

Town of Lyons, Colorado

Financial Statements

December 31, 2008

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TOWN OF LYONS, COLORADO
Management's Discussion and Analysis
December 31, 2008

The management of the Town of Lyons offers this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2008.

Financial Highlights

- The assets of the Town of Lyons exceeded its liabilities at the close of 2008 by \$28,653,144 (*net assets*). Of this amount, \$6,565,298 (*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 \$348,983. This increase is attributable to a one time infusion of resources from tap fees and special assessments.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending balances of \$1,487,322, a decrease of \$303,512 in comparison with the prior year.
- At the end of the current year, unreserved, undesignated fund balance for the general fund was \$441,331, or about 32% of total general fund expenditures.
- The Town of Lyons total debt did not increase in 2008.

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>	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$2,255,146	\$2,605,702	\$6,679,233	\$6,403,736	\$8,934,379	\$9,009,438
Capital assets	<u>15,531,117</u>	<u>15,397,290</u>	<u>11,537,089</u>	<u>11,804,199</u>	<u>27,068,206</u>	<u>27,201,489</u>
Total assets	17,786,263	18,002,992	18,216,322	18,207,935	36,002,585	36,210,927
Long-term liabilities						
outstanding	31,370	26,141	6,453,349	6,840,769	6,484,719	6,866,910
Other liabilities	<u>736,454</u>	<u>788,727</u>	<u>128,268</u>	<u>251,129</u>	<u>864,722</u>	<u>1,039,856</u>
Total liabilities	767,824	814,868	6,581,617	7,091,898	7,349,441	7,906,766
Invested in capital assets, net of related debt	15,531,117	15,397,290	5,948,794	5,944,254	21,479,911	21,341,544
Restricted	277,784	250,639	330,151	330,151	607,935	580,790
Unrestricted	<u>1,209,538</u>	<u>1,540,195</u>	<u>5,355,760</u>	<u>4,841,632</u>	<u>6,565,298</u>	<u>6,381,827</u>
Total net assets	\$17,018,439	\$17,188,124	\$11,634,705	\$11,116,037	\$28,653,144	\$28,304,161

By far the largest portion of the town's net assets (75%) reflects its investment of \$21.5 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, \$607,935 (2%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$6,565,298 (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 \$138,367, or less than 1%, compared to 2007. This increase is discussed below in "Capital Assets." Restricted net assets increased slightly (about 5%), compared to 2007.

The town's net assets increased \$348,983 during 2008. About 66% of this increase is due to a one-time infusion of tap fees and related assessments. The remaining 34% is attributable to the degree in which increases in ongoing revenues exceeded similar increases in expenditures, connected to the business-type activities.

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Governmental activities – Governmental activities decreased the Town of Lyons net assets by \$169,685. Twenty-one percent of this decrease resulted from expenses exceeding revenues in the down-turned economy. Other key elements of governmental activities are as follows:

- Property tax revenue increased by \$27,473, or about 8.5% over 2007. 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 remained flat, with receipts mirroring the previous year.
- Use tax collection decreased about 57% from the previous year, reflecting the slowing building activity and reduced new construction. Use tax is a volatile revenue source, as market availability and economic concerns affect new construction activity.
- Earnings investments decreased 77%.

Town of Lyons Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$342,991	\$455,588	\$2,369,207	\$2,295,551	\$2,712,198	\$2,751,139
Operating grants and Contributions						
Contributions	32,931	38,991	-	-	32,931	38,991
Capital grants and Contributions						
Contributions	-	31,464	276,150	1,305,865	276,150	1,337,329
General revenues:						
Property taxes	349,254	321,781	-	-	349,254	321,781
Other taxes	725,331	876,878	-	-	725,331	876,878
Grants and contributions not restricted to specific programs						
	146,000	394,835	21,390	179,057	167,390	573,892
Other	100,000	98,000	154,439	272,951	254,439	370,951
Total revenues	1,696,507	2,217,537	2,821,186	4,053,424	4,517,693	6,270,961
Expenses:						
General government	614,480	538,192	-	-	614,480	538,192
Public safety	412,188	443,045	-	-	412,188	443,045
Economic development	-	6,111	-	-	-	6,111
Public works and streets	187,680	179,830	-	-	187,680	179,830
Parks, culture & recreation	651,844	566,419	-	-	651,844	566,419
Interest on long-term debt	-	-	244,732	251,768	244,732	251,768
Electric	-	-	891,989	790,120	891,989	790,120
Water	-	-	560,705	564,564	560,705	564,564
Sanitation	-	-	556,229	509,173	556,229	509,173
Property	-	-	48,863	49,718	48,863	49,718
Total expenses	1,866,192	1,733,597	2,302,518	2,165,343	4,168,710	3,898,940
Increase or decrease in net assets before special items						
	(169,685)	483,940	518,668	1,888,081	348,983	2,372,021
Special items:						
	-	192,654	-	719,473	-	912,127
Increase or decrease in net assets	(169,685)	676,594	518,668	2,607,554	348,983	3,284,148
Net assets 1/1/2008	17,188,124	16,511,530	11,116,037	8,508,483	28,304,161	25,020,013
Net assets 12/31/2008	\$17,018,439	\$17,188,124	\$11,634,705	\$11,116,037	\$28,653,144	\$28,304,161

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Business-type activities - Business-type activities increased the Town of Lyons net assets by \$518,668 accounting for all 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 3 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 provided a significant revenue source for the electric, water, and sanitation utilities during the current year, producing \$276,150 in revenue. Capital contributions can vary greatly from year to year, depending on availability of building sites and economic factors.
- Investment earnings provided \$154,439 in unrestricted revenue for the business-type activities, a drop of 43% from the previous year due to unfavorable investment conditions in the economy.

