

Town of Lyons, Colorado

Financial Statements

December 31, 2010

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TOWN OF LYONS, COLORADO
Management's Discussion and Analysis
December 31, 2010

The management of the Town of Lyons offers this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the Town of Lyons exceeded its liabilities at the close of 2010 by \$30,292,000 (*net assets*). Of this amount, \$7,403,000 (*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 \$650,000.
- As of the close of the current fiscal year, the Town of Lyons governmental funds reported combined ending fund balances of \$1,213,000
- At the end of the current year, unreserved, undesignated fund balance for the general fund was \$414,000, or about 27% of total general fund expenditures.
- The Town of Lyons paid off two loans in the water and sanitation funds. (Please see Long-term Debt for additional information.)

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 non-major 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.

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

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 \$30,292,000 at the close of 2010.

Town of Lyons Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	1,928,543	2,447,180	6,900,721	6,558,569	8,829,264	9,005,749
Capital Assets	16,830,002	16,477,290	10,916,661	11,393,046	27,746,663	27,870,336
Total Assets	18,758,545	18,924,470	17,817,382	17,951,615	36,575,927	36,876,085
Long-term Liabilities Outstanding	671,571	36,269	287,557	6,064,035	959,128	6,100,304
Other Liabilities	79,831	1,054,567	5,245,268	79,885	5,325,099	1,134,452
Total Liabilities	751,402	1,090,836	5,532,825	6,143,920	6,284,227	7,234,756
Invested in Capital Assets, Net of related debt	16,794,164	16,477,290	5,698,311	5,747,523	22,492,475	22,224,813
Restricted	63,000	84,000	333,037	615,045	396,037	699,045
Unrestricted	1,149,979	1,272,342	6,253,211	5,445,127	7,403,190	6,717,469
Total Net Assets	18,007,143	17,833,634	12,284,557	11,807,695	30,291,700	29,641,327

By far the largest portion of the town's net assets (75%) reflects its investment of \$22.5 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, \$396,000 (1.3%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$7,044,460 (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 \$666,000, or less than 3%, compared to 2009. This increase is discussed below in "Capital Assets."

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The governmental net assets increased \$174,000 during 2010. While the governmental funds show a decrease in fund balance of \$143,000, capital outlay (less accumulated depreciation) was \$353,000 and is shown as an increase in governmental net assets.

Governmental activities – Governmental activities increased the Town of Lyons net assets by \$174,000. Other key elements of governmental activities are as follows:

- Sales tax collection increased \$47,000 in 2010 over 2009. This increase is attributed to the Main Street Enhancement project.
- Use tax collection increased \$43,000 from the previous year, reflecting the reflecting the construction of the Lyons Valley Park subsection. Use tax is a volatile revenue source, as market availability and economic concerns affect new construction activity.

Town of Lyons Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<u>Revenues:</u>						
Program Revenues:						
Charges for services	314,308	312,806	2,497,102	2,378,171	2,811,410	2,690,977
Operating Grants and Contributions	125,032	95,491	-	-	125,032	95,491
Capital Grants and Contributions	378,285	956,501	229,420	206,650	607,705	1,163,151
General Revenues:						
Property Taxes	412,248	403,585	-	-	412,248	403,585
Other Taxes	654,912	551,647	-	-	654,912	551,647
Grants and Contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment earnings	6,249	5,535	10,647	26,814	16,896	32,349
Other	25,621	22,207	-	15,575	25,621	37,783
Total Revenues	1,916,655	2,347,772	2,737,169	2,627,210	4,653,824	4,974,983
<u>Expenses:</u>						
General Government	560,110	631,955	-	-	560,110	631,955
Public Safety	378,965	393,419	-	-	378,965	393,419
Public Works & Streets	211,505	161,397	-	-	211,505	161,397
Parks, Recreation & Culture	592,564	661,003	-	-	592,564	661,003
Interest on Long-term Debt	-	-	-	-	-	-
Electric	-	-	977,940	898,929	977,940	898,929
Water	-	-	698,301	672,512	698,301	672,512
Sanitation	-	-	509,274	495,241	509,274	495,241
Property	-	-	74,788	79,539	74,788	79,538
Total Expenses	1,743,144	1,847,774	2,260,303	2,146,221	4,003,447	3,993,995
Excess (deficiency) before Transfers and Sale of Assets	173,511	499,998	476,866	480,989	650,377	980,988
<u>Other Financing Sources:</u>						
Sale of assets	-	7,195	-	-	-	7,195
Net Operating Transfers	-	308,000	-	(308,000)	-	-
Total other financing sources and uses	-	315,195	-	(308,000)	-	7,195
Increase or Decrease in Net Assets	173,511	815,193	476,866	172,989	650,377	988,183
Net Assets, Beginning	17,833,632	17,018,439	11,807,693	11,634,706	29,641,325	28,304,161
Net Assets, Ending	18,007,143	17,833,632	12,284,559	11,807,695	30,291,702	29,292,344

Proprietary (Business-type) activities - Business-type activities increased the Town of Lyons net assets by \$477,000 in 2010. The streets on the north side of the Town was video inspected which resulted in the discovery of several infrastructure breaks. The outcome of this event

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caused the Board of Trustees to instruct the Town Administrator to initiate a full continuous improvement plan of the Town's infrastructure. This includes, but not limited to, the evaluation of the streets, bridges, water, and wastewater lines. A rate study on the electric, water, and wastewater was also initiated during the year.

As mentioned in other sections of this report, the Main Street Enhancement project provided the opportunity to replace the electrical, water and wastewater lines located on Main Street from approximately 2nd to 5th Street.

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 Other Special Revenue Funds.

As of December 31, 2010 the town's governmental funds reported combined ending fund balances of \$1,212,979, a decrease of \$143,363, or about eleven percent, in comparison to the previous year. This decrease primarily reflects the reduction in building permit activity and the associated fees, permits. About 95 percent, or \$1,150,000 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 fiscal year, unreserved, undesignated fund balance of the general fund was \$414,000, while total fund balance reached \$477,000. 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 27 percent of total general fund expenditures, while total fund balance represents 31% percent of that same amount.

Proprietary funds – the Town of Lyons' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of December 31, 2010 the unrestricted net assets of the Electric Fund were \$655,000, for the Water Fund \$4,335,000, for the Sanitation Fund \$1,210,000 and the Property Fund \$52,885. The total growth in net assets for all proprietary funds was \$477,000. Other factors concerning the finances of the proprietary funds have already been discussed in the Town of Lyons' business-type activities.

