utility, water utility, wastewater utility, and property management.

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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 of the 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 four 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 and the parks, recreation and cultural fund, both of which are considered major funds. Data from the other two governmental funds (Library and Conservation Trust Fund) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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, water fund, and sanitation (wastewater) fund which are all considered to be major funds of the Town of Lyons. The property fund has also been chosen to be presented as a major fund within the proprietary fund financial statements.

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 nonmajor governmental funds are also provided as supplemental information, although not required by GAAP.

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Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the town's financial position. In the case of the Town of Lyons, assets exceeded liabilities by \$28,304,161 at the close of 2007.

Town of Lyons Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$2,605,702	\$2,250,015	\$6,403,736	\$5,196,092	\$9,009,438	\$7,446,107
Capital assets	15,397,290	14,967,499	11,804,199	10,899,990	27,201,489	25,867,489
Total assets	18,002,992	17,217,514	18,207,935	16,096,082	36,210,927	33,313,596
Long-term liabilities						
outstanding	26,141	36,873	6,840,769	7,213,811	6,866,910	7,250,684
Other liabilities	788,727	669,111	251,129	373,789	1,039,856	1,042,900
Total liabilities	814,868	705,984	7,091,898	7,587,600	7,906,766	8,293,584
Invested in capital assets, net of related debt	15,397,290	14,967,499	5,944,254	4,711,177	21,341,544	19,678,676
Restricted	250,639	270,777	330,151	346,294	580,790	617,071
Unrestricted	1,540,195	1,273,254	4,841,632	3,451,011	6,381,827	4,724,265
Total net assets	\$17,188,124	\$16,511,530	\$11,116,037	\$8,508,482	\$28,304,161	\$25,020,012

By far the largest portion of the town's net assets (75%) reflects its investment of \$21.3 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 is 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 assets, \$580,790 (2%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$6,381,827 (23%), may be used to meet the town's on-going obligations to the public and creditors. It is important to note that the unrestricted net assets of the town's business-type activities may not be used to fund governmental activities, or visa-versa.

At the end of the current fiscal year, the Town of Lyons is able to report positive balances in all categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. Net assets invested in capital assets, net of related debt, increased \$1,662,868, or about 8%, compared to 2006. This increase is discussed below in "Capital Assets." Restricted net assets decreased slightly (about 6%), compared to 2006.

The town's net assets increased \$3,284,149 during 2007. About 68% of this increase is due to a one-time infusion of tap fees, developer contributions and related assessments. The remaining 32% is attributable to the degree in which increases in ongoing revenues exceeded similar increases in expenditures, including investment earnings from strong fund balances.

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Governmental activities – Governmental activities increased the Town of Lyons net assets by \$676,594. Twenty-eight percent of this increase resulted from \$192,654 in developer contributions.

Other key elements of governmental activities are as follows:

- Property tax revenue increased by \$36,435, or about 13% over 2006. The increase is a result of new construction of properties on the tax roll, tempered by statutory restrictions on allowable increases in property taxes.
- Sales tax collection decreased 1.5%, a modest fluctuation from the previous year.
- Use tax collection increased about 8% over the previous year from building activity and new construction. Use tax is a volatile revenue source, as market availability and economic concerns affect new construction activity.
- Earnings investments increased 35%.

Town of Lyons Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$455,588	\$449,687	\$2,295,551	\$2,167,997	\$2,751,139	\$2,617,684
Operating grants and Contributions	38,991	25,221	-	-	38,991	25,221
Capital grants and Contributions	31,464	-	1,305,865	1,288,200	1,337,329	1,288,200
General revenues:						
Property taxes	321,781	285,346	-	-	321,781	285,346
Other taxes	876,878	860,916	-	-	876,878	860,916
Grants and contributions not restricted to specific programs	394,835	370,189	179,057	51,074	573,892	421,263
Other	98,000	108,650	272,951	201,387	370,951	310,037
Total revenues	2,217,537	2,100,009	4,053,424	3,708,658	6,270,961	5,808,667
Expenses:						
General government	538,192	510,948	-	-	538,192	510,948
Public safety	443,045	406,896	-	-	443,045	406,896
Economic development	6,111	-	-	-	6,111	-
Public works and streets	179,830	182,672	-	-	179,830	182,672
Parks, culture & recreation	566,419	516,415	-	-	566,419	516,415
Interest on long-term debt	-	-	251,768	251,413	251,768	251,413
Electric	-	-	790,120	768,751	790,120	768,751
Water	-	-	564,564	557,108	564,564	557,108
Sanitation	-	-	509,173	455,353	509,173	455,353
Property	-	-	49,718	53,243	49,718	53,243
Total expenses	1,733,597	1,616,931	2,165,343	2,085,868	3,898,940	3,702,799
Increase or decrease in net assets before special items	483,940	483,078	1,888,081	1,622,790	2,372,021	2,105,868
Special items:	192,654	887,019	719,473	1,152,649	912,127	2,039,668
Increase or decrease in net assets	676,594	1,370,097	2,607,554	2,775,439	3,284,148	4,145,536
Net assets 1/1/2007	16,511,530	15,141,433	8,508,483	5,733,044	25,020,013	20,874,477
Net assets 12/31/2007	\$17,188,124	\$16,511,530	\$11,116,037	\$8,508,483	\$28,304,161	\$25,020,013

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Business-type activities - Business-type activities increased the Town of Lyons net assets by \$2,607,554, accounting for the majority of the growth in the governments net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased overall by 6 percent. The electric utility accounts for the majority of the increase in revenues that resulted from additional demand in usage. Revenues also increased in the water and sanitation utility consistent with a growing customer base.
- Tap and investment fee contributions emerged as a major revenue source for the electric, water, and sanitation utilities during the current year, producing \$1,305,865 in revenue. Capital contributions can vary greatly from year to year, depending on availability of building sites and economic factors.
- The dedication of infrastructure to the Town is recorded in the appropriate utility fund as developer contributions in the amount of \$719,473, increasing the net assets of the water and wastewater utilities.
- Investment earnings increased by \$71,465 for business-type activities because of an overall increase in the size of the investment portfolio, as well as more favorable conditions in interest rates.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds – The focus of the Town of Lyons governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the town's financing requirements. In particular, unreserved 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; Parks, Recreation and Cultural Fund; and Special Revenue Funds.

As of December 31, 2007 the town's governmental funds reported combined ending fund balances of \$1,790,834, an increase of \$246,803 or about 16 percent in comparison to the previous year. This increase primarily reflects the influx of building permit activity and the associated fees, permits, and taxes. About 86 percent, or \$1,540,195 of the combined ending balance constitutes unreserved fund balance, which is available for spending at the town's discretion within the purposes specified for the town's funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the Town of Lyons. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$577,841, while total fund balance reached \$802,856. 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. Unreserved, undesignated fund balance represents 40 percent of total general fund expenditures, while total fund balance represents 56 percent of that same amount.

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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, 2007 the unrestricted net assets of the Electric Fund were \$282,265, for the Water Fund \$3,198,218, for the Sanitation Fund \$1,365,652 and the Property Fund -\$4,503. The total growth in net assets for all proprietary funds was \$2,607,554. Other factors concerning the finances of the proprietary funds have already been discussed in the Town of Lyons' business-type activities.

General Fund Budgetary Highlights

During the year there was an increase of \$140,817 in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$82,193 for additional project costs in completing the electric substation and expansion of the electrical distribution system.
- \$43,900 in electric operational costs from substation project delays.
- \$13,644 in professional services for planning, inspections, and technical assistance.

The increase in appropriations was possible because of additional revenues. Those revenues included an increase in use tax collections, licenses and fees associated with the increased construction activity, and investment earnings.

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, 2007 amounts to \$27,201,489 (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. The total investment in capital assets for the Town of Lyons reflects an increase from the prior year primarily due to acceptance by the town for infrastructure improvements completed by developers. Additions to the capital assets of the town amounted to about 5 percent overall.

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

- Sidewalks, curbs, and aesthetic improvements to the new bridge spanning the St. Vrain River totaled \$268,606 in 2007.
- \$104,955 in vehicle and equipment replacements.
- Completed construction on the Lyons electric substation project; final cost of the project totaled \$2,246,076.
- Improvements made at the wastewater treatment plant included new digesters, bio-solids pond, back up power installation, and a security gate for a total of \$121,664.
- New sewer lines and storm drainage improvements were completed at a cost of \$113,303.
- \$105,983 in expansion of the electric distribution system to serve new customers
- New water lines and system improvements totaled \$96,583.