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, 2008 the town's governmental funds reported combined ending fund balances of \$1,487,322, a decrease of \$303,512 or about 17 percent in comparison to the previous year. This decrease primarily reflects the reduction in building permit activity and the associated fees, permits, and taxes. About 81 percent, or \$1,209,538 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 \$441,331, while total fund balance reached \$571,604. 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 32 percent of total general fund expenditures, while total fund balance represents 41 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, 2008 the unrestricted net assets of the Electric Fund were \$344,207, for the Water Fund \$3,774,657, for the Sanitation Fund \$1,242,661 and the Property Fund -\$5,765. The total growth in net assets for all proprietary funds was \$518,668. 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 no increase in appropriations between the original and final amended budget.

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, 2008 amounts to \$27,068,206 (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 a decrease from the prior year primarily from depreciation expense out-pacing new additions to assets. Additions to the capital assets of the town amounted to about 2 percent overall.

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

- New sidewalks, curbs, pedestrian crossings and paving improvements totaled \$159,374 in 2008.
- \$27,170 in building additions and equipment replacements.
- Improvements made at the wastewater treatment plant included new de-watering equipment and treatment facilities for a total of \$131,690.
- New sewer lines and storm drainage improvements were completed at a cost of \$56,958.

**Town of Lyons Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and water	\$13,748,000	\$13,748,000	\$1,112,588	\$1,112,588	\$14,860,588	\$14,860,588
Building and Improvements	133,813	141,729	864,975	905,953	998,788	1,047,682
Plant and systems	-	-	9,469,641	9,688,550	9,469,641	9,688,550
Machinery and Equipment	94,683	77,980	82,885	97,108	177,568	175,088
Infrastructure	1,534,666	1,429,581	-	-	1,534,666	1,429,581
Construction in progress	19,955	-	7,000	-	26,955	-
Total	\$15,531,117	\$15,397,290	\$11,537,089	\$11,804,199	\$27,068,206	\$27,201,489

TOWN OF LYONS, COLORADO
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Long-term debt – At the end of the current fiscal year, the Town of Lyons had total bonded debt outstanding of \$6,435,381. 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>	
	2008	2007	2008	2007	2008	2007
Revenue bonds	-	-	\$1,210,000	\$1,270,000	\$1,210,000	\$1,270,000
Revenue loans	-	-	5,225,381	5,550,059	5,225,381	5,550,059
Total	-	-	\$6,435,381	\$6,820,059	\$6,435,381	\$6,820,059

All issues of the Town of Lyons are unrated.

Economic Factors and Next Year's Budgets and Rates

In preparing the 2009 budget, the town considered local economic factors in projecting revenues. Business activity has slowed with the troubled economy; therefore sales tax is expected to remain flat or comparable with previous years. A continued slowing of building activity from economic factors is expected in 2009, 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.

Modest increases in electric utility rates are projected in the 2009 budget with increasing costs of wholesale power. The anticipated increase in revenue from other utilities 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 5th Ave, Lyons, Colorado 80540.

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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, 2008 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, 2008, 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 generally accepted accounting principles. 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 15, 2009

Johnson, Holscher & Company, P.C.

Basic Financial Statements

Town of Lyons, Colorado
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$1,678,444	\$5,670,476	\$7,348,920
Receivables (net of allowance for uncollectables)	548,418	224,798	773,216
Inventories	-	62,171	62,171
Prepays	28,284	1,320	29,604
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	633,848	633,848
Debt issue costs	-	86,620	86,620
Capital Assets not being depreciated:			
Land and water rights	13,748,000	1,112,588	14,860,588
Construction in progress	19,955	7,000	26,955
Capital Assets net of accumulated depreciation:			
Building and improvements	133,813	864,975	998,788
Plant and systems	-	9,469,641	9,469,641
Infrastructure	1,534,666	-	1,534,666
Equipment	94,683	82,885	177,568
TOTAL ASSETS	17,786,263	18,216,322	36,002,585
LIABILITIES			
Accounts payable and other current liabilities	335,286	25,308	360,594
Deferred revenue	401,168	-	401,168
Accrued liabilities	-	102,960	102,960
Noncurrent liabilities			
Due within one year	-	391,373	391,373
Due in more than one year	31,370	6,061,976	6,093,346
TOTAL LIABILITIES	767,824	6,581,617	7,349,441
NET ASSETS			
Investment in capital assets net of related debt:	15,531,117	5,948,794	21,479,911
Restricted for:			
Debt service	-	330,151	330,151
Other purposes	217,784	-	217,784
Required emergency reserve	60,000	-	60,000
Unrestricted	1,209,538	5,355,760	6,565,298
TOTAL NET ASSETS	\$17,018,439	\$11,634,705	\$28,653,144

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

Town of Lyons, Colorado
STATEMENT OF ACTIVITIES
For the year ended December 31, 2008