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It should be noted that as a result of the Main Street Enhancement project, the Town received several awards. These awards include the 2010 Downtown Colorado, Inc. Governor's Award for Downtown Excellence, the American Public Works Association (APWA) for Project of the Year, the American Public Works Association (APWA) category award for Engineering/Construction Management Small Community (as given to Jim Blakenship, the Town's contracted engineer), a 2011 nominee for the Denver Regional Council of Governments (DRCOG) *Live Work Play People's Choice Award*, and a letter from the Congress of the United States congratulating and recognizing the Town's "*commitment to revitalizing Main Street and providing a cultural and economic anchor to Lyons*" as signed by Representative Ed Perlmutter.

General Fund Budgetary Highlights

In January of 2010, it was necessary to amend the 2010 budget due to the Main Street Enhancement and Safe Routes to School projects. The projects were not completed in 2009 and monies needed to be re-appropriated for work to be done in 2010. This resulted in an increase of \$600,000 from un-appropriated resources and an increase of the same amount for capital expenditures. The majority of the work on both projects occurred in 2010 and expect to be finalized in 2011.

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, 2010 amounts to \$27,747,000 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, streets, utility systems, improvements, machinery and equipment, park facilities and structures.

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

- Work on the Main Street Enhancement project continued from 2009 and expects to be completed in 2011.
- Main Street Lighting
- Safe Routes to School

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land & Water	13,748,000	13,748,000	1,227,588	1,227,588	14,975,588	14,975,588
Building and Improvements	115,072	125,801	-	-	115,072	125,801
Plant and systems	-	-	9,646,679	10,113,562	9,646,679	10,113,562
Machinery and Equipment	71,979	50,886	42,394	51,896	114,373	102,782
Infrastructure	1,405,412	1,496,358	-	-	1,405,412	1,496,358
Construction in Progress	1,489,539	1,056,245	-	-	1,489,539	1,056,245
	\$ 16,830,002	\$ 16,477,290	\$ 10,916,661	\$ 11,393,046	\$ 27,746,663	\$ 27,870,336

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Long-term Debt – At the end of the current fiscal year, the Town of Lyons had debt outstanding of \$6,044,007. 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.

Three major transactions occurred during the year. In January the Town paid off two loans both of which were scheduled to be paid off in 2017. The 1996 Drinking Water Revolving Fund (DWRF) loan in the amount of \$241,000; and the 1996 Water Pollution Control Revolving Fund (WPCRF) sanitation loan, also in the amount of \$241,000. In paying off these two loans, the Town will save \$89,000 in future interest.

The Parks Fund (included under the Governmental Funds in this report) financed the purchase of a Kubota Tractor in the amount of \$46,000. During 2010, the Town paid this loan down to a balance of \$35,000. This loan is scheduled to be paid off in 2014.

**Town of Lyons Outstanding Debt
Revenue Bonds and Loans**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital Lease	35,834	-	-	-	35,834	-
Revenue Bonds	-	-	1,090,000	1,150,000	1,090,000	1,150,000
Revenue Loans	-	-	4,128,351	4,894,007	4,128,351	4,894,007
Total	35,834	-	5,218,351	6,044,007	5,254,185	6,044,007

All issues of the Town of Lyons are unrated.

Economic Factors and Next Year's Budgets and Rates

In preparing the 2011 budget, the town considered local economic factors in projecting revenues. Business activity has slowed with the troubled economy; Main Street access was difficult during the road closure and streetscaping project in 2009, but rebounded during 2010. Therefore, sales tax is expected to remain comparable with 2010. We are anticipating a slowing of new building activity, but remain hopeful that remodeling use tax will be strong. These trends are 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.

There is not anticipated to be an electric utility rates change in 2011, resulting in a projected decrease in revenues as a result of customers trying to save money and conserve energy through eco-friendly means. Both the water fund and sanitation funds are expecting the same trend – less revenue and similar expenses to the previous year. There is a list of capital projects needing to be completed in all the enterprise funds. It is important to continue with these projects as planned so we do not face extensive system-wide issues in the future. All of the enterprise funds

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will have Capital Improvement Plans developed in 2011, as well as rate studies. It is likely that recommended changes to rates would be implemented in January 2012.

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.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of 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, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Lyons, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budget to actual comparison of the general fund of the Town of Lyons, Colorado, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M-1 through M-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Town of Lyons, Colorado's financial statements as a whole. The required supplementary information, other than management's discussion and analysis, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. The required supplementary information, other than management's discussion and analysis, and the other supplementary information were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson, Holscher & Company, P.C.

Centennial, Colorado
September 23, 2011

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Basic Financial Statements

Town of Lyons, Colorado
STATEMENT OF NET ASSETS
December 31, 2010

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,002,370	\$ 6,207,837	\$ 7,210,207
Receivables (net of allowance for uncollectable accounts)	506,615	224,274	730,889
Property tax receivable	422,089	-	422,089
Due to/from other funds	(2,531)	2,531	-
Inventories	-	62,828	62,828
Restricted cash and cash equivalents	-	333,037	333,037
Debt issue costs	-	70,214	70,214
Capital Assets not being depreciated:			
Land and water rights	13,748,000	1,227,588	14,975,588
Construction in progress	1,489,539	-	1,489,539
Capital Assets net of accumulated depreciation:			
Building and improvements	115,072	-	115,072
Plant and systems	-	9,646,679	9,646,679
Infrastructure	1,405,412	-	1,405,412
Equipment	<u>71,979</u>	<u>42,394</u>	<u>114,373</u>
TOTAL ASSETS	<u>\$ 18,758,545</u>	<u>\$ 17,817,382</u>	<u>\$ 36,575,927</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 247,782	\$ 200,195	\$ 447,977
Deferred revenue	423,789	1,250	425,039
Accrued liabilities	-	86,112	86,112
Noncurrent liabilities			
Due within one year	10,695	358,730	369,425
Compensated absences	43,993	26,917	70,910
Due in more than one year	<u>25,143</u>	<u>4,859,621</u>	<u>4,884,764</u>
TOTAL LIABILITIES	<u>\$ 751,402</u>	<u>\$ 5,532,825</u>	<u>\$ 6,284,227</u>
NET ASSETS			
Investment in capital assets net of related debt:	16,794,164	5,698,311	22,492,475
Restricted for:			
Debt service	-	333,037	333,037
Required emergency reserve	63,000	-	63,000
Unrestricted	<u>1,149,979</u>	<u>6,253,211</u>	<u>7,403,190</u>
TOTAL NET ASSETS	<u>\$ 18,007,143</u>	<u>\$ 12,284,559</u>	<u>\$ 30,291,702</u>