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Other capital asset events during the current fiscal year included the following:

- o Developer contributions of infrastructure improvements valued at \$192,654 increased the governmental funds net assets. Water share dedications and utility improvements increased the water fund's assets by \$481,729; and the sanitation fund's net assets by \$237,744 for a total of \$719,473 in the proprietary funds.

Town of Lyons Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
Land and water	\$13,748,000	\$13,748,000	\$1,112,588	\$836,588	\$14,860,588	\$14,584,588
Building and Improvements	141,729	147,619	905,953	662,760	1,047,682	810,379
Plant and systems	-	-	9,688,550	7,225,517	9,688,550	7,225,517
Machinery and Equipment	77,980	17,428	97,108	92,546	175,088	109,974
Infrastructure	1,429,581	1,054,452	-	-	1,429,581	1,054,452
Construction in progress	-	-	-	2,082,579	-	2,082,579
Total	\$15,397,290	\$14,967,499	\$11,804,199	\$10,899,990	\$27,201,489	\$25,867,489

Long-term debt – At the end of the current fiscal year, the Town of Lyons had total bonded debt outstanding of \$6,820,059. All debt represents bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) within the proprietary funds. The Town of Lyons does not hold any general obligation or other debt within the governmental funds.

Town of Lyons Outstanding Debt
Revenue Bonds and Loans

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2007	2006	2007	2006	2007	2006
Revenue bonds	-	-	\$1,270,000	\$1,325,000	\$1,270,000	\$1,325,000
Revenue loans	-	-	5,550,059	5,868,445	5,550,059	5,868,445
Total	-	-	\$6,820,059	\$7,193,445	\$6,820,059	\$7,193,445

All issues of the Town of Lyons are unrated.

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Economic Factors and Next Year's Budgets and Rates

In preparing the 2008 budget, the town considered local economic factors in projecting revenues. Business activity has stabilized and sales tax is expected to remain consistent. A slowing of building activity from economic factors is expected in 2008, which is reflected in use tax revenues, building permit and planning fees, and park fees of the governmental funds. A proportionate decrease is anticipated in capital investment fees in the utility funds.

No increases in utility rates and service fees are projected in the 2008 budget. The anticipated increase in revenue is expected from the growing customer base and increased demand.

Contacting the Town's Financial Management

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

Independent Auditors' Report

Board of Trustees
Town of Lyons
Lyons, Colorado

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the budget to actual comparison for the general fund of the Town of Lyons as of and for the year ended December 31, 2007 which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Lyons as of December 31, 2007, the respective changes in financial position and cash flows of its proprietary fund types, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our examination was made for the purpose of forming an opinion on the Town's basic financial statements taken as a whole. The accompanying information shown as Required Supplementary Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our examination was made for the purpose of forming an opinion on the Town's basic financial statements taken as a whole. The accompanying information shown as Other Supplementary Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Centennial, Colorado
July 18, 2008


Professional Corporation

Basic Financial Statements

Town of Lyons, Colorado
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$2,119,304	\$5,270,650	\$7,389,954
Receivables (net of allowance for uncollectables)	482,816	222,562	705,378
Inventories	-	56,552	56,552
Prepays	3,582	-	3,582
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	760,468	760,468
Debt issue costs	-	93,504	93,504
Capital Assets not being depreciated:			
Land and water rights	13,748,000	1,112,588	14,860,588
Capital Assets net of accumulated depreciation:			
Building and improvements	141,729	905,953	1,047,682
Plant and systems	-	9,688,550	9,688,550
Infrastructure	1,429,581	-	1,429,581
Equipment	77,980	97,108	175,088
TOTAL ASSETS	18,002,992	18,207,935	36,210,927
LIABILITIES			
Accounts payable and other current liabilities	371,943	177,499	549,442
Deferred revenue	416,784	-	416,784
Accrued liabilities	-	73,630	73,630
Noncurrent liabilities			
Due within one year	-	384,680	384,680
Due in more than one year	26,141	6,456,089	6,482,230
TOTAL LIABILITIES	814,868	7,091,898	7,906,766
NET ASSETS			
Investment in capital assets net of related debt:	15,397,290	5,944,254	21,341,544
Restricted for:			
Debt service	-	330,151	330,151
Other purposes	200,639	-	200,639
Required emergency reserve	50,000	-	50,000
Unrestricted	1,540,195	4,841,632	6,381,827
TOTAL NET ASSETS	\$17,188,124	\$11,116,037	\$28,304,161

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

Town of Lyons, Colorado
STATEMENT OF ACTIVITIES
For the year ended December 31, 2007

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 440,192	\$ 159,774	\$ 33,491	\$ -	\$ (246,927)	\$ -	\$ (246,927)
Public safety	443,045	160,036	-	-	(283,009)	-	(283,009)
Economic development	6,111	-	-	-	(6,111)	-	(6,111)
Public works and streets	179,830	-	49,353	-	(130,477)	-	(130,477)
Parks, culture and recreation	566,419	135,778	5,500	31,464	(393,677)	-	(393,677)
Total governmental activities	<u>1,835,597</u>	<u>455,588</u>	<u>88,344</u>	<u>31,464</u>	<u>(1,060,201)</u>	<u>-</u>	<u>(1,060,201)</u>
Business-type activities:							
Electric	870,463	913,001	131,301	120,000	-	293,839	\$ 293,839
Water	683,996	874,354	32,667	748,115	-	971,140	971,140
Sewer	524,160	409,898	14,934	437,750	-	338,422	338,422
Property	86,724	98,298	155	-	-	11,729	11,729
Total business-type activities	<u>2,165,343</u>	<u>2,295,551</u>	<u>179,057</u>	<u>1,305,865</u>	<u>-</u>	<u>1,615,130</u>	<u>1,615,130</u>
Total primary government	<u>\$ 3,800,940</u>	<u>\$ 2,751,139</u>	<u>\$ 267,401</u>	<u>\$ 1,337,329</u>	<u>\$ (1,060,201)</u>	<u>\$ 1,615,130</u>	<u>\$ 554,929</u>
General revenues:							
Property taxes					321,781	-	321,781
Sales and use taxes					776,458	-	776,458
Ownership taxes					22,040	-	22,040
Franchise taxes					29,027	-	29,027
Other taxes					198,505	-	198,505
Intergovernmental					28,985	-	28,985
Fines and Forfeits					1,709	-	1,709
Contributions and donations					60,615	-	60,615
Unrestricted investment earnings					105,021	272,951	377,972
Special Items:							
Developer contributions					192,654	719,473	912,127
Intergovernmental Agreement (Land Dedication)					-	-	-
Total general revenues and transfers					<u>1,736,795</u>	<u>992,424</u>	<u>2,729,219</u>
Change in net assets					676,594	2,607,554	3,284,148
Net assets - beginning					16,511,530	8,508,483	25,020,013
Net assets - ending					<u>\$ 17,188,124</u>	<u>\$ 11,116,037</u>	<u>\$ 28,304,161</u>

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

Town of Lyons, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	Major Funds		Nonmajor Funds Other	Total Governmental Funds
	General	Parks, Recreation & Cultural Fund	Governmental Funds	
ASSETS				
Cash and cash equivalents	\$1,062,851	\$941,301	\$115,152	\$2,119,304
Receivables (net of allowance for uncollectables)	455,846	26,970	-	482,816
Prepaid expenses	3,582			3,582
Total assets	1,522,279	968,271	115,152	2,605,702
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	351,586	15,769	4,588	371,943
Compensated absences	10,653	8,340	7,148	26,141
Deferred revenue	357,184	59,600	-	416,784
Total liabilities	719,423	83,709	11,736	814,868
Fund balances:				
Reserved for:				
Emergency reserve	50,000	-	-	50,000
Unreserved, designated for:				
Encumbrances	175,015	-	25,624	200,639
Unreserved, undesignated:	577,841	884,562	77,792	1,540,195
Total fund balances	802,856	884,562	103,416	1,790,834
Total liabilities and fund balances	\$1,522,279	\$968,271	\$115,152	
 Amounts reported for governmental activities in the statement of net assets are different because: Capital assets used in government activities are not financial resources and, therefore are not reported in the funds				15,397,290
 Net assets of governmental activities				\$17,188,124