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	\$ 514,480	\$ 60,012	\$ 30,931	\$ -	\$ (423,537)	\$ -	\$ (423,537)
Public safety	412,188	131,145	-	-	(281,043)	-	(281,043)
Economic development	-	-	-	-	0	-	0
Public works and streets	187,680	-	47,868	-	(139,812)	-	(139,812)
Parks, culture and recreation	651,844	151,834	2,000	-	(498,010)	-	(498,010)
Total governmental activities	1,766,192	342,991	80,799	-	(1,342,402)	-	(1,342,402)
Business-type activities:							
Electric	972,380	952,703	4,486	45,000	-	29,809	\$ 29,809
Water	677,512	897,188	16,799	146,150	-	382,625	382,625
Sewer	569,007	421,018	-	85,000	-	(62,989)	(62,989)
Property	83,619	98,298	105	-	-	14,784	14,784
Total business-type activities	2,302,518	2,369,207	21,390	276,150	-	364,229	364,229
Total primary government	\$ 4,068,710	\$ 2,712,198	\$ 102,189	\$ 276,150	\$ (1,342,402)	\$ 364,229	\$ (978,173)
General revenues:							
Property taxes					349,254	-	349,254
Sales and use taxes					624,914	-	624,914
Ownership taxes					21,634	-	21,634
Franchise taxes					30,915	-	30,915
Other taxes					33,798	-	33,798
Intergovernmental					30,860	-	30,860
Fines and Forfeits					2,266	-	2,266
Contributions and donations					32,861	-	32,861
Unrestricted investment earnings					46,215	154,439	200,654
Total general revenues and transfers					1,172,717	154,439	1,327,156
Change in net assets					(169,685)	518,668	348,983
Net assets - beginning					17,188,124	11,116,037	28,304,161
Net assets - ending					\$ 17,018,439	\$ 11,634,705	\$ 28,653,144

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

Town of Lyons, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Parks, Recreation & Cultural Fund	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$758,917	\$802,831	\$116,696	\$1,678,444
Receivables (net of allowance for uncollectables)	523,922	24,496	-	548,418
Prepaid expenses	28,284			28,284
Total assets	1,311,123	827,327	116,696	2,255,146
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	327,425	5,866	1,995	335,286
Compensated absences	10,926	10,686	9,758	31,370
Deferred revenue	401,168	-	-	401,168
Total liabilities	739,519	16,552	11,753	767,824
Fund balances:				
Reserved for:				
Emergency reserve	60,000	-	-	60,000
Unreserved, designated for:				
Encumbrances	70,273	138,225	9,286	217,784
Unreserved, undesignated:	441,331	672,550	95,657	1,209,538
Total fund balances	571,604	810,775	104,943	1,487,322
Total liabilities and fund balances	\$1,311,123	\$827,327	\$116,696	
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				15,531,117
Net assets of governmental activities				\$17,018,439

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, 2008

	General	Parks Recreation & Cultural Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$818,412	\$208,305	\$ -	\$1,026,717
Licences and permits	60,012	-	-	60,012
Intergovernmental revenues	60,899	-	17,829	78,728
Fines and forfeits	131,145	-	2,266	133,411
Investment earnings	21,956	21,626	2,633	46,215
Contributions and donations	15,587	188,305	4,500	208,392
Grants	30,931	2,000	-	32,931
Contractual	10,100	-	-	10,100
Total revenues	1,149,042	420,236	27,228	1,596,506
EXPENDITURES				
General government	517,793	211,716	-	729,509
Public safety	411,992	-	-	411,992
Public works	350,509	-	-	350,509
Library	-	-	125,701	125,701
Parks Recreation and Cultural	-	282,307	-	282,307
Total expenditures	1,280,294	494,023	125,701	1,900,018
Excess of revenues over or (under) expenditures	(131,252)	(73,787)	(98,473)	(303,512)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	100,000	100,000
Operating transfers out	(100,000)	-	-	(100,000)
Total transfers	(100,000)	-	100,000	-
Net change in fund balance	(231,252)	(73,787)	1,527	(303,512)
Fund balance, beginning of year	802,856	884,562	103,416	1,790,834
Fund balance, end of year	<u>\$571,604</u>	<u>\$810,775</u>	<u>\$104,943</u>	<u>\$1,487,322</u>

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, 2008

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)	\$ (303,512)
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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 - capitalized	265,011
Less current period depreciation	<u>(131,184)</u>
Net amount by which capital outlay exceeded depreciation in the current period.	<u>133,827</u>

Change in net assets of governmental activities (page 3)	<u><u>(169,685)</u></u>
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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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
General property taxes	\$357,184	\$357,184	\$349,254	(\$7,930)
Specific ownership taxes	23,004	23,004	21,634	(1,370)
Sales taxes	365,037	365,037	320,478	(44,559)
Use taxes	192,997	192,997	96,131	(96,866)
Franchise taxes	34,000	34,000	30,915	(3,085)
Licenses and permits	162,975	162,975	60,012	(102,963)
Intergovernmental	63,556	63,556	60,899	(603)
Fines and Forfeits	185,000	185,000	131,145	(53,855)
Investment earnings	65,523	65,523	21,956	(43,567)
Contributions and donations	32,750	32,750	15,587	(17,163)
Grants	111,159	111,159	30,931	(80,228)
Contractual	12,100	12,100	10,100	(2,000)
Total Revenues	\$1,605,285	\$1,605,285	\$1,149,042	(\$454,189)
EXPENDITURES				
Current				
General government				
Legislative council	\$20,600	\$20,600	\$12,342	\$8,258
Judicial	45,575	45,575	48,348	(2,773)
Attorney	71,400	71,400	48,023	23,377
Clerk	25,086	25,086	21,102	3,984
Personnel	69,854	69,854	62,172	7,682
Finance and administration	120,001	120,001	106,661	13,340
Planning and zoning	125,939	125,939	61,710	64,229
Special programs	87,901	87,901	64,536	23,365
Capital improvements - capitalized	32,000	32,000	24,599	7,401
Other - unclassified	80,170	80,170	68,300	11,870
Total general government	678,526	678,526	517,793	160,733
Public Safety				
Police	390,758	390,758	378,630	12,128
Inspection	96,640	96,640	33,362	63,278
Total public safety	487,398	487,398	411,992	75,406
Public works and streets				
Maintenance	148,276	148,276	121,126	27,150
Capital improvements - capitalized	353,100	353,100	216,942	136,158
Capital improvements - not capitalized	13,000	13,000	12,441	559
Total public works and streets	514,376	514,376	350,509	163,867
Total expenditures	1,680,300	1,680,300	1,280,294	400,006
Excess of revenues over (under) expenditures	(75,015)	(75,015)	(131,252)	(56,237)
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	(100,000)	-
Net change in fund balances	(175,015)	(175,015)	(231,252)	(56,237)
Fund balances - beginning	764,226	802,856	802,856	-
Fund balances - ending	\$589,211	\$627,841	\$571,604	(\$56,237)