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

Town of Lyons, Colorado
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

FUNCTIONS / PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 560,110	\$ 73,062	\$ -	\$ -	\$ (487,048)	\$ -	\$ (487,048)
Public safety	378,965	68,781	-	-	(310,184)	-	(310,184)
Public works and streets	211,505	-	111,569	361,207	261,271	-	261,271
Parks, culture and recreation	592,564	172,465	13,463	17,078	(389,558)	-	(389,558)
Total governmental activities	<u>1,743,144</u>	<u>314,308</u>	<u>125,032</u>	<u>378,285</u>	<u>(925,519)</u>	<u>-</u>	<u>(925,519)</u>
Business-type activities:							
Electric	977,940	1,023,188	-	36,000	-	81,248	81,248
Water	698,301	937,404	-	116,920	-	356,023	356,023
Sewer	509,274	438,192	-	76,500	-	5,418	5,418
Property	74,788	98,318	-	-	-	23,530	23,530
Total business-type activities	<u>2,260,303</u>	<u>2,497,102</u>	<u>-</u>	<u>229,420</u>	<u>-</u>	<u>466,219</u>	<u>466,219</u>
Total	\$ 4,003,447	\$ 2,811,410	\$ 125,032	\$ 607,705	(925,519)	466,219	(459,300)
General revenues:							
Property taxes					412,248	-	412,248
Sales and use taxes					580,227	-	580,227
Ownership taxes					19,430	-	19,430
Other taxes and fees					55,255	-	55,255
Unrestricted investment earnings					6,249	10,647	16,896
Other income					25,621	-	25,621
Total general revenues and transfers					<u>1,099,030</u>	<u>10,647</u>	<u>1,109,677</u>
Change in net assets					173,511	476,866	650,377
Net assets - beginning					17,833,632	11,807,693	29,641,325
Net assets - ending					<u>\$ 18,007,143</u>	<u>\$ 12,284,559</u>	<u>\$ 30,291,702</u>

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

Town of Lyons, Colorado
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010

	Major Funds			Total Governmental Funds
	General	Parks, Recreation & Cultural Fund	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 251,178	\$ 619,809	\$ 131,383	\$ 1,002,370
Accounts receivable	467,943	38,672	-	506,615
Property taxes receivable	422,089	-	-	422,089
Due from other funds	-	204	591	795
	<u>\$ 1,141,210</u>	<u>\$ 658,685</u>	<u>\$ 131,974</u>	<u>\$ 1,931,869</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 216,984	27,529	\$ 3,269	\$ 247,782
Compensated absences	20,077	13,516	10,400	43,993
Due to other funds	3,326	-	-	3,326
Deferred revenue	423,589	200	-	423,789
Total liabilities	<u>663,976</u>	<u>41,245</u>	<u>13,669</u>	<u>718,890</u>
Reserved for:				
Emergency reserve	63,000	-	-	63,000
Unreserved, undesignated:	<u>414,234</u>	<u>617,440</u>	<u>118,305</u>	<u>1,149,979</u>
Total fund balances	<u>477,234</u>	<u>617,440</u>	<u>118,305</u>	<u>1,212,979</u>
Total liabilities and fund balances	<u>\$ 1,141,210</u>	<u>\$ 658,685</u>	<u>\$ 131,974</u>	<u>\$ 1,931,869</u>

Reconciliation of Total Fund Balances to Net Assets of Governmental Activities

Total fund balances as shown above	1,212,979
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(35,838)
Capital assets used in government activities are not financial resources and, therefore are not reported in the funds.	16,830,002
Net assets of governmental activities	<u>\$ 18,007,143</u>

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

For the Year Ended December 31, 2010

	General	Parks Recreation & Cultural Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
<i>Taxes:</i>				
General property taxes	\$ 412,248	\$ -	\$ -	\$ 412,248
Specific ownership taxes	19,430	-	-	19,430
Sales taxes	295,493	147,747	-	443,240
Use taxes	91,327	45,660	-	136,987
Other taxes and fees	26,622	28,633	-	55,255
Licenses and permits	73,062	-	-	73,062
Intergovernmental operating grants	111,569	-	-	111,569
Intergovernmental capital grants	361,207	-	17,078	378,285
Charges for services	68,781	169,490	2,975	241,246
Investment earnings	3,458	2,337	454	6,249
Contributions and donations	-	8,857	4,606	13,463
Other income	<u>25,621</u>	<u>-</u>	<u>-</u>	<u>25,621</u>
Total revenues	<u>1,488,818</u>	<u>402,724</u>	<u>25,113</u>	<u>1,916,655</u>
EXPENDITURES				
General government	556,724	-	-	556,724
Public safety	378,965	-	-	378,965
Public works	136,340	-	-	136,340
Library	-	-	109,374	109,374
Parks Recreation and Cultural	-	428,003	-	428,003
Capital outlay	478,814	5,295	-	484,109
<i>Debt Service:</i>				
Principal	9,686	-	-	9,686
Interest	<u>2,340</u>	<u>-</u>	<u>-</u>	<u>2,340</u>
Total expenditures	<u>1,562,869</u>	<u>433,298</u>	<u>109,374</u>	<u>2,105,541</u>
Excess of revenues over (under) expenditures	(74,051)	(30,574)	(84,261)	(188,886)
OTHER FINANCING SOURCES (USES):				
Proceeds from debt issue	45,520	-	-	45,520
Operating transfers in	-	-	75,000	75,000
Operating transfers out	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Total other financing sources and uses	<u>(29,480)</u>	<u>-</u>	<u>75,000</u>	<u>45,520</u>
Net change in fund balance	(103,531)	(30,574)	(9,261)	(143,366)
Fund balance, beginning of year	<u>580,765</u>	<u>648,014</u>	<u>127,566</u>	<u>1,356,345</u>
Fund balance, end of year	<u>\$ 477,234</u>	<u>\$ 617,440</u>	<u>\$ 118,305</u>	<u>\$ 1,212,979</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, 2010

Net change in fund balances - total governmental funds (page 5) \$ (143,366)

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

The issuance of long-term debt (leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The following is the effect of those transactions during the year.