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

Town of Lyons, Colorado
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2007

	General	Parks Recreation & Cultural Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$890,487	\$258,819	\$ -	\$1,149,306
Licences and permits	159,774	-	-	159,774
Intergovernmental revenues	61,554	-	16,784	78,338
Fines and forfeits	160,036	-	\$1,709	161,745
Investment earnings	58,028	42,859	4,134	105,021
Contributions and donations	34,283	344,503	4,013	382,799
Grants	33,491	36,964	-	70,455
Contractual	12,100	-	-	12,100
Total revenues	1,409,753	683,145	26,640	2,119,538
 EXPENDITURES				
General government	454,918	164,049	-	618,967
Public safety	442,847	-	-	442,847
Public works	434,255	-	-	434,255
Library	-	-	94,057	94,057
Parks Recreation and Cultural	-	282,609	-	282,609
Total expenditures	1,332,020	446,658	94,057	1,872,735
Excess of revenues over or (under) expenditures	77,733	236,487	(67,417)	246,803
 OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	98,000	98,000
Operating transfers out	(98,000)	-	-	(98,000)
Total transfers	(98,000)	-	98,000	-
Net change in fund balance	(20,267)	236,487	30,583	246,803
Fund balance, beginning of year	823,123	648,075	72,833	1,544,031
Fund balance, end of year	\$802,856	\$884,562	\$103,416	\$1,790,834

The accompanying notes are an integral part of the 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**
For the year ended December 31, 2007

Amounts reported for governmental activities in the statement of activities (page 3) are different because:

Net change in fund balances - total governmental funds (page 5)	\$ 246,803
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Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Total governmental funds capital outlay	365,480
Less current period depreciation	(128,343)
Net amount by which capital outlay exceeded depreciation in the current period.	237,137

Amounts reported as special items on the statement of activities increased net assets through dedications without use of current financial resources.

Developer contributions of infrastructure	192,654
Land dedication through intergovernmental agreement	-
Net value of total dedications	192,654

Change in net assets of governmental activities (page 3)	676,594
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The accompanying notes are an integral part of the financial statements.

Town of Lyons, Colorado
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
General property taxes	\$319,889	\$319,889	\$321,781	\$1,892
Specific ownership taxes	24,000	24,000	22,040	(1,960)
Sales taxes	308,864	308,864	295,000	(13,864)
Use taxes	184,686	222,000	222,639	639
Franchise taxes	34,000	34,000	29,027	(4,973)
Licenses and permits	172,900	178,350	159,774	(18,576)
Intergovernmental	58,564	58,564	61,554	(603)
Fines and Forfeits	185,000	185,000	160,036	(24,964)
Investment earnings	48,000	59,000	58,028	(972)
Contributions and donations	30,250	39,830	34,283	(5,547)
Grants	33,138	33,138	33,491	353
Contractual	10,200	10,200	12,100	1,900
Total Revenues	\$1,409,491	\$1,472,835	\$1,409,753	(\$66,675)
EXPENDITURES				
Current				
General government				
Legislative council	\$12,050	\$12,050	\$8,372	\$3,678
Judicial	43,839	43,839	42,129	1,710
Attorney	60,840	60,840	51,980	8,860
Clerk	24,298	24,298	19,571	4,727
Personnel	57,266	57,266	51,716	5,550
Finance and administration	101,366	104,065	96,022	8,043
Planning and zoning	71,436	71,126	58,449	12,677
Special programs	85,738	85,738	73,884	11,854
Capital expenditures	27,000	27,000	15,000	12,000
Other - unclassified	49,534	53,439	37,795	15,644
Total general government	533,367	539,661	454,918	84,743
Public Safety				
Police	356,403	362,603	352,828	9,775
Inspection	92,500	92,500	90,019	2,481
Total public safety	448,903	455,103	442,847	12,256
Public works and streets				
Maintenance	138,149	138,149	118,199	19,950
Capital expenditures	395,505	395,505	316,056	79,449
Total public works and streets	533,654	533,654	434,255	99,399
Total expenditures	1,515,924	1,528,418	1,332,020	196,398
Excess of revenues over (under) expenditures	(106,433)	(55,583)	77,733	133,316
OTHER FINANCING SOURCES (USES)				
Transfers out	(98,000)	(98,000)	(98,000)	-
Total other financing sources (uses)	(98,000)	(98,000)	(98,000)	-
Net change in fund balances	(204,433)	(153,583)	(20,267)	133,316
Fund balances - beginning	755,267	823,123	823,123	-
Fund balances - ending	\$550,834	\$669,540	\$802,856	\$133,316

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

Town of Lyons, Colorado
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

	Business-type Activities - Enterprise Funds				Totals
	Electric Fund Current Yr	Water Fund Current Yr	Sanitation Fund Current Yr	Property Fund Current Yr	
ASSETS					
Current assets					
Cash and cash equivalents	\$403,162	\$3,502,290	\$1,333,140	\$32,058	\$5,270,650
Restricted cash, cash equivalents and investments					
Customer deposits	18,687	-	1,546	-	20,233
Revenue bond covenant accounts	150,481	315,128	109,826	-	575,435
Rate stabilization accounts	74,800	54,000	36,000	-	164,800
Accounts receivable	109,443	71,616	41,503	-	222,562
Inventory, at cost	33,047	21,016	2,489	-	56,552
Total current assets	<u>789,620</u>	<u>3,964,050</u>	<u>1,524,504</u>	<u>32,058</u>	<u>6,310,232</u>
Noncurrent assets					
Restricted cash, cash equivalents and investments					
Unamortized bond issue costs	47,105	27,380	2,160	-	76,645
Lease refinancing costs	-	-	-	16,859	16,859
Capital assets					
Land and water rights	49,215	1,006,324	57,049	-	1,112,588
Building and improvements	-	1,625,152	-	-	1,625,152
Plant and systems	3,109,033	5,013,705	3,149,642	733,072	12,005,452
Equipment	152,855	69,877	56,740	-	279,472
	<u>3,311,103</u>	<u>7,715,058</u>	<u>3,263,431</u>	<u>733,072</u>	<u>15,022,664</u>
Less accumulated depreciation	<u>(485,362)</u>	<u>(1,107,704)</u>	<u>(1,396,099)</u>	<u>(229,300)</u>	<u>(3,218,465)</u>
Total capital assets (net of accumulated depreciation)	<u>2,825,741</u>	<u>6,607,354</u>	<u>1,867,332</u>	<u>503,772</u>	<u>11,804,199</u>
Total noncurrent assets	<u>2,872,846</u>	<u>6,634,734</u>	<u>1,869,492</u>	<u>520,631</u>	<u>11,897,703</u>
Total assets	<u>3,662,466</u>	<u>10,598,784</u>	<u>3,393,996</u>	<u>552,689</u>	<u>18,207,935</u>
LIABILITIES					
Current liabilities					
Accounts Payable	139,133	12,258	7,755	100	159,246
Accrued liabilities	16,146	53,224	-	4,260	73,630
Customer deposits	16,707	-	1,546	-	18,253
Revenue notes payable - current	12,587	237,800	25,344	48,949	324,680
Revenue bonds payable - current	60,000	-	-	-	60,000
Total current liabilities	<u>244,573</u>	<u>303,282</u>	<u>34,645</u>	<u>53,309</u>	<u>635,809</u>
Noncurrent liabilities					
Compensated absences	6,578	7,010	7,010	111	20,709
Notes payable	387,470	4,120,567	268,035	449,308	5,225,380
Bonds payable	1,210,000	-	-	-	1,210,000
Total noncurrent liabilities	<u>1,604,048</u>	<u>4,127,577</u>	<u>275,045</u>	<u>449,419</u>	<u>6,456,089</u>
Total Liabilities	<u>1,848,621</u>	<u>4,430,859</u>	<u>309,690</u>	<u>502,728</u>	<u>7,091,898</u>
NET ASSETS					
Invested in net assets, net of related debt	1,378,752	2,801,915	1,709,123	54,464	5,944,254
Restricted for debt service	152,828	167,792	9,531	-	330,151
Unrestricted	282,265	3,198,218	1,365,652	(4,503)	4,841,632
Total net assets	<u>1,813,845</u>	<u>6,167,925</u>	<u>3,084,306</u>	<u>49,961</u>	<u>11,116,037</u>