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

Town of Lyons, Colorado
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	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	\$345,694	\$4,089,187	\$1,199,028	\$36,567	\$5,670,476
Restricted cash, cash equivalents and investments					
Customer deposits	11,789	-	1,546	-	13,335
Revenue bond covenant accounts	150,481	186,577	118,655	-	455,713
Rate stabilization accounts	74,800	54,000	36,000	-	164,800
Accounts receivable	103,822	70,358	50,618	-	224,798
Prepaid expenses	-	1,320	-	-	1,320
Inventory, at cost	27,765	32,939	1,467	-	62,171
Total current assets	714,351	4,434,381	1,407,314	36,567	6,592,613
Noncurrent assets					
Restricted cash, cash equivalents and investments					
Unamortized bond issue costs	44,273	25,675	1,920	-	71,868
Lease refinancing costs	-	-	-	14,752	14,752
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	3,111,684	5,022,005	3,338,290	733,072	12,205,051
Equipment	152,854	69,877	56,740	-	279,471
	3,313,753	7,723,358	3,452,079	733,072	15,222,262
Less accumulated depreciation	(576,674)	(1,319,839)	(1,530,377)	(265,283)	(3,692,173)
	2,737,079	6,403,519	1,921,702	467,789	11,530,089
Construction in progress	-	-	7,000	-	7,000
Total capital assets (net of accumulated depreciation)	2,737,079	6,403,519	1,928,702	467,789	11,537,089
Total noncurrent assets	2,781,352	6,429,194	1,930,622	482,541	11,623,709
Total assets	3,495,703	10,863,575	3,337,936	519,108	18,216,322
LIABILITIES					
Current liabilities					
Accounts Payable	6,397	3,737	4,075	100	14,309
Accrued liabilities	16,646	82,074	-	4,240	102,960
Customer deposits	9,453	-	1,546	-	10,999
Revenue notes payable - current	13,267	238,957	26,505	52,644	331,373
Revenue bonds payable - current	60,000	-	-	-	60,000
Total current liabilities	105,763	324,768	32,126	56,984	519,641
Noncurrent liabilities					
Compensated absences	5,345	6,262	6,261	100	17,968
Notes payable	374,203	3,881,610	241,531	396,664	4,894,008
Bonds payable	1,150,000	-	-	-	1,150,000
Total noncurrent liabilities	1,529,548	3,887,872	247,792	396,764	6,061,976
Total Liabilities	1,635,311	4,212,640	279,918	453,748	6,581,617
NET ASSETS					
Invested in net assets, net of related debt	1,363,357	2,708,486	1,805,826	71,125	5,948,794
Restricted for debt service	152,828	167,792	9,531	-	330,151
Unrestricted	344,207	3,774,657	1,242,661	(5,765)	5,355,760
Total net assets	1,860,392	6,650,935	3,058,018	65,360	11,634,705

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, 2008

	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	\$952,703	\$913,001	\$897,188	\$874,354	\$421,018	\$409,898	\$98,298	\$98,298	\$2,369,207
Other	4,486	131,301	16,799	32,667	-	14,934	105	155	21,390
Total operating revenues	957,189	1,044,302	913,987	907,021	421,018	424,832	98,403	98,453	2,390,597
OPERATING EXPENSES									
Operations and maintenance	675,496	582,444	228,296	239,310	303,992	283,372	\$ -	\$ -	1,207,784
Administration	122,349	112,104	118,569	110,101	117,719	106,635	10,772	11,627	369,409
Depreciation	91,312	92,740	212,135	212,280	134,278	118,926	35,984	35,984	473,709
Amortization	2,832	2,832	1,705	2,873	240	240	2,107	2,107	6,884
Total operating expenses	891,989	790,120	560,705	564,564	556,229	509,173	48,863	49,718	2,057,786
Operating income (loss)	65,200	254,182	353,282	342,457	(135,211)	(84,341)	49,540	48,735	332,811
NONOPERATING REVENUES (EXPENSES)									
Earnings on investments	16,738	32,032	100,385	167,656	36,701	72,137	615	1,126	154,439
Interest on indebtedness	(80,391)	(80,343)	(116,807)	(119,432)	(12,778)	(14,987)	(34,756)	(37,006)	(244,732)
Income before contributions & transfers	1,547	205,871	336,860	390,681	(111,288)	(27,191)	15,399	12,855	242,518
Capital contributions - tap fees	45,000	120,000	146,150	748,115	85,000	437,750	-	-	276,150
Developer contributions	-	-	-	481,729	-	237,744	-	-	-
Subtotal of capital contributions	45,000	120,000	146,150	1,229,844	85,000	675,494	-	-	276,150
Change in net assets	46,547	325,871	483,010	1,620,525	(26,288)	648,303	15,399	12,855	518,668
Total net assets, beginning 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
Total net assets, end of year	\$1,860,392	\$1,813,845	\$6,650,935	\$6,167,925	\$3,058,018	\$3,084,306	\$65,360	\$49,961	\$11,634,705