Issuance of capital lease	(45,520)	
Principal payments on capital lease	<u>9,686</u>	
Net amount by which lease proceeds exceeded principal payments during the year		(35,834)

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 (page 5)	484,109	
Less current period depreciation	<u>(131,398)</u>	
Net amount by which capital outlay exceeded depreciation in the current period		<u>352,711</u>

Change in net assets of governmental activities (page 3) \$ 173,511

Town of Lyons, Colorado
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET
 TO ACTUAL**
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
REVENUES				
Taxes				
General property taxes	\$ 413,097	\$ 413,097	\$ 412,248	\$ (849)
Specific ownership taxes	22,000	22,000	19,430	(2,570)
Sales taxes	271,438	271,438	295,493	24,055
Use taxes	72,000	72,000	91,327	19,327
Franchise taxes	31,000	31,000	26,622	(4,378)
Licenses and permits	46,345	46,345	73,062	26,717
Intergovernmental - operating grants	93,927	93,927	111,569	17,642
Intergovernmental - capital grants	22,687	441,482	361,207	(80,275)
Charges for services	110,000	110,000	68,781	(41,219)
Investment earnings	3,000	3,000	3,458	458
Other income	26,500	26,500	25,621	(879)
Total Revenues	<u>1,111,994</u>	<u>1,530,789</u>	<u>1,488,818</u>	<u>(41,971)</u>
EXPENDITURES				
Current				
General government:				
Legislative council	19,900	19,900	13,098	6,802
Judicial	48,585	48,585	38,648	9,937
Administrative	241,368	241,368	310,611	(69,243)
Police	380,970	380,970	378,965	2,005
Economic Development	100,975	100,975	87,503	13,472
Building inspections	500	500	-	500
Public works - streets	153,503	181,406	136,340	45,066
Planning	32,674	32,674	36,025	(3,351)
Health, welfare and community	51,343	51,343	49,374	1,969
Other general government	30,281	30,281	21,465	8,816
Capital outlay	-	586,516	478,814	107,702
Debt Service				
Principal	14,300	14,300	9,686	4,614
Interest	-	-	2,340	(2,340)
Total expenditures	<u>1,074,399</u>	<u>1,688,818</u>	<u>1,562,869</u>	<u>125,949</u>
Excess of revenues over (under) expenditures	<u>37,595</u>	<u>(158,029)</u>	<u>(74,051)</u>	<u>83,978</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	2,000	2,000	-	(2,000)
Proceeds from debt issue	-	-	45,520	45,520
Transfers out	(105,000)	(105,000)	(75,000)	30,000
Total other financing sources (uses)	<u>(103,000)</u>	<u>(103,000)</u>	<u>(29,480)</u>	<u>73,520</u>
Net change in fund balances	<u>(65,405)</u>	<u>(261,029)</u>	<u>(103,531)</u>	<u>157,498</u>
Fund balances - beginning			<u>580,765</u>	
Fund balances - ending			<u>\$ 477,234</u>	

Town of Lyons, Colorado
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2010

	Electric Fund	Water Fund	Sanitation Fund	Property Fund	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 624,589	\$ 4,342,768	\$ 1,193,129	\$ 47,351	\$ 6,207,837
Accounts receivable	109,489	71,840	42,945	-	224,274
Due from other funds	844	1,110	531	46	2,531
Inventory, at cost	<u>28,934</u>	<u>32,094</u>	<u>1,800</u>	<u>-</u>	<u>62,828</u>
Total current assets	<u>763,856</u>	<u>4,447,812</u>	<u>1,238,405</u>	<u>47,397</u>	<u>6,497,470</u>
Noncurrent assets					
Restricted cash, cash equivalents					
Revenue bond covenant accounts	238,037	95,000	-	-	333,037
Unamortized bond issue costs	38,610	21,066	-	10,538	70,214
Capital assets					
Land and water rights	49,215	1,121,324	57,049	-	1,227,588
Plant and systems	3,157,814	6,834,976	3,455,623	733,072	14,181,485
Equipment	<u>152,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,854</u>
Capital assets at cost	3,359,883	7,956,300	3,512,672	733,072	15,561,927
Less accumulated depreciation	<u>(751,256)</u>	<u>(1,754,025)</u>	<u>(1,802,064)</u>	<u>(337,920)</u>	<u>(4,645,265)</u>
Capital assets net of accumulated depreciation	<u>2,608,627</u>	<u>6,202,275</u>	<u>1,710,608</u>	<u>395,152</u>	<u>10,916,662</u>
Total noncurrent assets	<u>2,885,274</u>	<u>6,318,341</u>	<u>1,710,608</u>	<u>405,690</u>	<u>11,319,913</u>
Total assets	<u>\$ 3,649,130</u>	<u>\$ 10,766,153</u>	<u>\$ 2,949,013</u>	<u>\$ 453,087</u>	<u>\$ 17,817,383</u>
LIABILITIES					
Current liabilities					
Accounts Payable	\$ 108,278	\$ 59,792	\$ 17,451	\$ 718	\$ 186,239
Accrued liabilities	18,418	64,704	-	2,990	86,112
Customer deposits	12,409	-	1,546	-	13,955
Deferred revenue	-	-	-	1,250	1,250
Revenue notes payable - current	14,739	218,098	-	60,893	293,730
Revenue bonds payable - current	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total current liabilities	<u>218,844</u>	<u>342,594</u>	<u>18,997</u>	<u>65,851</u>	<u>646,286</u>
Noncurrent liabilities					
Compensated absences	8,228	9,321	9,276	92	26,917
Notes payable	345,481	3,209,959	-	279,181	3,834,621
Bonds payable	<u>1,025,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,000</u>
Total noncurrent liabilities	<u>1,378,709</u>	<u>3,219,280</u>	<u>9,276</u>	<u>279,273</u>	<u>4,886,538</u>
Total Liabilities	<u>\$ 1,597,553</u>	<u>\$ 3,561,874</u>	<u>\$ 28,273</u>	<u>\$ 345,124</u>	<u>\$ 5,532,824</u>
NET ASSETS					
Invested in net assets, net of related debt	1,158,407	2,774,218	1,710,608	55,078	5,698,311
Restricted for debt service	238,037	95,000	-	-	333,037
Unrestricted	<u>655,133</u>	<u>4,335,061</u>	<u>1,210,132</u>	<u>52,885</u>	<u>6,253,211</u>
Total net assets	<u>\$ 2,051,577</u>	<u>\$ 7,204,279</u>	<u>\$ 2,920,740</u>	<u>\$ 107,963</u>	<u>\$ 12,284,559</u>