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

Town of Lyons, Colorado
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended December 31, 2007

	Business-type Activities Enterprise Funds								Totals
	Electric Fund Current Yr	Electric Fund Prior Yr	Water Fund Current Yr	Water Fund Prior Yr	Sanitation Fund Current Yr	Sanitation Fund Prior Yr	Property Fund Current Yr	Property Fund Prior Yr	
OPERATING REVENUES									
Charges for services	\$913,001	\$854,721	\$874,354	\$821,848	\$409,898	\$393,130	\$98,298	\$98,298	\$2,295,551
Other	131,301	4,783	32,667	38,424	14,934	-	155	7,867	179,057
Total operating revenues	1,044,302	859,504	907,021	860,272	424,832	393,130	98,453	106,165	2,474,608
OPERATING EXPENSES									
Operations and maintenance	582,444	618,561	239,310	229,624	283,372	255,912	\$ -	\$ -	1,105,126
Administration	112,104	108,664	110,101	117,749	106,635	103,888	11,627	15,800	340,467
Depreciation	92,740	39,294	212,280	207,769	118,926	95,313	35,984	35,984	459,930
Amortization	2,832	2,232	2,873	1,966	240	240	2,107	1,459	8,052
Total operating expenses	790,120	768,751	564,564	557,108	509,173	455,353	49,718	53,243	1,913,575
Operating income (loss)	254,182	90,753	342,457	303,164	(84,341)	(62,223)	48,735	52,922	561,033
NONOPERATING REVENUES (EXPENSES)									
Earnings on investments	32,032	40,877	167,656	109,195	72,137	50,544	1,126	771	272,951
Interest on indebtedness	(80,343)	(72,272)	(119,432)	(123,676)	(14,987)	(14,078)	(37,006)	(41,387)	(251,768)
Income before contributions & transfers	205,871	59,358	390,681	288,683	(27,191)	(25,757)	12,855	12,306	582,216
Capital contributions - tap fees	120,000	84,000	748,115	725,825	437,750	448,375	-	-	1,305,865
Developer contributions	-	268,363	481,729	209,407	237,744	674,879	-	-	719,473
Grants for capital outlay	-	-	-	30,000	-	-	-	-	-
Subtotal of capital contributions	120,000	352,363	1,229,844	965,232	675,494	1,123,254	-	-	2,025,338
Change in net assets	325,871	411,721	1,620,525	1,253,915	648,303	1,097,497	12,855	12,306	2,607,554
Total net assets, beginning of year	1,487,974	1,076,252	4,547,400	3,293,485	2,436,003	1,338,506	37,106	24,800	8,508,483
Total net assets, end of year	\$1,813,845	\$1,487,974	\$6,167,925	\$4,547,400	\$3,084,306	\$2,436,003	\$49,961	\$37,106	\$11,116,037

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

Town of Lyons, Colorado
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2007

	Electric Fund Current Yr	Electric Fund Prior Yr	Water Fund Current Yr	Water Fund Prior Yr	Sanitation Fund Current Yr	Sanitation Fund Prior Yr	Property Fund Current Yr	Property Fund Prior Yr	Totals
Cash flows from operating activities:									
Receipts from customers and users	\$989,823	\$899,825	\$1,059,913	\$982,200	\$537,672	\$485,961	\$136,528	\$150,908	\$2,723,936
Other services	131,301	4,783	32,667	38,424	14,934	0	155	7,867	179,057
Payments to suppliers	(774,750)	(822,129)	(479,987)	(766,015)	(466,549)	(350,571)	(48,032)	(51,606)	(1,769,319)
Payments to employees	(79,285)	(74,852)	(83,347)	(81,469)	(83,347)	(81,469)	(1,686)	(1,613)	(247,664)
Net cash provided by operating activities	267,089	7,627	529,246	173,140	2,710	53,921	86,965	105,556	886,010
Cash flows from noncapital financing activities:									
Contributions from customers	120,000	84,000	748,115	725,825	437,750	448,375	-	-	1,305,865
Net cash provided by noncapital financing activities	120,000	84,000	748,115	725,825	437,750	448,375	-	-	1,305,865
Cash flows from capital and related financing activities:									
Proceeds from bonds or loans	-	412,000	-	-	-	-	-	-	-
Proceeds from grants	-	-	-	30,000	-	-	-	-	-
Financing costs	-	(12,000)	-	-	-	-	-	-	-
Principal repayments	(66,942)	(55,000)	(236,693)	(397,064)	(24,235)	(23,175)	(45,513)	(42,318)	(373,383)
Interest paid	(80,343)	(72,272)	(119,432)	(123,676)	(14,987)	(14,078)	(37,006)	(41,387)	(251,768)
Payments for capital acquisitions	(294,330)	(1,245,932)	(115,367)	(151,399)	(234,968)	(69,649)	-	-	(644,665)
Net cash used for capital and related financing	(441,615)	(973,204)	(471,492)	(642,139)	(274,190)	(106,902)	(82,519)	(83,705)	(1,269,816)
Cash flows from investing activities:									
Interest earned	32,032	40,877	167,656	109,195	72,137	50,544	1,126	771	272,951
Increase in certificates of deposit	-	-	-	31,703	-	-	-	-	-
Net cash provided by investing activities	32,032	40,877	167,656	140,898	72,137	50,544	1,126	771	272,951
Net increase (decrease) in cash and cash equivalents	(22,494)	(840,700)	973,525	397,724	238,407	445,938	5,572	22,622	1,195,010
Cash and cash equivalents, January 1	669,624	1,510,324	2,897,893	2,500,169	1,242,105	796,167	26,486	3,864	4,836,108
Cash and cash equivalents, December 31	\$647,130	\$669,624	\$3,871,418	\$2,897,893	\$1,480,512	\$1,242,105	\$32,058	\$26,486	\$6,031,118
Reconciliation of operating income to net cash provided (used) by operating activities:									
Operating income	\$254,182	\$90,753	\$342,457	\$303,164	(\$84,341)	(\$62,223)	\$48,735	\$52,922	\$561,033
Adjustments to reconcile operating income to net cash provided (used) by operating activities:									
Depreciation	92,740	39,294	212,280	207,769	118,926	95,313	35,984	35,984	459,930
Amortization	2,832	2,232	2,873	1,966	240	240	2,107	1,459	8,052
Decrease (increase) in accts receivable	(14,380)	2,824	(12,376)	(1,843)	6,575	(879)	-	8,192	(20,181)
Decrease or (increase) in inventories	(2,131)	754	(1,384)	(1,193)	72	839	-	-	(3,443)
(Decrease) increase in accounts payable	(63,915)	(128,230)	1,230	(290,376)	(40,723)	23,313	-	24	(103,408)
Net (decrease) in other operating assets	(2,239)	-	(15,834)	(46,347)	1,961	(2,682)	139	6,975	(15,973)
Total adjustments	12,907	(83,126)	186,789	(130,024)	87,051	116,144	38,230	52,634	324,977
Net cash provided by operating activities	\$267,089	\$7,627	\$529,246	\$173,140	\$2,710	\$53,921	\$86,965	\$105,556	\$886,010

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

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

NOTE A: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

1. ORGANIZATION

The Town of Lyons was organized on April 6, 1891 as an incorporated municipality under applicable Colorado statutes and is governed by an elected Mayor and a six member Board of Trustees. The Town provides the following services to the residents and businesses: public safety (police and building inspections), highways and streets, 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 Sheriffs Department.

The accounting policies and preparation of the financial statements of the Town of Lyons have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the town's more significant policies:

2. REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. In accordance with GASB Statement No. 14, the financial statements of the Town of Lyons include those units of separately administered organizations that are controlled or dependent on the Town. The control or dependence of these separately administered organizations is determined based upon the criteria outlined in GASB 14. This criteria includes financial accountability and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the foregoing criteria, the financial statements include only the funds and account groups of the Town of Lyons for which the Mayor and Board of Trustees have oversight responsibility. The Lyons Redstone Museum, operated by the Lyons Historical Society and funded by grants and donations, has been taken into consideration as a component unit. However, the size of the annual budget averaging \$28,000 per year has been deemed insignificant for reporting purposes. The following organizations are not included in the Town as a financial reporting entity: the Lyons Fire Protection District, Boulder County Housing Authority, and the St. Vrain Valley School District RE-1J. The Town cannot influence the operation of these organizations, assumes no responsibility for projects or operations undertaken by these organizations, and no financial benefit or burden relationship exists.

3. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

4. 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.

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 to be 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. And although the town accrues debt service interest expenses into the year incurred, expenditures related to compensated absences are recorded only when payment is due.

The town reports the following major governmental funds:

General Fund – The General Fund is the town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Parks, Recreation, and Cultural Fund – This special revenue fund accounts for the acquisition and maintenance of parkland and related facilities including the visitor center, as well as organizing and promoting special events and other community programs. Financing is provided by sales and use taxes, impact fees on new construction, activity fees, grants, donations, and other park use fees.

The town reports the following major enterprise funds:

Electric Fund – This enterprise fund was established to finance and account for the activities of the municipally owned electric utility. It is predominately self-supported by customer user charges but also receives revenue from investment fees for new connections.

Water Fund - This enterprise fund was established to finance and account for the acquisition, operation and maintenance of water facilities and distribution. It is predominately self-supported by customer user charges but also receives revenue from plant investment fees (tap fees).

Sanitation Fund - This enterprise fund was established to finance and account for the acquisition, operation and maintenance of wastewater facilities and services. It is predominately self-supported by customer user charges but also receives revenue from plant investment fees (tap fees).

Property Fund – This enterprise fund is responsible for the acquisition and construction of certain town properties and facilities. Funding is derived from the issuance of lease purchase revenue debt. Debt service is paid with income received in the form of lease rentals that is derived from the constructed assets. While not meeting the standard measurement of a major fund for reporting requirements, the town has chosen to report the Property Fund as such.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION
(continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Fund, and Sanitation Fund are charges to customers for sales and services. Operating revenues in the Property Fund are received in the form of a lease rental agreement through the United States Postal Service. 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 nonoperating revenues and expenses.

The Town has elected to follow GASB pronouncements in respect to activities occurring in the enterprise funds, including those pronouncements issued after November 30, 1989.

5. BUDGETS

Budgets are adopted on a basis consistent with Colorado Revised Statutes Local Government Budget Law procedures. The budgets for the Town of Lyons are adopted for all funds and presented on a basis consistent with generally accepted accounting principles (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, Water Fund and Sanitation Fund are treated as budgeted revenues, 3) no depreciation or amortization is budgeted, and 4) capital acquisitions are treated as budget expenditures. 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.

6. LEGAL COMPLIANCE - TABOR AMENDMENT

An amendment to the Colorado Constitution (Article X, Section 20 or "TABOR") was approved by the voters of Colorado 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 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 of Lyons 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 amendments language.

7. ENCUMBRANCES

The Town does not use a purchase order system, therefore encumbrances are not used.

8. RESERVES

Reserves are used to indicate that a portion of fund equity is either legally restricted to a specific future use, or not available for appropriations or expenditures.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2007

9. DESIGNATIONS

The portion of the fund balance shown as designated represents the amount appropriated in the succeeding year's budget. At December 31, 2007, the following fund balances are designated: \$175,015 of the General Fund; \$89,563 of the Electric Fund; \$251,860 of the Sanitation Fund; and \$25,624 of the Library Fund.

10. RESTRICTED REVENUE

Restrictions are placed upon certain revenue received by the Town when legally mandated to be used for specific purposes. Currently the voters have approved a restriction for 1% of the 3% sales and use tax to be used for parks and recreational purposes.

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

	<u>Percentage</u>	<u>Sales Tax</u>	<u>Use Tax</u>	<u>Total</u>
General Fund	66 2/3%	\$295,000	\$222,639	\$517,639
Parks Recreation And Cultural Fund	<u>33 1/3%</u>	<u>\$147,500</u>	<u>\$111,319</u>	<u>\$258,819</u>
	100 %	\$442,500	\$333,958	\$776,458

11. INVENTORIES

Inventories are recorded at cost (first in, first out).

12. CAPITAL ASSETS

All 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. An infrastructure capitalization threshold establishes a minimum amount that a project needs to exceed before it will be analyzed to see if it should be capitalized or expensed as maintenance. A \$10,000 infrastructure threshold is appropriate for the Town of Lyons. All other capital assets are defined as assets with an initial, individual cost of more than \$2,500 and a useful life of more than 2 years.

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. Costs incurred for the purchase or construction of capital assets for business-type activities are reported as assets in the proprietary funds.

Subdivisions or developer improvements that become the responsibility of the town are booked at the fair market value of the infrastructure and related assets at the time of acceptance.

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the government-wide financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method.

Building and improvements	10 – 20 years
Plant and systems	20 – 30 years
Infrastructure	30 years
Equipment and vehicles	5 years

Capital assets not being depreciated include land, water rights, and construction in progress.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

13. PROPERTY TAXES RECEIVABLE

Property taxes for the town are levied by the Town Board of Trustees 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 April 30 or in two installments by June 15 in the year of collection. The County Treasurer collects the property taxes and remits the collections to the town on a monthly basis.

General property taxes are measurable but not available at the end of the town's accounting fiscal period, and are recorded as deferred revenue. Property taxes are recognized as revenue in the year in which they are intended to finance expenditures. There are no legal restrictions concerning the use of property tax proceeds. Property taxes levied in 2007 for collection in 2008 in the amount of \$357,184 is included in receivables and deferred revenue in the General Fund at December 31, 2007.

14. INTERFUND TRANSACTIONS

Quasi-external transactions (those transactions between funds that are identical to those that would occur between totally non-related parties, such as customer payments for electric services used) are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for disbursements initially made from it that are properly expenses of another fund are recorded as an expenditure in the reimbursing fund by which that liability was incurred, and as an inter-fund receivable in the fund that is to be reimbursed.

All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

15. COMPENSATED ABSENCES

It is the policy of the Town to permit employees to accumulate a limited amount of earned but unused vacation, overtime, and sick leave benefit. Upon separation from Town service, earned but unused vacation and overtime is paid to the employee. Earned but unused sick leave is paid at one quarter (25%) value.

At December 31, 2007, \$46,850 of earned but unused vacation, overtime and sick leave percentage is recorded as an accrued liability.

16. RETIREMENT COMMITMENTS

Effective January 1, 1998, a Savings Incentive Match Plan for Employees (SIMPLE) IRA Plan was established. Capital Guardian Trust Company administers the defined contribution plan with investments made within the American Funds Group chosen by the employee.

Under this plan, participation by the employee is voluntary. If the employee chooses to participate, the Town will contribute a match of up to 3% of the employee's gross salary. A new employee is eligible to participate following successful completion of a six-month probationary period. Salary reduction elections may be made semi annually, June 1 through June 25; and November 1 through December 31. All amounts are 100% vested at the time of contribution.

In 2007, twelve employees participated in the plan and contributed \$22,014. The Town contributed \$12,666.

17. RISK MANAGEMENT

The Town is exposed to various risks of loss related to injuries of employees while on the job, property loss, and torts committed by the Town or its employees. The Town is a member of Colorado Intergovernmental Risk Sharing Agency (CIRSA) to insure itself against these potential losses.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2007

NOTE B: CASH AND DEPOSITS

The Town's investment policy authorizes investments in accordance with state statutes for investing of public funds. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield. Town investments are reported at fair value. The reported value of the local government investment pool is equal to the fair value of the pool shares. Investments are not made in any derivative types of arrangements.

Effective January 1, 2005 the Town adopted Governmental Accounting Standards Board Statement No. 40 Deposits and Investment Risk Disclosures (GASB 40). GASB 40 establishes and modifies disclosure requirements related to investment risks; credit risks (including custodial credit risk and concentrations of credit risk), and interest rate risk.

Custodial credit risk of the Town's deposits is subject to and in accordance with the State of Colorado Public Deposit Protection Act (PDPA). Eligibility of the financial institution is determined by state regulators. Amounts in excess of federal insurance levels must be collateralized by the depository. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Cash and cash equivalents include deposits and short-term investments which are both readily convertible to cash and which generally mature within three months from the purchase date.