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, 2008

	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	\$1,049,763	\$989,823	\$1,127,145	\$1,059,913	\$546,695	\$537,672	\$136,357	\$136,528	\$2,859,960
Other services	4,486	131,301	16,799	32,667	-	14,934	105	155	21,390
Payments to suppliers	(937,586)	(774,750)	(473,112)	(479,987)	(463,795)	(468,427)	(46,649)	(48,105)	(1,921,142)
Payments to employees	(87,138)	(79,285)	(96,114)	(83,347)	(96,114)	(81,469)	(2,214)	(1,613)	(281,580)
Net cash provided by operating activities	29,525	267,089	574,718	529,246	(13,214)	2,710	87,599	86,965	678,628
Cash flows from noncapital financing activities:									
Contributions from customers	45,000	120,000	146,150	748,115	85,000	437,750	-	-	276,150
Net cash provided by noncapital financing activities	45,000	120,000	146,150	748,115	85,000	437,750	-	-	276,150
Cash flows from capital and related financing activities:									
Principal repayments	(72,587)	(66,942)	(237,800)	(236,693)	(25,344)	(24,235)	(48,949)	(45,513)	(384,680)
Interest paid	(80,391)	(80,343)	(116,807)	(119,432)	(12,778)	(14,987)	(34,756)	(37,006)	(244,732)
Payments for capital acquisitions	(2,651)	(294,330)	(8,300)	(115,367)	(195,648)	(234,968)	-	-	(206,599)
Net cash used for capital and related financing	(155,629)	(441,615)	(362,907)	(471,492)	(233,770)	(274,190)	(83,705)	(82,519)	(836,011)
Cash flows from investing activities:									
Interest earned	16,738	32,032	100,385	167,656	36,701	72,137	615	1,126	154,439
Increase in certificates of deposit	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	16,738	32,032	100,385	167,656	36,701	72,137	615	1,126	154,439
Net increase (decrease) in cash and cash equivalents	(64,366)	(22,494)	458,346	973,525	(125,283)	238,407	4,509	5,572	273,206
Cash and cash equivalents, January 1	647,130	669,624	3,871,418	2,897,893	1,480,512	1,242,105	32,058	26,486	6,031,118
Cash and cash equivalents, December 31	\$582,764	\$647,130	\$4,329,764	\$3,871,418	\$1,355,229	\$1,480,512	\$36,567	\$32,058	\$6,304,324
Reconciliation of operating income to net cash provided (used) by operating activities:									
Operating income	\$65,200	\$254,182	\$353,282	\$342,457	(\$135,211)	(\$84,341)	\$49,540	\$48,735	\$332,811
Adjustments to reconcile operating income to net cash provided (used) by operating activities:									
Depreciation	91,312	92,740	212,135	212,280	134,278	118,926	35,984	35,984	473,709
Amortization	2,832	2,832	1,705	2,873	240	240	2,107	2,107	6,884
Decrease (increase) in accts receivable	5,621	(14,380)	1,258	(12,376)	(9,115)	6,575	-	-	(2,236)
Decrease or (increase) in inventories	5,282	(2,131)	(11,923)	(1,384)	1,022	72	-	-	(5,619)
(Decrease) increase in accounts payable	(132,735)	(63,915)	(8,521)	1,230	(3,680)	(40,723)	-	-	(144,936)
Net (decrease) in other operating assets	(7,987)	(2,239)	26,782	(15,834)	(748)	1,961	(32)	139	18,015
Total adjustments	(35,675)	12,907	221,436	186,789	121,997	87,051	38,059	38,230	345,817
Net cash provided by operating activities	\$29,525	\$267,089	\$574,718	\$529,246	(\$13,214)	\$2,710	\$87,599	\$86,965	\$678,628

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

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

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 \$33,000 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, 2008

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, 2008

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 principals (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, 2008

9. DESIGNATIONS

The portion of the fund balance shown as designated represents the amount appropriated in the succeeding year's budget. At December 31, 2008, the following fund balances are designated: \$70,273 of the General Fund; \$82,029 of the Electric Fund; \$114,908 of the Water Fund; \$335,959 of the Sanitation Fund; \$9,286 of the Library Fund; and \$138,225 of the Parks, Recreation and Cultural 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%	\$320,478	\$ 96,131	\$416,609
Parks Recreation And Cultural Fund	<u>33 1/3%</u>	<u>\$160,239</u>	<u>\$ 48,066</u>	<u>\$208,305</u>
	100 %	\$480,717	\$144,197	\$624,914

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, 2008

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 2008 for collection in 2009 in the amount of \$401,168 is included in receivables and deferred revenue in the General Fund at December 31, 2008.

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, 2008, \$49,337 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 2008, twelve employees participated in the plan and contributed \$20,729. The Town contributed \$13,492.

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, 2008

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. 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, 2008.