Town of Lyons, Colorado
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended December 31, 2010

	<u>Electric</u>	<u>Water</u>	<u>Sanitation</u>	<u>Property</u>	<u>Totals</u>
OPERATING REVENUES					
Charges for services	\$ 1,021,023	\$ 921,427	\$ 438,192	\$ 98,298	\$ 2,478,940
Other	2,165	15,977	-	20	18,162
Total operating revenues	<u>1,023,188</u>	<u>937,404</u>	<u>438,192</u>	<u>98,318</u>	<u>2,497,102</u>
OPERATING EXPENSES					
Operations and maintenance	791,012	305,257	310,044	5,323	1,411,636
Administration	22,376	71,648	62,539	3,588	160,151
Depreciation and amortization	<u>89,458</u>	<u>220,424</u>	<u>135,945</u>	<u>38,761</u>	<u>484,588</u>
Total operating expenses	<u>902,846</u>	<u>597,329</u>	<u>508,528</u>	<u>47,672</u>	<u>2,056,375</u>
Operating income (loss)	<u>120,342</u>	<u>340,075</u>	<u>(70,336)</u>	<u>50,646</u>	<u>440,727</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on investments	2,646	5,566	2,249	186	10,647
Interest on indebtedness	<u>(75,094)</u>	<u>(100,972)</u>	<u>(746)</u>	<u>(27,116)</u>	<u>(203,928)</u>
Total nonoperating revenue (expenses)	<u>(72,448)</u>	<u>(95,406)</u>	<u>1,503</u>	<u>(26,930)</u>	<u>(193,281)</u>
Capital contributions - tap fees	<u>36,000</u>	<u>116,920</u>	<u>76,500</u>	<u>-</u>	<u>229,420</u>
Subtotal of capital contributions	<u>36,000</u>	<u>116,920</u>	<u>76,500</u>	<u>-</u>	<u>229,420</u>
Change in net assets	83,894	361,589	7,667	23,716	476,866
Total net assets, beginning of year	<u>1,967,683</u>	<u>6,842,690</u>	<u>2,913,073</u>	<u>84,247</u>	<u>11,807,693</u>
Total net assets, end of year	<u>\$ 2,051,577</u>	<u>\$ 7,204,279</u>	<u>\$ 2,920,740</u>	<u>\$ 107,963</u>	<u>\$ 12,284,559</u>

Town of Lyons, Colorado
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended December 31, 2010

	Electric	Water	Sanitation	Property	Totals
Cash flows from operating activities:					
Receipts from customers and users	\$ 1,035,888	\$ 920,934	\$ 441,308	\$ 106,490	\$ 2,504,620
Other services	2,165	15,977	-	20	18,162
Payments to suppliers	(627,329)	(210,473)	(273,265)	(6,507)	(1,117,574)
Payments to employees	(75,257)	(86,403)	(84,406)	(1,850)	(247,916)
Net cash provided by operating activities	<u>335,467</u>	<u>640,035</u>	<u>83,637</u>	<u>98,153</u>	<u>1,157,292</u>
Cash flows from noncapital financing activities:					
Contributions from customers	<u>36,000</u>	<u>116,920</u>	<u>76,500</u>	-	<u>229,420</u>
Net cash provided by noncapital financing activities	<u>36,000</u>	<u>116,920</u>	<u>76,500</u>	-	<u>229,420</u>
Cash flows from capital and related financing activities:					
Principal repayments	(73,983)	(453,553)	(241,530)	(56,590)	(825,656)
Interest paid	(75,094)	(100,972)	(746)	(27,116)	(203,928)
Net cash used for capital and related financing	<u>(149,077)</u>	<u>(554,525)</u>	<u>(242,276)</u>	<u>(83,706)</u>	<u>(1,029,584)</u>
Cash flows from investing activities:					
Interest earned	<u>2,646</u>	<u>5,566</u>	<u>2,249</u>	<u>186</u>	<u>10,647</u>
Net cash provided by investing activities	<u>2,646</u>	<u>5,566</u>	<u>2,249</u>	<u>186</u>	<u>10,647</u>
Net increase (decrease) in cash and cash equivalents	225,036	207,996	(79,890)	14,633	367,775
Cash and cash equivalents, January 1	<u>637,590</u>	<u>4,229,772</u>	<u>1,273,019</u>	<u>32,718</u>	<u>6,173,099</u>
Cash and cash equivalents, December 31	<u>\$ 862,626</u>	<u>\$ 4,437,768</u>	<u>\$ 1,193,129</u>	<u>\$ 47,351</u>	<u>\$ 6,540,874</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 120,342	\$ 340,075	\$ (70,336)	\$ 50,646	\$ 440,727
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	89,458	220,424	135,945	38,761	484,588
Decrease (increase) in accts receivable	14,865	(493)	3,116	8,192	25,680
Decrease or (increase) in other current assets	(844)	210	(531)	(46)	(1,211)
(Decrease) increase in accounts payable	<u>111,644</u>	<u>79,822</u>	<u>15,446</u>	<u>601</u>	<u>207,513</u>
Total adjustments	<u>215,125</u>	<u>299,960</u>	<u>153,973</u>	<u>47,507</u>	<u>716,565</u>
Net cash provided by operating activities	<u>\$ 335,467</u>	<u>\$ 640,035</u>	<u>\$ 83,637</u>	<u>\$ 98,153</u>	<u>\$ 1,157,292</u>

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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 Sheriff's Department.

The accounting policies and preparation of the financial statements of the Town of Lyons have been prepared in conformity with generally accepted accounting principles (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, 2010

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.

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,

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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. The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by TABOR (discussed above). At December 31, 2010 the emergency reserve was \$63,000.

9. DESIGNATIONS

The portion of the fund balance shown as designated represents the amount appropriated in the succeeding year's budget.