Deposits are carried at cost and include certificates of deposit and bank balances representing equity in pooled cash and investments and savings accounts of certain funds. Deposits collateralized under the PDPA are considered collateralized but not with securities held by the pledging financial institution's trust department or agent in the Town's name.

Uninsured deposits are placed into three categories depending on the custody credit risk. The categories are as follows:

- a) Uncollateralized.
- b) Collateralized with securities held by the pledging financial institution.
- c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Colotrust Plus+, the local government investment pool of which the town is a participant, is rated "AAAm" by Standard & Poor's and "AAAV1+" by Fitch Ratings and "Aaa" by Moody's. Colotrust investments have an average weighted maturity of less than 60 days.

The following is a schedule of the Town's cash and temporary investment balances categorized by custody credit risk and reconciliation to the statement of net assets for the year ending December 31, 2007.

Cash and Certificates of Deposit Carrying Description	Custody Credit Risk Category			Total Bank	
	Insured	Category "c"	Category "a & b"	Balance	
<u>Balance</u>					
Cash in Banks	\$100,000	\$ 46,836	\$ -	\$ 146,836	\$ 145,208
Wells Fargo Bank	100,000	76,142	-	176,142	176,142
Colotrust Plus+	160,968	7,667,424	-	7,828,392	7,828,392
Total cash and certificates of deposit	<u>\$360,968</u>	<u>\$7,790,402</u>	<u>\$ -</u>	<u>\$8,151,370</u>	<u>\$8,149,742</u>

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2007

NOTE B: CASH AND DEPOSITS (continued)

Reconciliation to the Statement of Net Assets

Carrying Amounts	Amount
Cash carrying amount	\$8,149,742
Petty cash	680
Total cash carrying amounts	<u>\$8,150,422</u>
Cash and Investments on the Statement of Net Assets	
Cash and investments – Statement of Net Assets	\$7,389,954
Cash – restricted – Statement of Net Assets	760,468
Certificates of deposit – restricted – Statement of Net Assets	-
Total cash and investments on the Statement of Net Assets	<u>\$8,150,422</u>

NOTE C: CASH – RESTRICTED

ENTERPRISE FUNDS

\$176,142 in the Water Fund represents restricted cash held by Wells Fargo Bank in a project escrow account. These funds were awarded through a loan agreement with the Colorado Water and Power Development Authority for the purpose of constructing a pipeline and high pressure pump station to connect to the City of Longmont’s water treatment facility.

The Water Fund and Sanitation Fund loan agreements with the Colorado Water Resources and Power Development Authority require three months operations and maintenance expense be restricted as reserve accounts. The amounts in these accounts as of December 31, 2007 were \$138,986 in the Water Fund and \$109,826 in the Sanitation Fund. In addition, the Water and Sanitation Funds include bond sub-accounts for additional security for payment of the loans with the C.W.R.P.D.A. The amounts as of December 31, 2007 in these accounts were \$186,282 in the Water Fund and \$9,531 in the Sanitation Fund.

The Electric Fund in accordance with the revenue bond agreement contains restricted cash in the amount of \$116,291 as a bond reserve account. In addition, \$119,231 was contained in a bond sub-account restricted for debt service as of December 31, 2007.

NOTE D: RECEIVABLES

Accounts receivables in the enterprise funds represent the utility billings for customer accounts. Unpaid amounts represent an enforceable lien on the property; therefore no allowance for uncollectible amounts is made. The receivables at December 31, 2007 consist of the following:

	Electric Fund	Water Fund	Sanitation Fund	Total
Customer accounts	\$83,020	\$71,616	\$41,503	\$196,139
Other receivables	<u>26,423</u>	-	-	<u>26,423</u>
Total receivables	<u>\$109,443</u>	<u>\$71,616</u>	<u>\$41,503</u>	<u>\$222,562</u>

NOTE E: LONG TERM DEBT

1. ELECTRIC FUND – REVENUE BONDS PAYABLE

Revenue bonds in the amount of \$1,480,000 were issued October 15, 2003 for the purpose of constructing an electrical substation. The average coupon rate is 4.76% over twenty years with final payment on December 1, 2023. These bonds are payable from the revenues of the Electric Fund and do not represent a general obligation of the town. The balance on this bond at fiscal year end is \$1,270,000.

In 2006, additional bonds were issued in the amount of \$412,000 in support of the same project. The rate on these bonds is 5.4% with a twenty year term. The balance as of December 31, 2007 is \$400,058.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2007

2. WATER FUND AND SANITATION FUND – LOANS PAYABLE

In 1996, the Town entered into two separate loan agreements with the Colorado Water Resources and Power Development Authority. The first agreement involved a twenty year loan through the Drinking Water Revolving Fund in the amount of \$500,000 at 4.5% interest, payable from the revenues of the Water Fund. The balance remaining on this loan December 31, 2007 is \$292,793. The second agreement is a twenty year loan through the Water Pollution Control Revolving Fund in the amount of \$506,311 at 4.5% interest, payable from the revenues of the Sanitation Fund. The balance remaining on this loan December 31, 2007 is \$293,379. Payments for each loan are made quarterly on March 1, June 1, September 1, and December 1 of each year. Final payment on each of these loans will be made June 1, 2017. Liability is recorded in each fund respectively. The loans do not represent a general obligation of the Town.

3. WATER FUND – LOANS PAYABLE

A loan agreement was approved June 1, 2003 with the Colorado Water Resources and Power Development Authority through the Drinking Water Revolving Fund in the principal amount of \$4,915,599 at 3.03% interest. Payments are due on February 1 and August 1 of each year, payable from the revenues of the Water Fund. Final payment is due on August 1, 2024. The balance remaining on December 31, 2007 is \$4,065,575.

4. PROPERTY FUND – LEASE AND PURCHASE OPTION AGREEMENT

An agreement with Wells Fargo Brokerage Services, LLC was signed on November 9, 2000 allowing for an amount of \$700,000 be placed in escrow for the purpose of constructing a new Post Office facility in the Town of Lyons. A new enterprise fund, (the "Property Fund") was established to manage the construction, property, and completed facility to lease to the United States Postal Service for an initial lease term of 20 years.

Repayment is guaranteed through a revenue pledge of the Property Fund. The loan ordinance was amended in 2002 lowering the interest rate to 7.5% on a principal balance of \$708,554. Final payment is due October 1, 2015. The balance remaining December 31, 2007 is \$498,257.

5. CHANGES IN LONG-TERM DEBT

Business-type activities:	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Revenue bonds payable:	\$1,325,000	-	(\$55,000)	\$1,270,000	\$60,000
Revenue notes payable:	5,868,445	-	(318,383)	5,550,062	324,680
Total Long-Term Debt:	\$7,193,445	-	(\$373,383)	\$6,820,062	\$384,680

December 31,	Revenue Bonds	Loans Payable	Interest	Total
2008	\$60,000	\$324,680	\$244,583	\$629,263
2009	60,000	331,374	235,337	626,711
2010	60,000	338,487	225,047	623,534
2011	65,000	351,643	213,206	629,849
2012	65,000	359,685	200,492	625,177
2013 - 2017	375,000	1,754,402	785,223	2,914,625
2018 - 2022	475,000	1,382,480	480,325	2,337,805
2023 - 2027	110,000	707,307	69,963	887,270
Total:	\$1,270,000	\$5,550,058	\$2,454,176	\$9,274,234

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2007

NOTE F: BUDGETS

SUPPLEMENTAL BUDGETS

During 2007, certain events occurred which were unforeseen at the time the budget was adopted. The Town's Board of Trustees approved additional supplemental appropriations in 2007 which totaled as follows:

<u>Fund</u>	<u>Beginning</u>	<u>Net Change</u>	<u>Final</u>
General Fund	\$ 1,613,923	\$ 12,495	\$1,626,418
Electric Fund	1,154,138	127,173	1,281,311
Water Fund	1,187,522	-	1,187,522
Sanitation Fund	736,684	-	736,684
Library Fund	121,195	1,149	122,344
Conservation Trust	5,000	-	5,000
Parks, Recreation and Cultural Fund	563,547	-	563,547
Property Fund	<u>97,822</u>	<u>-</u>	<u>97,822</u>
Total	<u>\$5,479,831</u>	<u>\$ 140,817</u>	<u>\$5,620,648</u>

NOTE G: INTER-FUND RECEIVABLES AND PAYABLES

There were no inter-fund receivable and payable balances at December 31, 2007.