Cash and Certificates of Deposit Description	Custody Credit Risk Category			Total Bank Balance	Carrying Balance
	Insured	Category "c"	Category "a & b"		
Cash in Banks	\$ 250,000	\$ 115,026	\$ -	\$ 365,026	\$ 360,892
Wells Fargo Bank	44,011	-	-	44,011	44,011
ColoTrust Plus+	330,554	7,248,631	-	7,577,185	7,577,185
Total cash and certificates of deposit	\$ 624,565	\$ 7,361,657	\$ -	\$ 7,986,222	\$ 7,982,088

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2008

NOTE B: CASH AND DEPOSITS (continued)

Reconciliation to the Statement of Net Assets

Carrying Amounts	Amount
Cash carrying amount	\$7,982,088
Petty cash	680
Total cash carrying amounts	<u>\$7,982,768</u>
Cash and Investments on the Statement of Net Assets	
Cash and investments – Statement of Net Assets	\$7,348,920
Cash – restricted – Statement of Net Assets	633,848
Total cash and investments on the Statement of Net Assets	<u>\$7,982,768</u>

NOTE C: CASH – RESTRICTED

ENTERPRISE FUNDS

\$44,011 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, 2008 were \$142,566 in the Water Fund and \$118,655 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, 2008 in these accounts were \$167,792 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, \$152,828 was contained in a bond sub-account restricted for debt service as of December 31, 2008.

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, 2008 consist of the following:

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Customer accounts	\$103,728	\$70,358	\$43,209	\$217,295
Other receivables	<u>94</u>	<u>-</u>	<u>7,409</u>	<u>7,503</u>
Total receivables	<u>\$103,822</u>	<u>\$70,358</u>	<u>\$50,618</u>	<u>\$224,798</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 \$1,210,000.

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, 2008 is \$387,470.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2008

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, 2008 is \$267,499. 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, 2008 is \$268,035. 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, 2008 is \$3,853,069.

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, 2008 is \$449,308.

5. CHANGES IN LONG-TERM DEBT

Business-type activities:	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Revenue bonds payable:	\$1,270,000	-	(\$60,000)	\$1,210,000	\$60,000
Revenue notes payable:	5,550,061	-	(324,680)	5,225,381	331,373
Total Long-Term Debt:	\$6,820,061	-	(\$384,680)	\$6,435,381	\$391,373

December 31,	Revenue Bonds	Loans Payable	Interest	Total
2009	60,000	331,373	235,338	626,711
2010	60,000	338,487	225,047	623,534
2011	65,000	351,644	213,206	629,850
2012	65,000	359,685	200,492	625,177
2013	70,000	373,834	186,614	630,448
2014 - 2018	390,000	1,642,335	717,845	2,750,180
2019 - 2023	500,000	1,433,625	404,935	2,338,560
2024 - 2028	-	394,398	26,118	420,516
Total:	\$1,210,000	\$5,225,381	\$2,209,595	\$8,644,976

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2008

NOTE F: BUDGETS

SUPPLEMENTAL BUDGETS

A supplemental appropriation to the budget was not needed during the fiscal year ending December 31, 2008.

NOTE G: INTER-FUND RECEIVABLES AND PAYABLES

There were no inter-fund receivable and payable balances at December 31, 2008.

NOTE H: INTER-FUND TRANSFERS

Operating transfers made during the year ended December 31, 2008 are as follows:

<u>Fund</u>	<u>Inter-fund Transfers In</u>	<u>Inter-fund Transfers Out</u>
Governmental fund type		
General Fund	\$ -	\$ 100,000
Special Revenue funds		
Library Fund	<u>100,000</u>	<u>-</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

NOTE I: CHANGES IN FIXED ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

Governmental Activities:	January 1, 2008	Additions	Deletions	December 31, 2008
Capital assets not being depreciated:				
Land	\$13,748,000	-	-	\$13,748,000
Construction in progress	-	19,955	-	19,955
Total capital assets, not depreciated	\$13,748,000	\$19,955	-	\$13,767,955
Capital assets being depreciated:				
Buildings	425,467	7,905	-	433,372
Improvements	2,080,123	217,886	-	2,298,009
Equipment	279,389	19,265	-	298,654
Total capital assets being depreciated	2,784,979	245,056	-	3,030,035
Less accumulated depreciation for:				
Buildings	283,738	15,820	-	299,558
Improvements	650,542	88,203	-	738,745
Equipment	201,409	27,161	-	228,570
Total accumulated depreciation	1,135,689	131,184	-	1,266,873
Total capital assets being depreciated				
Net	1,649,290	113,872	-	1,763,162
Governmental Activities				
Capital assets, net	\$15,397,290	\$133,827	-	\$15,531,117

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

General government	\$ 8,845
Public safety	196
Public works and streets	66,554
Parks, culture and recreation	<u>55,589</u>
Total current year depreciation	<u>\$131,184</u>

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

NOTE I: CHANGES IN FIXED ASSETS (continued)

Capital asset activity for the year ended December 31, 2008 was as follows:

Business-type Activities:	January 1, 2008	Additions	Deletions	December 31, 2008
Capital assets not being depreciated:				
Land & Water Rights	\$1,112,588	\$0	-	\$1,112,588
Construction in progress	0	7,000	-	7,000
Total capital assets, not depreciated	\$1,112,588	\$7,000	-	\$1,119,588
Capital assets being depreciated:				
Building & improvements	1,625,153	-	-	1,625,153
Plant & systems	12,062,202	199,599	-	12,261,801
Equipment	279,470	-	-	279,470
Total capital assets being depreciated	13,966,825	199,599	-	14,166,424
Less accumulated depreciation for:				
Building & improvements	719,200	40,978	-	760,178
Plant & systems	2,373,652	418,508	-	2,792,160
Equipment	182,362	14,223	-	196,585
Total accumulated depreciation	3,275,214	473,709	-	3,748,923
Total capital assets being depreciated				
Net	10,691,611	(274,110)	-	10,417,501
Business-type Activities				
Capital assets, net	\$11,804,199	(267,110)	-	\$11,537,089

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	\$345,694	\$4,089,187	\$1,199,028	\$36,567	\$5,670,476
Cash - restricted					
Customer deposits	11,789	-	1,546	-	13,335
Revenue bond accounts	150,481	186,577	118,655	-	455,713
Rate stabilization accounts	74,800	54,000	36,000	-	164,800
Total Cash - restricted	237,070	240,577	156,201	-	633,848
Total cash on the Statement of Cash Flows:	\$582,764	\$4,329,764	\$1,355,229	\$36,567	\$6,304,324

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. There were no infrastructure improvements accepted by the town in 2008.