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.

Town of Lyons, Colorado
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

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%	\$295,493	\$ 91,327	\$386,820
Parks Recreation And Cultural Fund	<u>33 1/3%</u>	<u>\$147,747</u>	<u>\$ 45,660</u>	<u>\$193,407</u>
	100 %	\$443,240	\$136,987	\$580,227

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.

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 2010 for collection in 2011 in the amount of \$422,089 is included in receivables and deferred revenue in the General Fund at December 31, 2010.

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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 routine or non-routine 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, 2010, \$70,910 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. The Town contributed \$14,083.

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. For risks related to property and liability, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2). The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have ability to significantly affect the operations of the unit.

NOTE B: CASH AND DEPOSITS

Deposits of the Town at each bank where the funds are maintained are insured up to \$250,000, either by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC). Colorado's Public Deposit Protection Act of 1975 enables any eligible public depository to elect to secure public deposits by pledging eligible collateral having a market value at all times equal to at least one hundred two percent (102%) of the aggregate of said deposits not insured.

The Town has investments in Colotrust. This institution has been established for local government entities in Colorado to pool surplus funds for investment purposes as authorized by state statute. They operate similar to a money market fund, and each share is equal in value to \$1.00.

Town of Lyons, Colorado
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

CUSTODIAL CREDIT RISK – DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Uninsured deposits in financial institutions 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 entity's name.

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, 2010.

	Custody Credit Risk Category			Carrying balance
	Insured	N/A	Bank Balance	
Bank of the West	\$ 143,478		\$ 143,478	\$ 159,289
Colotrust		7,382,584	7,382,584	7,382,584
Total cash in institutions				7,541,873
Petty Cash				1,371
Total Cash				\$ 7,543,244
<u>Reconciliation to Cash on the Statement of Net Assets</u>				
Cash and cash equivalents				\$ 7,210,207
Restricted cash and cash equivalents				333,037
Total Cash				\$ 7,543,244
<u>Reconciliation to Cash on the Statement of Net Assets</u>				
Cash and cash equivalents				\$ 7,210,207
Restricted cash and cash equivalents				333,037
Total Cash				\$ 7,543,244

INTEREST RATE RISK

The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CREDIT RISK

The Town has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. Town, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality, or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3, and 4 above.

CONCENTRATIONS OF CREDIT RISK

The Town places no limit on the amount it may investment in any one issuer. At December 31, 2010 the Town had no concentration of investment credit risk.

The Town invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) Safety; 2) liquidity; and 3) yield.

**NOTE C: CASH – RESTRICTED
ENTERPRISE FUNDS**

The Water Fund loan agreement with the Colorado Water Resources and Power Development Authority require three months operations and maintenance expense be restricted as reserve accounts. The amounts in this account as of December 31, 2010 was \$95,000.

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, \$108,990 was contained in a bond sub-account restricted for debt service as of December 31, 2010.

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.

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 \$1,090,000.

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, 2010 is \$360,220.

2. 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, 2010 is \$3,428,057.

3. 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,

Town of Lyons, Colorado
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

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, 2010 is \$340,074.

4. CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

Description	Beginning		Payments	Ending Balance	Due in One Year
	Balance	Additions			
Revenue Bonds	\$ 1,150,000	\$ -	\$ (60,000)	\$ 1,090,000	\$ 65,000
Revenue Notes	<u>4,894,007</u>	<u>-</u>	<u>(765,656)</u>	<u>4,128,351</u>	<u>293,730</u>
Total	<u>\$ 6,044,007</u>	<u>\$ -</u>	<u>\$ (825,656)</u>	<u>\$ 5,218,351</u>	<u>\$ 358,730</u>

During 2010 the Town repaid revenue notes to the Colorado Water Resources and Power Development Authority that were due to be repaid through 2017. The notes carried an interest rate of 4.5%. The amounts paid were \$241,047 and \$241,530 in the water and sanitation funds respectively.

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

Year	Principal	Interest
2011	358,730	194,951
2012	364,121	184,886
2013	380,497	173,781
2014	386,699	161,814
2015	389,976	149,088
2016 to 2020	1,739,119	593,950
2021 to 2025	1,566,763	221,092
2026 to 2030	<u>32,446</u>	<u>1,752</u>
	<u>\$ 5,218,351</u>	<u>\$ 1,681,314</u>

The Town also has a lease classified as a capital lease on equipment with an original cost of \$45,520. Future minimum lease payments are as follows.

Year Ending December 31	
2011	\$ 13,112
2012	13,112
2013	13,112
2014	2,185
Total minimum lease payments	41,520
Less executory costs and related profit	-
Net minimum lease payments	<u>41,520</u>
Less amount representing interest	<u>5,686</u>
Present value of minimum lease payments	<u>\$ 35,834</u>

Town of Lyons, Colorado
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2010

NOTE F: CHANGES IN FIXED ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2010 was as follows:

Governmental Activities:

	January 1, 2010	Additions	Deletions	December 31, 2010
Capital assets not being depreciated:				
Land	\$13,748,000	\$ -	\$ -	\$13,748,000
Construction in progress	1,056,245	433,294	-	1,489,539
Total capital assets, not depreciated	<u>\$14,804,245</u>	<u>\$433,294</u>	<u>-</u>	<u>\$15,237,539</u>
Capital assets being depreciated:				
Buildings	441,385	5,295	-	446,680
Improvements	2,325,546	-	-	2,325,546
Equipment	287,614	45,520	-	333,134
Total capital assets being depreciated	<u>3,054,545</u>	<u>50,815</u>	<u>-</u>	<u>3,105,360</u>
Less accumulated depreciation for:				
Buildings	315,584	16,024	-	331,608
Improvements	831,647	88,487	-	920,134
Equipment	234,268	26,887	-	261,155
Total accumulated depreciation	<u>1,381,499</u>	<u>131,398</u>	<u>-</u>	<u>1,512,897</u>
Total capital assets being depreciated				
Net	<u>1,673,046</u>	<u>(80,583)</u>	<u>-</u>	<u>1,592,463</u>
Governmental Activities				
Capital assets, net	<u>\$ 16,477,291</u>	<u>\$ 352,711</u>	<u>\$ -</u>	<u>\$ 16,830,002</u>