NOTE H: INTER-FUND TRANSFERS

Operating transfers made during the year ended December 31, 2007 are as follows:

<u>Fund</u>	<u>Inter-fund Transfers In</u>	<u>Inter-fund Transfers Out</u>
Governmental fund type		
General Fund	\$ -	\$ 98,000
Special Revenue funds		
Library Fund	<u>98,000</u>	<u>-</u>
	<u>\$ 98,000</u>	<u>\$ 98,000</u>

NOTE I: CHANGES IN FIXED ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

Governmental Activities:	January 1, 2007	Additions	Deletions	December 31, 2007
Capital assets not being depreciated:				
Land	\$13,748,000	-	-	\$13,748,000
Capital assets being depreciated:				
Buildings	414,762	10,705	-	425,467
Improvements	1,618,863	461,260	-	2,080,123
Equipment	247,319	86,170	(54,100)	279,389
Total capital assets being depreciated	2,280,944	558,135	(54,100)	2,784,979
Less accumulated depreciation for:				
Buildings	267,144	16,594	-	283,738
Improvements	564,411	86,131	-	650,542
Equipment	229,890	25,619	(54,100)	201,409
Total accumulated depreciation	1,061,445	128,344	(54,100)	1,135,689
Total capital assets being depreciated				
Net	1,219,499	429,791	-	1,649,290
Governmental Activities				
Capital assets, net	<u>\$14,967,499</u>	<u>\$429,791</u>	<u>\$0</u>	<u>\$15,397,290</u>

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2007

NOTE I: CHANGES IN FIXED ASSETS (continued)

Capital asset activity for the year ended December 31, 2007 was as follows:

Business-type Activities:	January 1, 2007	Additions	Deletions	December 31, 2007
Capital assets not being depreciated:				
Land & Water Rights	\$836,588	\$276,000	-	\$1,112,588
Construction in progress	2,082,579		(2,082,579)	-
Total capital assets, not depreciated	\$2,919,167	\$276,000	(\$2,082,579)	\$1,112,588
Capital assets being depreciated:				
Building & improvements	1,340,560	284,593	-	1,625,153
Plant & systems	9,194,861	2,867,341	-	12,062,202
Equipment	260,685	18,785	-	279,470
Total capital assets being depreciated	10,796,106	3,170,719	-	13,966,825
Less accumulated depreciation for:				
Building & improvements	677,800	41,400	-	719,200
Plant & systems	1,969,344	404,308	-	2,373,652
Equipment	168,139	14,223	-	182,362
Total accumulated depreciation	2,815,283	459,931	-	3,275,214
Total capital assets being depreciated				
Net	7,980,823	2,710,788	-	10,691,611
Business-type Activities				
Capital assets, net	\$10,899,990	\$2,986,788	(\$2,082,579)	\$11,804,199

NOTE J: RECONCILIATION OF CASH TO THE STATEMENT OF CASH FLOWS

The reconciliation of the cash shown on the Statement of Net Assets for the Proprietary Funds to cash shown on the Statement of Cash Flows is as follows:

	Electric Fund	Water Fund	Sanitation Fund	Property Fund	Total
Cash	\$403,162	\$3,502,290	\$1,333,140	\$32,058	\$5,270,650
Cash - restricted					
Customer deposits	18,687	-	1,546	-	20,233
Revenue bond accounts	150,481	315,128	109,826	-	575,435
Rate stabilization accounts	74,800	54,000	36,000	-	164,800
Total cash on the Statement of Cash Flows:	\$647,130	\$3,871,418	\$1,480,512	\$32,058	\$6,031,118

NOTE K: DEVELOPER CONTRIBUTIONS

Through subdivision improvement agreements and other determinations made by the Board of Trustees, infrastructure and improvements made by the developer are booked at the fair market value when accepted by the town. In 2007, \$636,127 in various infrastructure improvements was accepted by the town following the warranty period. In addition, twenty-four shares of water rights were transferred to the town with an estimated market value of \$276,000. All contributions combined totaled \$912,127.

Required Supplementary Information

Town of Lyons, Colorado
PARKS, RECREATION AND CULTURAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended December 31, 2007

	----- Budgeted Amounts -----		Actual Amounts -----	Variance with Final Budget -----
	Original -----	Final -----		
REVENUES				
Taxes				
Sales tax	\$154,432	\$154,432	\$147,500	(\$6,932)
Use tax	92,343	111,000	111,319	319
Home additions fee	186,000	205,500	198,505	(6,995)
Participation fees	139,000	146,690	135,778	(10,912)
Investment earnings	27,000	43,550	42,859	(691)
Contributions and donations	14,000	18,650	10,220	(8,430)
Grants	47,732	47,732	36,964	(10,768)
	-----	-----	-----	-----
Total revenues	660,507	727,554	683,145	(44,409)
	-----	-----	-----	-----
EXPENDITURES				
Current				
Professional services	7,490	7,490	6,182	1,308
Personnel	144,985	144,985	135,319	9,666
Administration	23,100	23,100	22,548	552
Parks	194,372	194,372	144,167	50,205
Capital outlay	135,000	135,000	88,433	46,567
Culture and recreation	58,600	58,600	50,009	8,591
	-----	-----	-----	-----
Total expenditures	563,547	563,547	446,658	116,889
	-----	-----	-----	-----
Excess of revenues over or (under) expenditures	96,960	164,007	236,487	72,480
	-----	-----	-----	-----
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	5,000	-	(5,000)
	-----	-----	-----	-----
Net change in fund balances	101,960	169,007	236,487	67,480
Fund balances - beginning	633,335	648,075	648,075	-
	-----	-----	-----	-----
Fund balances - ending	\$735,295	\$817,082	\$884,562	\$67,480
	-----	-----	-----	-----

See independent Auditor's Report

Other Supplementary Information

Town of Lyons, Colorado
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007

	Special Revenue		Total Nonmajor Governmental Funds
	Library Fund	Conservation Trust Fund	
ASSETS			
Cash and cash equivalents	\$54,184	\$60,968	\$115,152
Total assets	<u>54,184</u>	<u>60,968</u>	<u>115,152</u>
LIABILITIES			
Accounts payable	4,588	-	4,588
Compensated absences	7,148	-	7,148
Total liabilities	<u>11,736</u>	<u>-</u>	<u>11,736</u>
FUND BALANCES			
Unreserved, designated for encumbrances	25,624	-	25,624
Unreserved, undesignated	16,824	60,968	77,792
Total fund balances	<u>42,448</u>	<u>60,968</u>	<u>103,416</u>
Total liabilities and fund balances	<u>\$54,184</u>	<u>\$60,968</u>	<u>\$115,152</u>

See independent Auditor's Report.

Town of Lyons, Colorado
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 December 31, 2007

	Special Revenue		Total Nonmajor Governmental Funds
	Library Fund	Conservation Trust Fund	
REVENUES			
Fines and forfeits	\$1,709	\$ -	\$1,709
Intergovernmental revenues	-	16,784	16,784
Investment earnings	1,582	2,552	4,134
Contributions and donations	4,013	-	4,013
	7,304	19,336	26,640
EXPENDITURES			
Current			
Operational services	94,057	-	94,057
Total expenditures	94,057	-	94,057
Excess of revenues over or (under) expenditures	(86,753)	19,336	(67,417)
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
General Fund	98,000	-	98,000
Operating transfers out			
Parks, Recreation and Cultural Fund	-	-	-
Total transfers	98,000	-	98,000
Net change in fund balance	11,247	19,336	30,583
Fund balance, beginning of year	31,202	41,631	72,833
Fund balance, end of year	\$42,449	\$60,967	\$103,416

See independent Auditor's Report.