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Sales tax	\$182,519	\$182,519	\$160,239	(\$22,280)
Use tax	96,498	96,498	48,066	(48,432)
Home additions fee	173,000	173,000	33,798	(139,202)
Participation fees	145,750	145,750	151,833	6,083
Investment earnings	55,000	55,000	21,626	(33,374)
Contributions and donations	9,250	9,250	2,674	(6,576)
Grants	2,000	2,000	2,000	-
Total revenues	664,017	664,017	420,236	(243,781)
EXPENDITURES				
Current				
Professional services	5,974	5,974	18,713	(12,739)
Personnel	183,309	183,309	170,457	12,852
Administration	21,895	21,895	22,546	(651)
Parks	229,649	229,649	184,981	44,668
Capital improvements - capitalized	105,900	105,900	23,470	82,430
Capital improvements - not capitalized	16,500	16,500	16,032	468
Culture and recreation	60,250	60,250	57,824	2,426
Total expenditures	623,477	623,477	494,023	129,454
Excess of revenues over or (under) expenditures	40,540	40,540	(73,787)	(114,327)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Net change in fund balances	40,540	40,540	(73,787)	(114,327)
Fund balances - beginning	834,589	884,562	884,562	-
Fund balances - ending	\$875,129	\$925,102	\$810,775	(\$114,327)

See independent Auditor's Report

Other Supplementary Information

Town of Lyons, Colorado
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Special Revenue		Total Nonmajor Governmental Funds
	Library Fund	Conservation Trust Fund	
ASSETS			
Cash and cash equivalents	\$36,142	\$80,554	\$116,696
Total assets	36,142	80,554	116,696
 LIABILITIES			
Accounts payable	1,995	-	1,995
Compensated absences	9,758	-	9,758
Total liabilities	11,753	-	11,753
 FUND BALANCES			
Unreserved, designated for encumbrances	9,286	-	9,286
Unreserved, undesignated	15,103	80,554	95,657
Total fund balances	24,389	80,554	104,943
Total liabilities and fund balances	\$36,142	\$80,554	\$116,696

See independent Auditor's Report.

Town of Lyons, Colorado
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 December 31, 2008

	Special Revenue	Conservation	Total
	Library	Trust	Nonmajor
	Fund	Fund	Governmental
	-----	-----	-----
REVENUES			
Fines and forfeits	\$2,266	\$ -	\$2,266
Intergovernmental revenues	-	17,829	17,829
Investment earnings	876	1,757	2,633
Contributions and donations	4,500	-	4,500
	-----	-----	-----
Total revenues	7,642	19,586	27,228
EXPENDITURES			
Current			
Operational services	125,701	-	125,701
	-----	-----	-----
Total expenditures	125,701	-	125,701
Excess of revenues over or (under) expenditures	(118,059)	19,586	(98,473)
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
General Fund	100,000	-	100,000
Operating transfers out			
Parks, Recreation and Cultural Fund	-	-	-
	-----	-----	-----
Total transfers	100,000	-	100,000
Net change in fund balance	(18,059)	19,586	1,527
Fund balance, beginning of year	42,448	60,968	103,416
	-----	-----	-----
Fund balance, end of year	<u>\$24,389</u>	<u>\$80,554</u>	<u>\$104,943</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeits	\$1,500	\$1,500	\$2,266	\$766
Contributions and donations	3,850	3,850	4,500	650
Investment earnings	2,000	2,000	876	(1,124)
Total revenues	7,350	7,350	7,642	292
EXPENDITURES				
Current				
Professional services	1,676	1,676	1,757	(81)
Personnel	101,407	101,407	91,549	9,858
Administration	13,805	13,805	17,473	(3,668)
Library operations	16,086	16,086	14,922	1,164
Capital outlay	-	-	-	-
Total expenditures	132,974	132,974	125,701	7,273
Excess of revenues over (under) expenditures	(125,624)	(125,624)	(118,059)	(6,981)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Net change in fund balances	(25,624)	(25,624)	(18,059)	(6,981)
Fund balances - beginning	36,275	42,448	42,448	-
Fund balances - ending	\$10,651	\$16,824	\$24,389	(\$6,981)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Colorado lottery				
Distribution	\$18,650	\$18,650	\$17,829	(\$821)
Investment earnings	3,500	3,500	1,757	(1,743)
Total revenues	22,150	22,150	19,586	(2,564)
OTHER FINANCING SOURCES (USES):				
Operating transfers out	-	-	-	-
Net change in fund balances	22,150	22,150	19,586	(2,564)
Fund balances - beginning	61,709	60,968	60,968	-
Fund balances - ending	\$83,859	\$83,118	\$80,554	(\$2,564)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Electric sales	\$962,734	\$962,734	\$952,703	(10,031)
Investment fees	75,000	75,000	45,000	(30,000)
Investment earnings	28,000	28,000	16,738	(11,262)
Other services	5,800	5,800	4,486	(1,314)
Total resources	1,071,534	1,071,534	1,018,927	(52,607)
EXPENDITURES				
Operations				
Electric wholesale purchases	490,892	490,892	522,607	(31,715)
Personnel	35,892	35,892	29,109	6,783
Distribution maintenance	131,675	131,675	123,780	7,895
Total operations	658,459	658,459	675,496	(17,037)
Administration	137,460	137,460	122,349	15,111
Total operations and administration	795,919	795,919	797,845	(1,926)
Sub-Station bond principal	72,587	72,587	72,587	-
Sub-Station bond interest	80,241	80,241	80,241	-
Bond service fees	150	150	150	-
Capital outlay	212,200	212,200	2,651	209,549
Total expenditures and transfers	1,161,097	1,161,097	953,474	207,623
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	<u>(\$89,563)</u>	<u>(\$89,563)</u>	<u>\$65,453</u>	<u>155,016</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Water sales	\$868,792	\$868,792	\$897,188	\$28,396
Water tap fees	365,375	365,375	146,150	(219,225)
Pipe water sales	8,250	8,250	12,132	3,882
Investment earnings	185,710	185,710	100,385	(85,325)
Miscellaneous	23,600	23,600	4,667	(18,933)
Total resources	1,451,727	1,451,727	1,160,522	(291,205)
EXPENDITURES				
Operations				
Treatment				
Salaries	2,925	2,925	2,919	6
Plant Maintenance	2,700	2,700	538	2,162
Treatment Services	140,773	140,773	128,760	12,013
Distribution				
Salaries	43,414	43,414	37,662	5,752
System Maintenance	197,400	197,400	58,417	138,983
Total operations	387,212	387,212	228,296	158,916
Administration	158,141	158,141	118,569	39,572
Total operations and administration	545,353	545,353	346,865	198,488
DWRF loan principal	25,294	25,294	25,294	-
DWRF loan interest	12,753	12,753	12,753	-
2003 DWRF loan principal	212,506	212,506	212,506	-
2003 DWRF loan interest	104,054	104,054	104,054	-
Capital outlay	440,284	440,284	8,300	431,984
Total expenditures and transfers	1,340,244	1,340,244	709,772	630,472
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	\$111,483	\$111,483	\$450,750	\$339,267

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Service fees	\$424,835	\$424,835	\$421,018	(\$3,817)
Sewer tap fees	212,500	212,500	85,000	(127,500)
Investment earnings	82,235	82,235	36,701	(45,534)
Miscellaneous	2,000	2,000	-	(2,000)
Total resources	721,570	721,570	542,719	(178,851)
EXPENDITURES AND TRANSFERS				
Operations				
Treatment				
Salaries	2,925	2,925	2,919	6
Professional services	88,277	88,277	88,277	-
Plant maintenance	109,925	109,925	125,575	(15,650)
Collection and transmission				
Salaries	43,414	43,414	37,662	5,752
System maintenance	88,750	88,750	49,559	39,191
Total operations	333,291	333,291	303,992	29,299
Administration	133,237	133,237	117,719	15,518
Total operations and administration	466,528	466,528	421,711	44,817
Retirement of WPCRF loan	25,344	25,344	25,344	-
Interest on WPCRF loan	12,778	12,778	12,778	-
Capital outlay	468,780	468,780	195,648	273,132
Total expenditures and transfers	973,430	973,430	655,481	317,949
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	(\$251,860)	(\$251,860)	(\$112,762)	\$139,098

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Lease Income	98,298	98,298	98,298	-
Investment earnings	1,250	1,250	615	(635)
Miscellaneous	375	375	105	(270)
Total resources	99,923	99,923	99,018	(905)
EXPENDITURES				
Administration	5,838	5,838	5,331	507
Building and grounds maintenance	2,000	2,000	949	1,051
Miscellaneous	6,500	6,500	4,492	2,008
Total administration	14,338	14,338	10,772	3,566
Retirement of loan principal	48,949	48,949	48,949	-
Interest on loan	34,757	34,757	34,756	1
Total expenditures and transfers	98,044	98,044	94,477	3,567
TOTAL INCREASE (DECREASE) OF RESOURCES OVER EXPENDITURES	1,879	1,879	4,541	2,662

See independent Auditors Report.

LOCAL HIGHWAY FINANCE REPORT	City or County: City
This Information From The Records Of (example - City of _ or County of _) TOWN OF LYONS	
Prepared By: JANICE SAEGER, FINANCE DIRECTOR Phone: 303-823-6622	
YEAR ENDING : December 2008	

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)	225,865
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	94,865
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,867
2. General fund appropriations	476,971	b. Snow and ice removal	14,828
3. Other local imposts (from page 2)	2,507	c. Other	10,363
4. Miscellaneous local receipts (from page 2)	-	d. Total (a. through c.)	33,058
5. Transfers from toll facilities		4. General administration & miscellaneous	47,955
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	133,153
a. Bonds - Original Issues		6. Total (1 through 5)	534,896
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	
7. Total (1 through 6)	479,478	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	55,418	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	534,896	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)	534,896

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	534,896	534,896	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2008	
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	2,507	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,507	h. Other	
c. Total (a. + b.)	2,507	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	47,868	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	7,550	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	7,550	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	55,418	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	19,955	12,804	32,759
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		128,359	128,359
(4). System Enhancement & Operation		64,747	64,747
(5). Total Construction (1) + (2) + (3) + (4)	0	193,106	193,106
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	19,955	205,910	225,865
			(Carry forward to page 1)
Notes and Comments:			