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

General government	\$ 3,386
Public works and streets	72,825
Parks, culture and recreation	<u>55,187</u>
Total current year depreciation	<u>\$ 131,398</u>

Town of Lyons, Colorado
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

Capital asset activity for the business-type activities for the year ended December 31, 2010 was as follows:

	January 1, 2010	Additions	Deletions	December 31, 2010
Capital assets not being depreciated:				
Land & Water Rights	\$ 1,227,588	\$ -	\$ -	\$ 1,227,588
Capital assets being depreciated:				
Plant & systems	14,181,485	-	-	14,181,485
Equipment	152,854	-	-	152,854
Total capital assets being depreciated	14,334,339	-	-	14,334,339
Less accumulated depreciation for:				
Plant & systems	4,067,923	466,883	-	4,534,806
Equipment	100,958	9,502	-	110,460
Total accumulated depreciation	4,168,881	476,385	-	4,645,266
Total capital assets being depreciated				
Net	10,165,458	(476,385)	-	9,689,073
Business-type Activities				
Capital assets, net	\$ 11,393,046	\$ (476,385)	\$ -	\$ 10,916,661

NOTE G: 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
Cash and cash equivalents	\$ 624,589	\$ 4,342,768	\$ 1,193,129	\$ 47,351
Restricted cash and equivalents	238,037	95,000	-	-
Total on the statement of cash flows	\$ 862,626	\$ 4,437,768	\$ 1,193,129	\$ 47,351

Required Supplementary Information

Town of Lyons, Colorado
PARKS, RECREATION, AND CULTURAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales tax	\$ 135,719	\$ 135,719	\$ 147,747	\$ 12,028
Use tax	36,000	36,000	45,660	9,660
Home additions fee	13,600	13,600	28,633	15,033
Interest and other income	5,500	5,500	2,337	(3,163)
Grants, contributions and donations	5,500	5,500	8,857	3,357
Charges for services				
Camping	75,500	75,500	83,593	8,093
Other park division charges	18,000	18,000	28,892	10,892
Recreation	28,350	28,350	19,830	(8,520)
Culture and special events	<u>60,250</u>	<u>60,250</u>	<u>37,175</u>	<u>(23,075)</u>
Total revenues	<u>378,419</u>	<u>378,419</u>	<u>402,724</u>	<u>24,305</u>
EXPENDITURES				
Current operating				
Administration				
Salaries	88,637	88,637	90,213	(1,576)
Allocated payroll taxes and employee benefits	34,621	34,621	30,064	4,557
Other expenditures allocated from general func	28,634	28,634	9,429	19,205
Other administrative expenditures	2,800	2,800	2,574	226
Culture and recreation				
Special event expense	49,450	49,450	39,222	10,228
Other culture and recreation expense	8,889	8,889	7,122	1,767
Parks				
Salaries - parks	167,581	167,581	153,490	14,091
Building and grounds maintenance	64,500	64,500	62,232	2,268
Other park expenditures	20,060	20,060	17,890	2,170
Recreation	15,500	15,500	10,767	4,733
Capital improvements - capitalized	10,500	10,500	5,295	5,205
Capital improvements - not capitalized	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
Total expenditures	<u>491,172</u>	<u>491,172</u>	<u>433,298</u>	<u>57,874</u>
Excess of revenues over (under expenditures)	(112,753)	(112,753)	(30,574)	82,179
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	<u>\$ (92,753)</u>	<u>\$ (92,753)</u>	<u>(30,574)</u>	<u>\$ 62,179</u>
Fund Balance - beginning of year			<u>648,014</u>	
Fund Balance - end of year			<u>\$ 617,440</u>	

Other Supplementary Information

Town of Lyons, Colorado
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010

	<u>Library</u>	<u>Conservation Trust</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 15,911	\$ 115,472	\$ 131,383
Due from other funds	<u>591</u>	<u>-</u>	<u>591</u>
Total assets	<u>\$ 16,502</u>	<u>\$ 115,472</u>	<u>\$ 131,974</u>
LIABILITIES			
Accounts payable	3,267	\$ 2	\$ 3,269
Compensated absences	<u>10,400</u>	<u>-</u>	<u>10,400</u>
Total liabilities	<u>13,667</u>	<u>2</u>	<u>13,669</u>
FUND BALANCES			
Unreserved & undesignated	<u>2,835</u>	<u>115,470</u>	<u>118,305</u>
Total liabilities and fund balances	<u>\$ 16,502</u>	<u>\$ 115,472</u>	<u>\$ 131,974</u>

Town of Lyons, Colorado
**NONMAJOR GOVERNMENTAL FUNDS SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
For the Year Ended December 31, 2010

	Library Fund		Conservation Trust Fund		Variance with Final Budget
	Final Budget	Actual	Final Budget	Actual	
REVENUES					
Fines and forfeits	\$ 3,000	\$ 2,975	\$ (25)	\$ -	\$ -
Intergovernmental revenue	-	-	-	17,560	(482)
Investment earnings	350	228	(122)	500	(274)
Contributions and donations	4,100	4,606	506	-	-
Total revenues	<u>7,450</u>	<u>7,809</u>	<u>359</u>	<u>18,060</u>	<u>(756)</u>
EXPENDITURES					
Salaries & benefits	66,410	68,495	(2,085)	-	-
Operations	20,947	18,927	2,020	-	-
Allocated expenses	29,600	21,952	7,648	-	-
Capital outlay	10,000	-	10,000	-	-
Total expenditures	<u>126,957</u>	<u>109,374</u>	<u>17,583</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	(119,507)	(101,565)	17,942	18,060	(756)
OTHER FINANCING SOURCES AND USES					
Operating transfers in	105,000	75,000	(30,000)	-	-
Operating transfers out	-	-	-	(20,000)	(20,000)
Total other financing sources (uses)	<u>105,000</u>	<u>75,000</u>	<u>(30,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>
Net change in fund balance	<u>\$ (14,507)</u>	<u>\$ (26,565)</u>	<u>\$ (12,058)</u>	<u>\$ (1,940)</u>	<u>\$ (20,756)</u>
Fund balance - beginning of year		<u>29,400</u>		<u>98,166</u>	
Fund balance - end of year		<u>\$ 2,835</u>		<u>\$ 115,470</u>	

See Independent Auditors' Report

Town of Lyons, Colorado
**ENTERPRISE FUNDS - SCHEDULE OF RESOURCES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
 For the Year Ended December 31, 2010

	Electric Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Sales	\$ 978,115	\$ 1,021,023	\$ 42,908
Investment/tap fees	18,000	36,000	18,000
Investment earnings	5,000	2,646	(2,354)
Other services	8,000	2,165	(5,835)
Total resources	<u>1,009,115</u>	<u>1,061,834</u>	<u>52,719</u>
Expenditures			
Electric wholesale purchases	566,044	630,883	(64,839)
Personnel	86,513	83,957	2,556
Distribution and maintenance	199,421	76,171	123,250
Allocated expenses	47,074	22,376	24,698
Total operation and administration	<u>899,052</u>	<u>813,387</u>	<u>85,665</u>
Bond principal	73,983	73,983	-
Bond interest	75,245	75,094	151
Total nonoperating expenditures and transfers	<u>149,228</u>	<u>149,077</u>	<u>151</u>
Total expenditures	<u>1,048,280</u>	<u>962,464</u>	<u>85,816</u>
Total increase (decrease) of resources over expenditures	<u>\$ (39,165)</u>	99,370	<u>\$ 138,535</u>
Reconciliation to Change in Net Assets			
Add bond principal paid		73,983	
Less depreciation expense		(89,458)	
Change in net assets		<u>\$ 83,894</u>	

Town of Lyons, Colorado
**ENTERPRISE FUNDS - SCHEDULE OF RESOURCES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
 For the Year Ended December 31, 2010

	Water Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Water sales	\$ 891,007	\$ 921,427	\$ 30,420
Water tap fees	58,460	116,920	58,460
Pipe water sales	12,000	10,665	(1,335)
Investment earnings	19,082	5,566	(13,516)
Miscellaneous	6,100	5,312	(788)
Total resources	<u>986,649</u>	<u>1,059,890</u>	<u>73,241</u>
EXPENDITURES			
Administration	90,894	71,648	19,246
Treatment Personnel	3,030	2,699	331
Treatment services	146,104	127,245	18,859
Distribution salaries	49,561	47,343	2,218
Distribution maintenance	209,201	127,970	81,231
Total operations and administration	<u>498,790</u>	<u>376,905</u>	<u>121,885</u>
Debt service:			
Principal	453,553	453,553	-
Interest	104,787	100,972	3,815
Capital outlay	418,864	-	418,864
Total nonoperating expenditures and transfers	<u>977,204</u>	<u>554,525</u>	<u>422,679</u>
Total expenditures	<u>1,475,994</u>	<u>931,430</u>	<u>544,564</u>
Total increase (decrease) of resources over expenditures	<u>\$ (489,345)</u>	128,460	<u>\$ 617,805</u>
Reconciliation to Change in Net Assets			
Add bond principal paid		453,553	
Less depreciation expense		(220,424)	
Change in net assets		<u>\$ 361,589</u>	

Town of Lyons, Colorado
**ENTERPRISE FUNDS - SCHEDULE OF RESOURCES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
 For the Year Ended December 31, 2010

	Sanitation Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Service fees	\$ 439,911	\$ 438,192	\$ (1,719)
Sewer tap fees	34,000	76,500	42,500
Investment earnings	6,286	2,249	(4,037)
Miscellaneous	1,500	-	(1,500)
Total resources	481,697	516,941	35,244
 EXPENDITURES			
Administration	86,114	62,539	23,575
Treatment Personnel	4,202	3,488	714
Treatment services	79,784	75,414	4,370
Plant maintenance	135,502	117,819	17,683
Distribution salaries	53,312	49,917	3,395
Distribution maintenance	69,050	63,407	5,643
Total operations and administration	427,964	372,584	55,380
 Debt service:			
Principal	241,530	241,530	-
Interest	2,717	746	1,971
Capital outlay	37,000	-	37,000
Total nonoperating expenditures and transfers	281,247	242,276	38,971
Total expenditures	709,211	614,860	94,351
Total increase (decrease) of resources over expenditures	\$ (227,514)	(97,919)	\$ 129,595
 Reconciliation to Change in Net Assets			
Add bond principal paid		241,530	
Less depreciation expense		(135,945)	
Change in net assets		\$ 7,667	

Town of Lyons, Colorado
**ENTERPRISE FUNDS - SCHEDULE OF RESOURCES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
 For the Year Ended December 31, 2010

	Property Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Lease income	\$ 98,298	\$ 98,298	\$ -
Investment earnings	300	186	(114)
Miscellaneous	500	20	(480)
Total resources	99,098	98,504	(594)
 EXPENDITURES			
Administration	5,744	3,588	2,156
Building and grounds maintenance	8,400	5,323	3,077
Miscellaneous	500	-	500
Total current expenditures	14,644	8,911	5,733
Principal paid	56,619	56,590	29
Interest expense	27,087	27,116	(29)
Total expenditures	98,350	92,617	5,733
Total increase (decrease) of resources over expenditures	\$ 748	5,887	\$ 5,139
Reconciliation to Change in Net Assets			
Add bond principal paid		56,590	
Less depreciation expense		(38,761)	
Change in net assets		\$ 23,716	

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Boulder
	YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of Town of Lyons, Colorado)	Prepared By: Jody McClurkin, CPA, 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)	426,151
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	79,121
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,676
2. General fund appropriations	274,400	b. Snow and ice removal	13,812
3. Other local imposts (from page 2)	29,338	c. Other	11,260
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	27,749
5. Transfers from toll facilities		4. General administration & miscellaneous	45,941
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	121,914
a. Bonds - Original Issues		6. Total (1 through 5)	700,876
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)	303,738	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	65,338	2. Notes:	
D. Receipts from Federal Government (from page 2)	331,800	a. Interest	
E. Total receipts (A.7 + B + C + D)	700,876	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)	700,876

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
		700,876	700,876		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

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	29,338	g. Other Misc. Receipts	
6. Total (1. through 5.)	29,338	h. Other	
c. Total (a. + b.)	29,338	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	64,864	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	474	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	331,800
f. Total (a. through e.)	474	g. Total (a. through f.)	331,800
4. Total (1. + 2. + 3.f)	65,338	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	16,862		16,862
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation	409,289		409,289
(5). Total Construction (1) + (2) + (3) + (4)	409,289	0	409,289
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	426,151	0	426,151
			(Carry forward to page 1)

Notes and Comments:

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