Town of Lyons, Colorado
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended December 31, 2007

	----- Budgeted Amounts -----		Actual Amounts -----	Variance with Final Budget -----
	Original -----	Final -----		
REVENUES				
Fines and forfeits	\$1,500	\$1,800	\$1,709	(\$91)
Contributions and donations	3,850	4,400	4,013	(387)
Investment earnings	1,500	1,650	1,582	(68)
Total revenues	6,850	7,850	7,304	(546)
EXPENDITURES				
Current				
Professional services	1,243	1,693	1,576	117
Personnel	77,900	77,900	65,375	12,525
Administration	13,047	13,746	11,823	1,923
Library operations	17,005	17,005	15,283	1,722
Capital outlay	12,000	12,000	-	12,000
Total expenditures	121,195	122,344	94,057	28,287
Excess of revenues over (under) expenditures	(114,345)	(114,494)	(86,753)	(28,833)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	98,000	98,000	98,000	-
Total other financing sources (uses)	98,000	98,000	98,000	-
Net change in fund balances	(16,345)	(16,494)	11,247	(28,833)
Fund balances - beginning	28,656	31,202	31,202	-
Fund balances - ending	\$12,311	\$14,708	\$42,449	(\$28,833)

See independent Auditors Report.

Town of Lyons, Colorado
CONSERVATION TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the year ending December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Colorado lottery				
Distribution	\$18,000	\$18,000	\$16,784	(\$1,216)
Investment earnings	2,650	2,650	2,552	(98)
Total revenues	<u>20,650</u>	<u>20,650</u>	<u>19,336</u>	<u>(1,314)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(5,000)	(5,000)	-	5,000
Net change in fund balances	15,650	15,650	19,336	3,686
Fund balances - beginning	<u>40,903</u>	<u>41,631</u>	<u>41,631</u>	<u>-</u>
Fund balances - ending	<u>\$56,553</u>	<u>\$57,281</u>	<u>\$60,967</u>	<u>\$3,686</u>

See independent Auditors Report.

Town of Lyons, Colorado
ELECTRIC FUND
SCHEDULE OF RESOURCES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Electric sales	\$896,742	\$896,742	\$913,001	16,259
Investment fees	64,000	123,000	120,000	(3,000)
Investment earnings	15,000	32,020	32,032	12
Other services	120,800	131,550	131,302	(248)
Total resources	1,096,542	1,183,312	1,196,335	13,023
EXPENDITURES				
Operations				
Electric wholesale purchases	466,428	510,328	484,990	25,338
Personnel	32,165	32,165	30,104	2,061
Distribution maintenance	147,400	147,400	67,350	80,050
Total operations	645,993	689,893	582,444	107,449
Administration	123,724	124,804	112,104	12,700
Total operations and administration	769,717	814,697	694,548	120,149
Sub-Station bond principal	66,942	66,942	66,942	-
Sub-Station bond interest	82,329	82,329	82,329	-
Bond service fees	150	150	150	-
Capital outlay	235,000	317,193	294,331	22,862
Total expenditures and transfers	1,154,138	1,281,311	1,138,300	143,011
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	<u>(\$57,596)</u>	<u>(\$97,999)</u>	<u>\$58,035</u>	<u>156,034</u>

See independent Auditors Report.

Town of Lyons, Colorado
WATER FUND
SCHEDULE OF RESOURCES, EXPENDITURES, TRANSFERS, AND CHANGES
IN RESOURCES AVAILABLE - BUDGET AND ACTUAL
For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Water sales	\$828,392	\$879,964	\$874,354	(\$5,610)
Water tap fees	467,680	767,825	748,115	(19,710)
Pipe water sales	8,000	8,000	7,800	(200)
Investment earnings	110,000	172,500	167,656	(4,844)
Miscellaneous	24,840	29,900	24,867	(5,033)
Total resources	<u>1,438,912</u>	<u>1,858,189</u>	<u>1,822,792</u>	<u>(35,397)</u>
EXPENDITURES				
Operations				
Treatment				
Salaries	2,625	2,625	2,689	(64)
Plant Maintenance	1,800	1,800	569	1,231
Treatment Services	143,433	143,433	118,782	24,651
Distribution				
Salaries	38,907	38,907	33,759	5,148
System Maintenance	193,400	193,400	83,511	109,889
Total operations	<u>380,165</u>	<u>380,165</u>	<u>239,310</u>	<u>140,855</u>
Administration	<u>143,628</u>	<u>143,628</u>	<u>110,101</u>	<u>33,527</u>
Total operations and administration	<u>523,793</u>	<u>523,793</u>	<u>349,411</u>	<u>174,382</u>
DWRF loan principal	182,676	182,676	24,187	158,489
DWRF loan interest	10,496	10,496	13,860	(3,364)
2003 DWRF loan principal	212,506	212,506	212,506	-
2003 DWRF loan interest	104,331	104,331	104,331	-
Capital outlay	153,720	153,720	115,367	38,353
Total expenditures and transfers	<u>1,187,522</u>	<u>1,187,522</u>	<u>819,662</u>	<u>367,860</u>
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	<u><u>\$251,390</u></u>	<u><u>\$670,667</u></u>	<u><u>\$1,003,130</u></u>	<u><u>\$332,463</u></u>

See independent Auditors Report.

Town of Lyons, Colorado
SANITATION FUND
SCHEDULE OF RESOURCES, EXPENDITURES, TRANSFERS, AND CHANGES
IN RESOURCES AVAILABLE - BUDGET AND ACTUAL
For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Service fees	\$402,872	\$411,035	\$409,898	(\$1,137)
Sewer tap fees	272,000	454,750	437,750	(17,000)
Investment earnings	52,000	75,000	72,137	(2,863)
Miscellaneous	2,000	15,000	14,934	(66)
Total resources	728,872	955,785	934,719	(21,066)
EXPENDITURES AND TRANSFERS				
Operations				
Treatment				
Salaries	2,625	2,625	2,689	(64)
Professional services	86,412	86,412	86,400	12
Plant maintenance	108,579	108,579	92,453	16,126
Collection and transmission				
Salaries	38,907	38,907	33,759	5,148
System maintenance	75,875	75,875	68,071	7,804
Total operations	312,398	312,398	283,372	29,026
Administration	118,804	118,804	106,635	12,169
Total operations and administration	431,202	431,202	390,007	41,195
Retirement of WPCRF loan	24,235	24,235	24,235	-
Interest on WPCRF loan	13,887	13,887	13,887	-
Capital outlay	267,360	267,360	234,968	32,392
Total expenditures and transfers	736,684	736,684	663,097	73,587
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	(\$7,812)	\$219,101	\$271,622	\$52,521

See independent Auditors Report.

Town of Lyons, Colorado
PROPERTY FUND
SCHEDULE OF RESOURCES, EXPENDITURES, TRANSFERS, AND CHANGES
IN RESOURCES AVAILABLE - BUDGET AND ACTUAL
For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Lease Income	98,298	98,298	98,298	-
Investment earnings	750	1,120	1,126	6
Miscellaneous	375	375	155	(220)
Total resources	99,423	99,793	99,579	(214)
EXPENDITURES				
Administration	5,517	5,517	4,895	622
Building and grounds maintenance	3,500	3,500	1,993	1,507
Miscellaneous	5,100	5,100	4,741	359
Total administration	14,117	14,117	11,629	2,488
Retirement of loan principal	45,513	45,513	45,513	-
Interest on loan	38,192	38,192	38,192	-
Total expenditures and transfers	97,822	97,822	95,334	2,488
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	1,601	1,971	4,245	2,274

See independent Auditors Report.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: CITY
	YEAR ENDING : December 2007
This Information From The Records Of (example - City of _ or County of _) TOWN OF LYONS, COLORADO	Prepared By: JANICE SAEGER, FINANCE DIRECTOR Phone: 303-823-6622

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	480439
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	90248
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7802
2. General fund appropriations	533340	b. Snow and ice removal	13815
3. Other local imposts (from page 2)	2344	c. Other	12256
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	33873
5. Transfers from toll facilities		4. General administration & miscellaneous	42761
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	117721
a. Bonds - Original Issues		6. Total (1 through 5)	765042
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	535684	b. Redemption	
B. Private Contributions	172942	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	56416	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	765042	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	765042

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	765042	765042	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2007

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,344	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,344	h. Other	
c. Total (a. + b.)	2,344	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	49353	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	7063	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	7063	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	56416	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	2,563	2,526	5,089
c. Construction:			
(1). New Facilities		172,942	172,942
(2). Capacity Improvements			0
(3). System Preservation	48,667		48,667
(4). System Enhancement & Operation		253,741	253,741
(5). Total Construction (1) + (2) + (3) + (4)	48,667	426,683	475,350
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	51,230	429,209	480,439
			(Carry forward to page 1)

Notes and Comments: