



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF HAYDEN, COLORADO

Table of Contents

| Financial Section: | <u>Page</u> |
|---|-------------|
| Report of Certified Public Accountants | 1 |
| Management's Discussion and Analysis | 5 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds..... | 17 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position..... | 18 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... | 19 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 20 |
| Statement of Net Position- Proprietary Funds..... | 21 |
| Statement of Revenues, Expenses and Changes in Net Position- Proprietary Funds | 22 |
| Statement of Cash Flows - Proprietary Funds | 23 |
| Notes to Financial Statements | 24 |
| Required Supplementary Information: | |
| Major Governmental Funds: | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances General Fund - Budget-and-Actual..... | 47 |
| Supplementary Information: | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances Capital Improvements Fund - Budget-and-Actual | 52 |
| Debt Service Fund - Budget-and-Actual..... | 53 |
| Non-Major Governmental Funds: | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget-and-Actual: | |
| Conservation Trust Fund | 54 |
| Economic Development Fund | 55 |
| Recreation fund..... | 56 |
| Major Enterprise Fund: | |
| Schedule of Revenues, Expenses, and Changes in Net Position Enterprise Funds - Budget-and-Actual: | |
| Water – Sewer – Refuse Fund | 57 |
| Colorado Water Resources Loan Covenants and Requirements | 59 |
| Local Highway Finance Report..... | 61 |

TOWN OF HAYDEN, COLORADO

Table of Contents, Continued

| Compliance Section: | <u>Page</u> |
|--|-------------|
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters | 63 |



Independent Auditors' Report

The Honorable Mayor and Town Council
Town of Hayden, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, as 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

HintonBurdick, PLLC

St. George, Utah

May 9, 2022

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TOWN OF HAYDEN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

As management of the Town of Hayden (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2021. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Governmental net position increased from \$9.2 million to \$10.7 million during 2021 mainly as a result of grants received during the year.
- Business-type net position decreased from \$13.1 million to \$12.9 million during 2021
- The combined net investment in capital assets is \$21.5 million.
- The unrestricted net position for both governmental and business-type activities that may be used to meet the Town's future capital and operating expenses is \$1.5 million.
- Total revenues in the General fund increased from \$2.84 million to \$3.27 million.
 - Property tax revenues increased from 2020 to 2021 from \$595,586 to \$663,752.
 - Local sales tax collections of \$1,482,579 increased by 12.98% or \$170,340 from the previous year.
 - Car rental tax collections of \$236,200 increased by 59.01% or \$87,657 from the previous year.
- The general fund unassigned fund balance at the end of 2021 was \$1,057,898 which is 40% of total General fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. Net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, parks and recreation, economic development and interest on long-term debt. Sales taxes, property taxes, franchise taxes, vehicle rental taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to water, sewer and trash customers to cover most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the Town charges customers for the services it provides, i.e. water, sanitary sewer and trash, these services are generally reported in proprietary (aka. enterprise) funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities and deferred inflows by \$23.7 million as of December 31, 2021 as shown in the following condensed statement of net position. Of this amount, \$1.5 million is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$21.5 million (91% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has chosen to account for its water, sewer and refuse operations in a single enterprise fund which is shown as Business Activities.

The following table summarizes the Town's governmental and business-type net position as of December 31, 2021 and 2020:

TOWN OF HAYDEN, COLORADO Statement of Net Position

| | Governmental activities | | Business-type activities | | Combined Total | |
|-----------------------------------|-------------------------|--------------|--------------------------|---------------|----------------|---------------|
| | 12/31/21 | 12/31/20 | 12/31/21 | 12/31/20 | 12/31/21 | 12/31/20 |
| Current and other assets | \$ 3,826,924 | \$ 2,766,979 | \$ 566,131 | \$ 192,735 | \$ 4,393,055 | \$ 2,959,714 |
| Capital assets | 14,135,742 | 11,951,084 | 13,719,460 | 14,050,366 | 27,855,202 | 26,001,450 |
| Total assets | 17,962,666 | 14,718,063 | 14,285,591 | 14,243,101 | 32,248,257 | 28,961,164 |
| Long-term liabilities outstanding | 5,594,639 | 4,030,494 | 878,552 | 837,461 | 6,473,191 | 4,867,955 |
| Other liabilities | 1,207,357 | 351,304 | 159,360 | 252,421 | 1,366,717 | 603,725 |
| Total liabilities | 6,801,996 | 4,381,798 | 1,037,912 | 1,089,882 | 7,839,908 | 5,471,680 |
| Deferred inflows of resources | 736,606 | 1,071,180 | - | - | 736,606 | 1,071,180 |
| Net position: | | | | | | |
| Net investment in capital assets | 8,565,569 | 7,920,590 | 12,934,717 | 13,212,905 | 21,500,286 | 21,133,495 |
| Restricted | 348,571 | 258,499 | 235,000 | - | 583,571 | 258,499 |
| Unrestricted | 1,509,924 | 1,085,996 | 77,962 | (59,686) | 1,587,886 | 1,026,310 |
| Total net position | \$ 10,424,064 | \$ 9,265,085 | \$ 13,247,679 | \$ 13,153,219 | \$ 23,671,743 | \$ 22,418,304 |

An additional portion of net position, \$583,571 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1.5 million (7% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

The cost of all Governmental activities this year was \$3,835,370. As shown in the Changes in Net Position statement below. \$138,376 of this cost was paid for by those who directly benefited from the programs. \$1,538,690 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$1,677,066. General taxes other revenues and investment earnings totaled \$3,505,570.

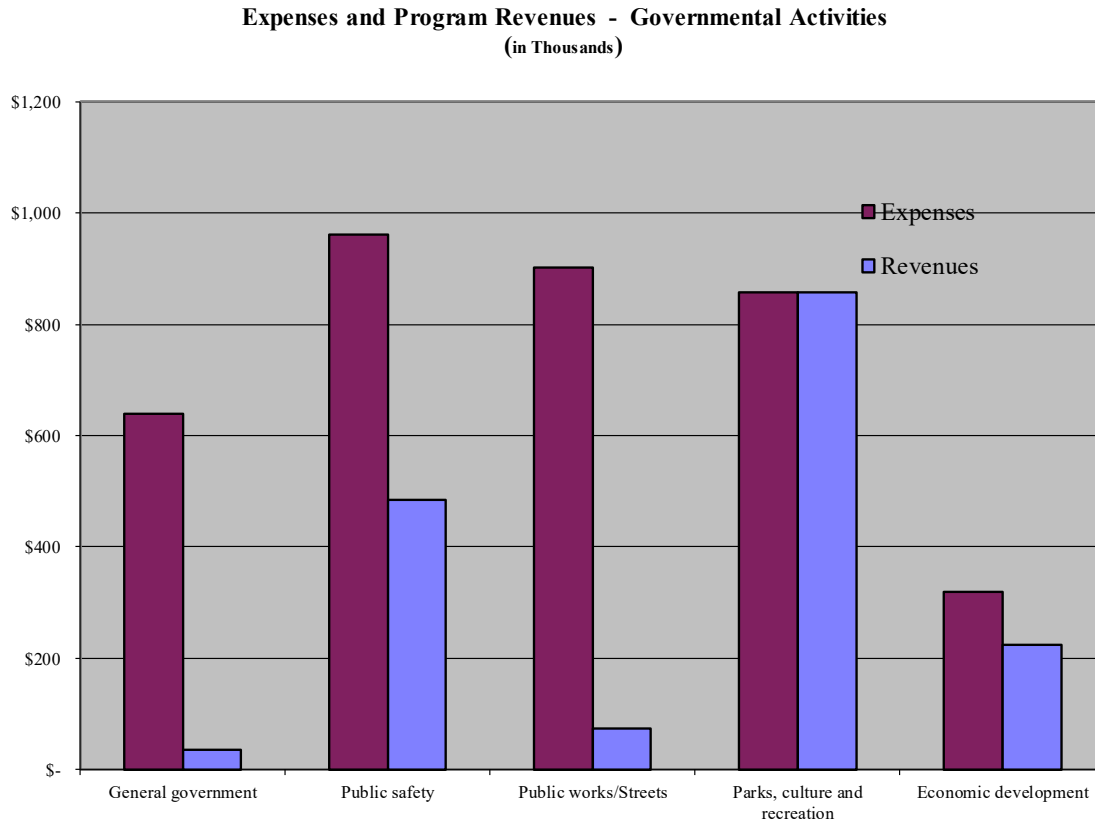
The Town's programs include: General Government, Public Safety, Public Works/Streets, Parks & Recreation, and Economic Development. Each program's revenues and expenses are presented below.

TOWN OF HAYDEN, COLORADO Changes in Net Position

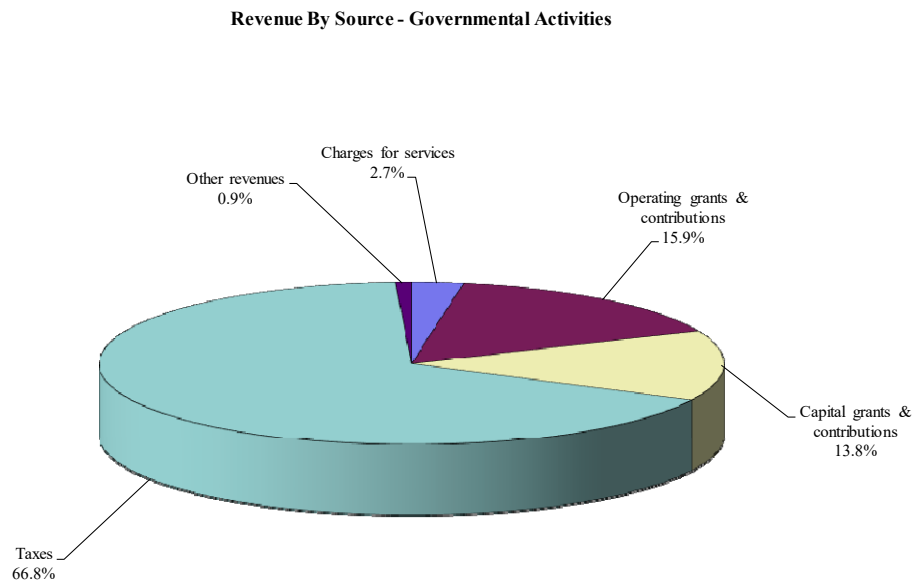
| | Governmental activities | | Business-type activities | | Combined Total | |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 12/31/21 | 12/31/20 | 12/31/21 | 12/31/20 | 12/31/21 | 12/31/20 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 138,376 | \$ 75,412 | \$ 1,650,915 | \$ 1,561,566 | \$ 1,789,291 | \$ 1,636,978 |
| Operating grants and contributions | 824,150 | 286,064 | - | - | 824,150 | 286,064 |
| Capital grants and contributions | 714,540 | 65,892 | 261,631 | 1,482,435 | 976,171 | 1,548,327 |
| General revenues: | | | | | | |
| Taxes | 3,461,497 | 2,788,241 | - | - | 3,461,497 | 2,788,241 |
| Investment earnings | 10,461 | 8,560 | - | - | 10,461 | 8,560 |
| Other revenue | 33,612 | 226,666 | - | 6,820 | 33,612 | 233,486 |
| Total revenues | <u>5,182,636</u> | <u>3,450,835</u> | <u>1,912,546</u> | <u>3,050,821</u> | <u>7,095,182</u> | <u>6,501,656</u> |
| Expenses: | | | | | | |
| General government | 638,244 | 850,044 | - | - | 638,244 | 850,044 |
| Public safety | 961,625 | 942,696 | - | - | 961,625 | 942,696 |
| Public works/Streets | 901,410 | 988,570 | - | - | 901,410 | 988,570 |
| Parks, culture and recreation | 856,840 | 298,725 | - | - | 856,840 | 298,725 |
| Economic development | 318,881 | 126,499 | - | - | - | - |
| Interest on long-term debt | 158,370 | 159,406 | - | - | 158,370 | 159,406 |
| Water | - | - | 1,246,588 | 1,222,680 | 1,246,588 | 1,222,680 |
| Sewer | - | - | 478,743 | 460,380 | - | - |
| Refuse | - | - | 283,351 | 235,672 | 283,351 | 235,672 |
| Total expenses | <u>3,835,370</u> | <u>3,365,940</u> | <u>2,008,682</u> | <u>1,918,732</u> | <u>5,046,428</u> | <u>4,697,793</u> |
| Increase (Decrease) in net assets before transfers | 1,347,266 | 84,895 | (96,136) | 1,132,089 | 1,251,130 | 1,216,984 |
| Dedication of assets | - | (356,925) | - | - | - | (356,925) |
| Transfers | (93,000) | 317,449 | 93,000 | (317,449) | - | - |
| Net position, beginning | 9,265,085 | 9,219,666 | 13,153,219 | 12,338,579 | 22,418,304 | 21,558,245 |
| Prior period adjustment | (95,287) | - | 97,596 | - | 2,309 | - |
| Net position, ending | <u>\$ 10,424,064</u> | <u>\$ 9,265,085</u> | <u>\$ 13,247,679</u> | <u>\$ 13,153,219</u> | <u>\$ 23,671,743</u> | <u>\$ 22,418,304</u> |

Total resources available during the year to finance governmental operations were \$14.5 million consisting of Net position at January 1, 2021 of \$9.27 million, program revenues of \$1,677,066 and General Revenues of \$3,505,570. Total Governmental Activity expenses, including a prior period adjustment of \$95,287 and depreciation of \$515,989 were \$3,930,657; thus Governmental Net Position was increased by \$1,158,979 to \$10,424,064. The most significant reason for the increase is due to grants received during the year.

The following graph compares program expenses to program revenues (charges for services and grants):



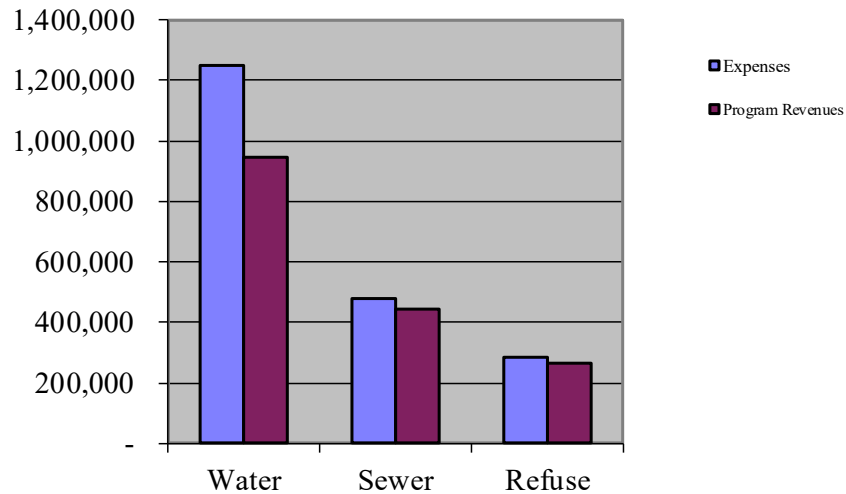
Revenues reported above include charges for services and grant revenues directly related to the respective programs. As noted in the chart below, these revenues make up 2.7% and 13.8% of the Town's total governmental revenues for the current year. Shortfalls are made up by taxes and other revenues.



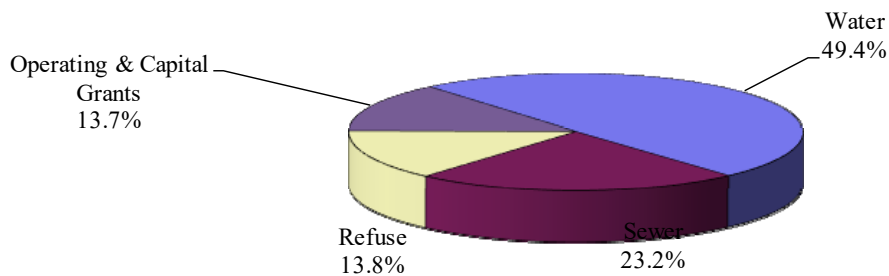
Business Type Activities

Net position of the Business Type activities at December 31, 2021, as reflected in the Statement of Net Position was \$13,247,679. The cost of providing all Proprietary (Business Type) activities this year was \$2,008,682. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$1,650,915 and there was \$261,631 subsidized by capital grants and contributions. The Net Position decreased by \$3,316.

Expenses and Program Revenues - Business-type Activities



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,896,706 which is an increase of \$372,000 in comparison with the prior year. The increase is mainly due to intergovernmental revenues, such as grants. Unassigned fund balance of \$1,057,898, which is available for spending at the government's discretion is approximately 55% of the total fund balance. \$152,389 is committed for future capital outlay and \$20,915 for economic development. The assigned fund balance is \$196,386 for capital outlay, \$65,908 for debt services, and \$44,639 for parks and recreation. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside to pay for emergency reserves (TABOR) \$196,344, debt services \$152,227, and scholarships \$10,000.

The Town has three major governmental funds.

The General Fund, which is the primary operating fund for the Town reported unassigned fund balance of \$1,057,898. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 40% and total fund balance represents 53% of total General fund expenditures. The fund balance of the Town's General fund increased by \$172,019 for the year ended December 31, 2021. General fund revenues increased by \$572,306 compared to the prior year. The increase was mainly due to an increase in tax revenue of \$343,600 and an increase in grant revenues of \$240,817.

The Capital Improvements Fund had an ending fund balance at December 31, 2021 of \$196,386. This was an increase of \$99,843. The increase was attributable to grant and debt proceeds that exceeded outlay for capital expenditures.

The Debt service Fund had a fund balance of \$218,135 at December 31, 2021 which is restricted for debt services. Debt service fund revenues and expenditures were consistent with the prior year.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2021 and 2020 for the Town's enterprise fund (Water-Sewer-Refuse) are as follows:

| | 2021 | 2020 |
|---------------------------|------------|-------------|
| Unrestricted net position | \$ 77,962 | \$ (59,686) |
| Total net position | 13,247,679 | 13,153,219 |
| Change in net position | (3,136) | 814,640 |

The main reason for the decrease in net position was due to a decrease in grants received compared to the prior year. The proprietary fund unrestricted balance at December 31, 2021 equals 3.91% of the annual operating expenses.

Budgetary Highlights

General fund revenues of \$3,270,255 were more than budgeted revenues of \$2,717,120 by \$553,135. The most significant factors contributing to this difference is related to sales tax revenues excess of \$407,006. Actual expenditures of \$2,677,970 were less than budgeted expenditures by \$87,384.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, system improvements, park facilities and roads. At the end of 2021, net capital assets of the government activities totaled \$14.1 million and the net capital assets of the business-type activities totaled \$13.7 million. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 6 to the financial statements for additional details.)

Debt

At year-end, the Town had \$5,594,639 in governmental type debt, and \$878,551 in proprietary debt. During 2021, the Town's total debt increased by \$1,361,861 as a result of sales tax bonds that were issued during the year for \$1.7 million. Debt per capita based on an estimated population of 2,000 is \$3,237.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town budget for the fiscal year 2022, the Town Council and management evaluated the fiscal trends and budgeted increases of 3% on average for Town service in both revenue and expenses; goals from 2021 to 2022 did not change except our intention shifted from providing the "existing level of service" to "providing an excellent level of service".

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager or Town Clerk, P.O. Box 190, Hayden, Colorado 81639 or call (970) 276-3741.

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BASIC FINANCIAL STATEMENTS

TOWN OF HAYDEN, COLORADO
Statement of Net Position
December 31, 2021

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 1,712,526 | \$ 21,102 | \$ 1,733,628 |
| Receivables (net of allowance) | 2,114,398 | 233,485 | 2,347,883 |
| Temporarily restricted assets: | | | |
| Cash and cash equivalents | - | 311,544 | 311,544 |
| Capital assets (net of accumulated depreciation): | | | |
| Land | 2,178,272 | 340,273 | 2,518,545 |
| Construction in progress | 2,827,451 | 352,785 | 3,180,236 |
| Buildings | 1,928,309 | - | 1,928,309 |
| System improvements | - | 13,006,345 | 13,006,345 |
| Furniture, equipment & vehicles | 461,116 | 20,057 | 481,173 |
| Infrastructure/Roads | 6,740,594 | - | 6,740,594 |
| Total assets | <u>17,962,666</u> | <u>14,285,591</u> | <u>32,248,257</u> |
| Liabilities | | | |
| Accounts payable and other current liabilities | 784,511 | 145,528 | 930,039 |
| Interest payable | 13,745 | 2,791 | 16,536 |
| Retainage Payable | - | 11,041 | 11,041 |
| Unearned revenue | 409,101 | - | 409,101 |
| Noncurrent liabilities: | | | |
| Due within one year | 581,937 | 147,587 | 729,524 |
| Due in more than one year | 5,012,702 | 730,965 | 5,743,667 |
| Total liabilities | <u>6,801,996</u> | <u>1,037,912</u> | <u>7,839,908</u> |
| Deferred Inflows of Resources | | | |
| Deferred revenue - property taxes | <u>736,606</u> | <u>-</u> | <u>736,606</u> |
| Net Position | | | |
| Net investment in capital assets | 8,565,569 | 12,934,717 | 21,500,286 |
| Restricted for: | | | |
| Emergencies | 196,344 | - | 196,344 |
| Parks and recreation | - | - | - |
| Debt service | 152,227 | - | 152,227 |
| Operations and maintenance | - | 235,000 | 235,000 |
| Unrestricted | <u>1,509,924</u> | <u>77,962</u> | <u>1,587,886</u> |
| Total Net Position | <u>\$ 10,424,064</u> | <u>\$ 13,247,679</u> | <u>\$ 23,671,743</u> |

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

TOWN OF HAYDEN, COLORADO
Statement of Activities
For the Year Ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|------------------------------------|------------|----------------------|----------------------------------|--------------------------------|---|--------------------------|---------------|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 638,244 | \$ 36,466 | \$ - | \$ - | \$ (601,778) | \$ - | \$ (601,778) |
| Public safety | 961,625 | 4,790 | 480,794 | - | (476,041) | - | (476,041) |
| Public works/Streets | 901,410 | - | 73,637 | - | (827,773) | - | (827,773) |
| Parks, culture and recreation | 856,840 | 97,120 | 45,300 | 714,540 | 120 | - | 120 |
| Economic development | 318,881 | - | 224,419 | - | (94,462) | - | (94,462) |
| Interest on long-term debt | 158,370 | - | - | - | (158,370) | - | (158,370) |
| Total governmental activities | 3,835,370 | 138,376 | 824,150 | 714,540 | (2,158,304) | - | (2,158,304) |
| Business-type activities: | | | | | | | |
| Water | 1,246,588 | 945,000 | - | 210,058 | - | (91,530) | (91,530) |
| Sewer | 478,743 | 442,932 | - | 51,573 | - | 15,762 | 15,762 |
| Refuse | 283,351 | 262,983 | - | - | - | (20,368) | (20,368) |
| Total business-type activities | 2,008,682 | 1,650,915 | - | 261,631 | - | (96,136) | (96,136) |
| Total Primary Government | 5,844,052 | 1,789,291 | 824,150 | 976,171 | (2,158,304) | (96,136) | (2,254,440) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property tax | | | | | 1,103,819 | - | 1,103,819 |
| Sales tax | | | | | 1,848,318 | - | 1,848,318 |
| Vehicle rental tax | | | | | 236,200 | - | 236,200 |
| Other taxes | | | | | 193,116 | - | 193,116 |
| Franchise tax | | | | | 80,044 | - | 80,044 |
| Unrestricted investment earnings | | | | | 10,461 | - | 10,461 |
| Miscellaneous | | | | | 33,612 | - | 33,612 |
| Transfers | | | | | (93,000) | 93,000 | - |
| Total general revenues & transfers | | | | | 3,412,570 | 93,000 | 3,505,570 |
| Change in net position | | | | | 1,254,266 | (3,136) | 1,251,130 |
| Net position - beginning | | | | | 9,265,085 | 13,153,219 | 22,418,304 |
| Prior period adjustment | | | | | (95,287) | 97,596 | 2,309 |
| Net position - ending | | | | | \$ 10,424,064 | \$ 13,247,679 | \$ 23,671,743 |

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

TOWN OF HAYDEN, COLORADO

Balance Sheet Governmental Funds December 31, 2021

| | General Fund | Capital Improvements Fund | Debt Service Fund | Non-major Funds | Total Governmental Funds |
|---|---------------------|---------------------------------|-------------------------|--------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 935,871 | \$ 523,290 | \$ 216,193 | \$ 37,172 | \$ 1,712,526 |
| Receivables, net: | | | | | |
| Property taxes receivable | 739,750 | - | 409,101 | - | 1,148,851 |
| Accounts receivable | 42,431 | - | - | - | 42,431 |
| Intergovernmental | 354,543 | 309,696 | 1,942 | 256,935 | 923,116 |
| Due from other funds | 205,199 | - | - | - | 205,199 |
| Total assets | <u>\$ 2,277,794</u> | <u>\$ 832,986</u> | <u>\$ 627,236</u> | <u>\$ 294,107</u> | <u>\$ 4,032,123</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 37,542 | \$ 554,774 | \$ - | \$ 13,354 | \$ 605,670 |
| Accrued wages and benefits | 85,067 | - | - | - | 85,067 |
| Retainage payable | - | 81,826 | - | - | 81,826 |
| Deposits payable | 11,948 | - | - | - | 11,948 |
| Due to other funds | - | - | - | 205,199 | 205,199 |
| Unearned revenue | - | - | 409,101 | - | 409,101 |
| Total liabilities | <u>134,557</u> | <u>636,600</u> | <u>409,101</u> | <u>218,553</u> | <u>1,398,811</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue - property taxes | <u>736,606</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>736,606</u> |
| Total deferred inflows of resources | <u>736,606</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>736,606</u> |
| Fund Balances | | | | | |
| Restricted for: | | | | | |
| Parks and recreation | - | - | - | 10,000 | 10,000 |
| Debt services | - | - | 152,227 | - | 152,227 |
| Emergencies | 196,344 | - | - | - | 196,344 |
| Committed to: | | | | | |
| Capital outlay | 152,389 | - | - | - | 152,389 |
| Economic development | - | - | - | 20,915 | 20,915 |
| Assigned to: | | | | | |
| Parks and recreation | - | - | - | 44,639 | 44,639 |
| Capital outlay | - | 196,386 | - | - | 196,386 |
| Debt services | - | - | 65,908 | - | 65,908 |
| Unassigned | <u>1,057,898</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,057,898</u> |
| Total fund balances | <u>1,406,631</u> | <u>196,386</u> | <u>218,135</u> | <u>75,554</u> | <u>1,896,706</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,277,794</u> | <u>\$ 832,986</u> | <u>\$ 627,236</u> | <u>\$ 294,107</u> | <u>\$ 4,032,123</u> |

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

TOWN OF HAYDEN, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

| | |
|--|--------------|
| Total fund balances - governmental funds | \$ 1,896,706 |
|--|--------------|

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

| | | |
|-----------------------------|--------------------|------------|
| Governmental capital assets | 22,442,430 | |
| Accumulated depreciation | <u>(8,306,688)</u> | |
| | | 14,135,742 |

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.

| | | |
|-------------------------|------------------|-------------|
| Capital leases | (841,277) | |
| General obligation bond | (2,854,750) | |
| Sales Tax bond | (1,706,329) | |
| Interest payable | (13,745) | |
| Compensated absences | <u>(192,283)</u> | |
| | | (5,608,384) |

| | |
|--|-----------------------------|
| Total net position - governmental activities | <u><u>\$ 10,424,064</u></u> |
|--|-----------------------------|

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

TOWN OF HAYDEN, COLORADO
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2021

| | General Fund | Capital Improvements Fund | Debt Service Fund | Non-major Funds | Total Governmental Funds |
|---|---------------------|---------------------------------|-------------------------|--------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 2,555,989 | \$ - | \$ 440,067 | \$ 365,739 | \$ 3,361,795 |
| Licenses and permits | 18,726 | - | - | - | 18,726 |
| Intergovernmental | 630,304 | 714,540 | - | 293,549 | 1,638,393 |
| Fines and forfeitures | 4,790 | - | - | - | 4,790 |
| Charges for services | 17,740 | - | - | 97,120 | 114,860 |
| Interest revenue | 9,094 | - | 1,365 | - | 10,459 |
| Other revenues | 33,612 | - | - | - | 33,612 |
| Total Revenues | <u>3,270,255</u> | <u>714,540</u> | <u>441,432</u> | <u>756,408</u> | <u>5,182,635</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 541,299 | - | 8,255 | - | 549,554 |
| Public safety | 865,512 | - | - | - | 865,512 |
| Public works/streets | 885,717 | - | - | - | 885,717 |
| Parks, culture and recreation | 232,588 | - | - | 533,068 | 765,656 |
| Economic development | - | - | - | 284,906 | 284,906 |
| Capital outlay | - | 2,391,704 | - | 36,373 | 2,428,077 |
| Debt Service: | | | | | |
| Principal | 119,216 | - | 285,927 | - | 405,143 |
| Interest and fiscal charges | 33,448 | - | 123,572 | - | 157,020 |
| Bond issuance costs | - | - | 57,770 | - | 57,770 |
| Total Expenditures | <u>2,677,780</u> | <u>2,391,704</u> | <u>475,524</u> | <u>854,347</u> | <u>6,399,355</u> |
| Excess of Revenues Over (Under) Expenditures | 592,475 | (1,677,164) | (34,092) | (97,939) | (1,216,720) |
| Other Financing Sources (Uses): | | | | | |
| Financing proceeds | - | 1,777,007 | - | - | 1,777,007 |
| Transfers in | - | - | 100,000 | 230,038 | 330,038 |
| Transfers out | (323,038) | - | - | (100,000) | (423,038) |
| Total Other Financing Sources (Uses) | <u>(323,038)</u> | <u>1,777,007</u> | <u>100,000</u> | <u>130,038</u> | <u>1,684,007</u> |
| Net change in fund balances | 269,437 | 99,843 | 65,908 | 32,099 | 467,287 |
| Fund balances, beginning of year | 1,234,612 | 96,543 | 152,227 | 41,324 | 1,524,706 |
| Prior period adjustment | (97,418) | - | - | 2,131 | (95,287) |
| Fund balances, end of year | <u>\$ 1,406,631</u> | <u>\$ 196,386</u> | <u>\$ 218,135</u> | <u>\$ 75,554</u> | <u>\$ 1,896,706</u> |

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

TOWN OF HAYDEN, 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, 2021

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

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds | \$ 467,287 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period. | |
| Capital outlay | 2,700,647 |
| Depreciation expense | <u>(515,989)</u> |
| | 2,184,658 |
| Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 405,144 |
| Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position. | (1,777,007) |
| Accrued Interest for Long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. | (1,350) |
| Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | <u>(24,466)</u> |
| Change in net position of governmental activities | <u><u>\$ 1,254,266</u></u> |

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

TOWN OF HAYDEN, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2021

Assets

Current Assets:

| | |
|--------------------------------|----------------|
| Cash | \$ 21,102 |
| Receivables (net of allowance) | 134,119 |
| Due from other governments | 99,366 |
| Total current assets | <u>254,587</u> |

Noncurrent assets:

| | |
|-----------------------------------|-------------------|
| Restricted cash and investments | 311,544 |
| Land | 340,273 |
| Construction in progress | 352,785 |
| Utility systems and improvements | 24,318,758 |
| Machinery, equipment and vehicles | 394,498 |
| Accumulated depreciation | (11,686,854) |
| Total noncurrent assets | <u>14,031,004</u> |

Total Assets

\$ 14,285,591

Liabilities

Current Liabilities:

| | |
|--------------------------------|----------------|
| Accounts payable | \$ 51,235 |
| Accrued Wages and Benefits | 17,638 |
| Customer deposits | 76,655 |
| Retainage payable | 11,041 |
| Interest payable | 2,791 |
| Loans payable - current | 53,778 |
| Compensated absences - current | 93,809 |
| Total current liabilities | <u>306,947</u> |

Noncurrent liabilities:

| | |
|--|----------------|
| Long-term debt (net of current portion): | |
| Loans payable | 730,965 |
| Total noncurrent liabilities | <u>730,965</u> |

| | |
|-------------------|------------------|
| Total liabilities | <u>1,037,912</u> |
|-------------------|------------------|

Net Position

| | |
|---|-----------------------------|
| Net investment in capital assets | 12,934,717 |
| Restricted operations and maintenance reserve | 235,000 |
| Unrestricted | 77,962 |
| Total net position | <u><u>\$ 13,247,679</u></u> |

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

TOWN OF HAYDEN, COLORADO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

| | Water-Sewer- Refuse |
|---|-----------------------------|
| Operating Revenues | |
| Charges for services: | |
| Water | \$ 937,166 |
| Sewer | 442,519 |
| Refuse | 262,983 |
| Other revenues | 8,247 |
| Total operating revenues | <u>1,650,915</u> |
| Operating Expenses | |
| Water | 699,330 |
| Sewer | 390,414 |
| Refuse | 283,351 |
| Depreciation | 619,100 |
| Total operating expenses | <u>1,992,195</u> |
| Operating income (loss) | <u>(341,280)</u> |
| Non-Operating Revenues (Expenses) | |
| Interest expense and fiscal charges | (16,487) |
| Connection and tap fees | 115,444 |
| Total non-operating revenue (expense) | <u>98,957</u> |
| Income (loss) before contributions and transfers | (242,323) |
| Contributions and Transfers: | |
| Capital contributions and grants | 146,187 |
| Transfers in | 93,000 |
| Transfers out | - |
| Change in net position | <u>(3,136)</u> |
| Net position, beginning of year | 13,153,219 |
| Prior period adjustment | 97,596 |
| Net position, end of year | <u><u>\$ 13,247,679</u></u> |

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

TOWN OF HAYDEN, COLORADO
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2021

| | |
|---|--------------------------|
| | Water-Sewer- Refuse |
| Cash Flows From Operating Activities: | |
| Cash received from customers, service fees | \$ 1,677,904 |
| Cash received from customers, other | 4,952 |
| Cash paid to suppliers | (795,369) |
| Cash paid to employees | (573,684) |
| Net cash flows from operating activities | <u>313,803</u> |
| Cash Flows From Noncapital Financing Activities: | |
| Transfers from/(to) other funds | <u>93,000</u> |
| Net cash flows from noncapital financing activities | <u>93,000</u> |
| Cash Flows From Capital and Related Financing Activities: | |
| Purchase of capital assets | (288,194) |
| Principal paid on long-term debt | (52,717) |
| Interest paid | (16,487) |
| Capital grants | 38,024 |
| Connection and tap fees | <u>115,444</u> |
| Net cash flows from capital and related financing activities | <u>(203,930)</u> |
| Cash Flows From Investing Activities: | |
| Net cash flows from investing activities | <u>-</u> |
| Net change in cash and cash equivalents | 202,873 |
| Cash and cash equivalents, beginning of year | <u>129,773</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 332,646</u></u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Net operating income/(loss) | \$ (341,280) |
| Adjustments to reconcile net income/(loss) to net cash provided by operating activities: | |
| Depreciation/amortization | 619,100 |
| Changes in operating assets and liabilities: | |
| (Increase)/decrease in receivables | 35,236 |
| Increase/(decrease) in payables | (17,852) |
| Increase/(decrease) in accrued liabilities & deposits | 21,894 |
| Increase/(decrease) in deposits | <u>(3,295)</u> |
| Net cash flows from operating activities | <u><u>\$ 313,803</u></u> |

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The Town of Hayden, Colorado (the Town) was incorporated in March 1906 in Routt County. On July 21, 2009, the citizens voted to become a Home Rule Municipality in accordance with Article XX of the Colorado Constitution and the Municipal Home Rule Act of 1971. The Town is governed by a Town Council consisting of six council members and one mayor elected at-large.

There are no blended or discretely presented component units that are applicable in defining the Town's reporting entity.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

The Town reports the following major governmental funds:

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

The **Capital Improvements Fund** is used to account for the acquisition and construction of major capital facilities and improvements.

The **Debt Service Fund** is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment.

The Town reports the following major enterprise fund:

The **Water-Sewer-Refuse Fund** accounts for the activities related to the Town's water wells, treatment facilities and distribution operations, sewer collection and treatment operations and refuse collection services.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

The Town pools cash resources of its various funds in order to facilitate the management of cash. The Town's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds. All trade accounts receivable in the enterprise funds are normally shown net of an allowance for uncollectible accounts. However, due to the nature of the accounts receivable in both the enterprise funds and governmental funds, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories for business type activities consist of various parts and supplies and are valued at cost using the first-in/first-out (FIFO) method. However, the total cost of inventory on hand is deemed immaterial and has not been recorded in the financial statements.

Capital Assets

Capital assets, which include; property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$2,500 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

| | |
|--|----------------|
| Building and improvements | 15 to 40 years |
| Utility systems and improvements | 10 to 40 years |
| Furniture, equipment and vehicles | 3 to 10 years |
| Infrastructure - Streets and sidewalks | 10 to 50 years |

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – property taxes*, is reported in both the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. The Town Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes levied in the current year and not collected within 60 days of year-end are not deemed available to pay current liabilities and therefore the receivable is recorded as unavailable revenue in the governmental funds. Property taxes for the current year are levied by the County and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County also levies various personal property taxes during the year.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation time, compensatory time, and sick leave. Accumulated vacation is maximized at 240 hours, accumulated compensatory time is maximized at 80 hours, and accumulated sick leave is maximized at 480 hours. After five years of service and upon termination, sick leave may be converted at a rate of 8 hours for every 24 hours accumulated with a maximum of 80 hours.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 1. Summary of Significant Accounting Policies, Continued

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary funds operating and nonoperating revenues and expenses

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 water-sewer-refuse fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and the net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 18.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 20.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with US GAAP for all governmental funds. The enterprise fund adopts a budget on a non-US GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on capital debt are budgeted and recorded as expenditures.

The Town confirms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Finance Director submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.
- A public hearing on the proposed budget is held by the Council to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total budgeted expenditures must be approved by the Town Council. At any time during the fiscal year the Finance Director may transfer part of all of any unencumbered appropriation balance within a department.
- Budgetary appropriations lapse at the end of each year.

Budget amounts included in the financial statements report both the original and final amended budget. The Town did adopt supplemental appropriations during the year and there were revisions made to the original budget during the year.

Expenditures over Appropriations

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Council. The Council by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents are reported on pages 47 to 50 and 52 to 58. There was one fund, the recreation fund, which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2021.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 3. Stewardship, Compliance, and Accountability, Continued

Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises.” The TABOR Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mil levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has reserved \$124,962 of the December 31, 2021 fund balance in the General fund for this purpose.

The Town’s voters passed a ballot question on November 7, 1995, authorizing the Town to collect and retain the full proceeds of the Town’s fees, taxes, reduction in debt service, state and federal grants and intergovernmental revenues, generated in 1995 and subsequent years. The ballot question allowed the Town to expend such proceeds for debt service, municipal operations, capital projects such as recreation and street paving and any other municipal purpose, notwithstanding state restrictions on fiscal year revenues and spending, including without limitation the restriction of TABOR.

The Town’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to judicial interpretation.

Debt Covenants

See supplementary information on page 59 for compliance with debt covenants.

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TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 4. Deposits and Investments

A summary of cash and investments as shown on the statement of net position follows:

| | |
|-------------------------------|----------------------------|
| Cash on hand | \$ 400 |
| Cash in bank | 2,035,664 |
| Colorado Trust | <u>9,108</u> |
| Total cash and investments | <u><u>\$ 2,045,172</u></u> |
| Cash and cash equivalents | \$ 1,733,628 |
| Restricted cash | <u>311,544</u> |
| | <u><u>\$ 2,045,172</u></u> |

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk; however, the Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to or exceed 102% of the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2021 cash on hand was \$400 and the carrying amount of the Town's deposits was \$2,084,163. As of December 31, 2021 the bank balance of the Town's deposits was \$2,863,129 of which \$250,000 was insured by federal depository insurance and \$2,613,129 was uninsured but collateralized by the PDPA as noted above.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The Town's investment policy follows Colorado statutes. At December 31, 2021 the Town's investments included certificates of deposit and funds held in the Colorado Government Liquid Asset Trust (COLOTRUST).

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 4. Deposits and Investments, Continued

The COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities.

A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC.

As of December 31, 2021 the Town had \$9,108 invested in the COLOTRUST with a fair market value of \$9,108 and maturities of less than one year. The COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which requires that the Town's investment portfolio maturities do not exceed five years from the time of purchase.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which limits investment in commercial paper and corporate bonds to the top ratings issued by at least two nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 5. Restricted Assets

A summary of temporarily restricted assets of the Town at December 31, 2021 is as follows:

| | |
|------------------------------------|--------------------------|
| Operation and maintenance reserves | \$ 234,889 |
| Customer deposits | <u>76,655</u> |
| | <u><u>\$ 311,544</u></u> |

Loan reserves:

The Town has set aside funds for the Operation and Maintenance Reserve Fund as required by the Colorado Water Resources and Power Development Authority Loan Agreement. The reserve at year-end is equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the Town's annual budget.

Customer deposits:

The Town collects deposits from utility customers. These deposits are temporarily restricted or unavailable for current expenditure. The amount reflected above is the amount of deposits on hand at December 31, 2021.

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TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 6. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year.

| Governmental Activities: | Balance 12/31/20 | Additions | Deletions | Balance 12/31/21 |
|--|-----------------------------|---------------------|------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,178,272 | \$ - | \$ - | \$ 2,178,272 |
| Construction in progress | 182,119 | 2,645,332 | - | 2,827,451 |
| Total capital assets, not being depreciated | 2,360,391 | 2,645,332 | - | 5,005,723 |
| Capital assets, being depreciated: | | | | |
| Buildings | 3,215,263 | - | - | 3,215,263 |
| Furniture, equipment & vehicles | 2,107,874 | 3,763 | - | 2,111,637 |
| Infrastructure | 12,058,255 | 51,552 | - | 12,109,807 |
| Total capital assets, being depreciated | 17,381,392 | 55,315 | - | 17,436,707 |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,206,170) | (80,784) | - | (1,286,954) |
| Furniture, equipment & vehicles | (1,511,740) | (138,781) | - | (1,650,521) |
| Infrastructure | (5,072,789) | (296,424) | - | (5,369,213) |
| Total accumulated depreciation | (7,790,699) | (515,989) | - | (8,306,688) |
| Total capital assets, being depreciated, net | 9,590,693 | (460,674) | - | 9,130,019 |
| Governmental activities capital assets, net | <u>\$ 11,951,084</u> | <u>\$ 2,184,658</u> | <u>\$ -</u> | <u>\$ 14,135,742</u> |

Depreciation expense was charged to the functions/programs of the City as follows:

| | |
|--|-------------------|
| Governmental Activities: | |
| General government | \$ 26,562 |
| Public safety | 89,901 |
| Public works/streets | 310,074 |
| Parks & recreation | 89,452 |
| Total depreciation expense - governmental activities | <u>\$ 515,989</u> |

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 6. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year.

| Business Type Activities: | Balance 12/31/20 | Additions | Deletions | Balance 12/31/21 |
|--|-----------------------------|---------------------|------------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land and water rights | \$ 340,274 | \$ - | \$ - | \$ 340,274 |
| Construction in progress | 85,978 | 266,807 | - | 352,785 |
| Total capital assets, not being depreciated | 426,252 | 266,807 | - | 693,059 |
| Capital assets being depreciated: | | | | |
| Utility system and improvements | 24,297,370 | 21,387 | - | 24,318,757 |
| Equipment & vehicles | 394,498 | - | - | 394,498 |
| Total capital assets, being depreciated | 24,691,868 | 21,387 | - | 24,713,255 |
| Less accumulated depreciation for: | | | | |
| Utility system and improvements | (10,706,935) | (605,478) | - | (11,312,413) |
| Equipment & vehicles | (360,819) | (13,622) | - | (374,441) |
| Total accumulated depreciation | (11,067,754) | (619,100) | - | (11,686,854) |
| Total capital assets, being depreciated, net | 13,624,114 | (597,713) | - | 13,026,401 |
| Business-type activities capital assets, net | <u>\$ 14,050,366</u> | <u>\$ (330,906)</u> | <u>\$ -</u> | <u>\$ 13,719,460</u> |

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:

| | |
|---|-------------------|
| Water | 536,672 |
| Sewer | 82,428 |
| Total depreciation expense - business-type activities | <u>\$ 619,100</u> |

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended December 31, 2021:

| | Balance 12/31/20 | Additions | Retirements | Balance 12/31/21 | Current Portion |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| Governmental Activities: | | | | | |
| General Obligation 2018 Bond | \$ 3,070,000 | \$ - | \$ (215,250) | \$ 2,854,750 | \$ 220,000 |
| Sales Tax Bond Series 2021 | - | 1,777,007 | (70,678) | 1,706,329 | 66,082 |
| Lease Purchase-Alpine Bank | 725,000 | - | (78,500) | 646,500 | 81,000 |
| Lease Purchase-Zions Bank | 235,494 | - | (40,717) | 194,777 | 22,572 |
| Compensated absences | 167,816 | 114,823 | (90,356) | 192,283 | 192,283 |
| Total Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 4,198,310</u> | <u>\$ 1,891,830</u> | <u>\$ (495,501)</u> | <u>\$ 5,594,639</u> | <u>\$ 581,937</u> |
| Business-Type Activities: | | | | | |
| Notes from direct borrowings: | | | | | |
| CWRPDA (2012) | \$ 300,113 | \$ - | \$ (20,430) | \$ 279,683 | \$ 20,841 |
| CWRPDA (2014) | 537,348 | - | (32,289) | 505,059 | 32,937 |
| Total notes from direct borrowings | <u>837,461</u> | <u>-</u> | <u>(52,719)</u> | <u>784,742</u> | <u>53,778</u> |
| Compensated absences | <u>75,558</u> | <u>62,332</u> | <u>(44,081)</u> | <u>93,809</u> | <u>93,809</u> |
| Total Business-type activity | | | | | |
| Long-term liabilities | <u>\$ 913,019</u> | <u>\$ 62,332</u> | <u>\$ (96,800)</u> | <u>\$ 878,551</u> | <u>\$ 147,587</u> |

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TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 7. Long-Term Debt, Continued

The following is a listing of Loans and Notes Payable outstanding as of December 31, 2021:

Bonds Payable

General Obligation Bonds

General Obligation Bonds Series 2018, original issue \$3,700,000, secured by ad valorem taxes, bearing interest at 3.07%, due in semi-annual principal and interest installments ranging from \$306,836-\$311,619, maturing December 1, 2032. This bond was approved in January 2018 for water improvements.

\$ 2,854,750

Sales Tax Bonds

Sales Tax Bonds Series 2021, original issue \$1,777,007, secured by revenue derived from the imposition of sales taxes, bearing interest at a fixed rate of 1.92% through 2035 and then 2.31% variable rate through 2040, due in semi-annual principal and interest installments ranging from \$120,811-\$101,000, maturing December 1, 2040. This bond was approved in January 2021 for the town recreation center.

1,706,329

Total Bonds Payable

\$ 4,561,079

Loans and Notes Payable:

Business-Type Activities:

Direct borrowings:

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 2.0%, due in semi-annual principal installments of \$18,438, maturing November 1, 2033. This loan was approved in November 2012 with a maximum principal balance of \$603,300 for wastewater improvements.

\$ 279,683

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 2.0%, due in semi-annual principal installments of \$28,352, maturing May 1, 2035. This loan was approved in July 2014 with a maximum principal balance of \$915,000 for water treatment plant improvements.

505,059

Total Loans and Notes Payable

\$ 784,742

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 7. Long-Term Debt, Continued

Note payable debt service maturities are as follows:

| | <u>Business-Type Activities</u> | | <u>Governmental Activities</u> | |
|-----------------------|-------------------------------------|------------------|--------------------------------|-------------------|
| | <u>Notes from Direct Borrowings</u> | | <u>Bond</u> | |
| Years ending June 30: | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2022 | 53,778 | 13,053 | 286,082 | 122,567 |
| 2023 | 54,860 | 11,434 | 298,360 | 114,544 |
| 2024 | 55,963 | 9,783 | 305,693 | 106,171 |
| 2025 | 57,088 | 8,099 | 318,081 | 97,599 |
| 2026 | 58,135 | 6,381 | 325,524 | 88,674 |
| 2027 | 59,406 | 4,628 | 338,025 | 79,549 |
| 2028 | 60,600 | 2,840 | 345,585 | 70,069 |
| 2029 | 61,818 | 1,544 | 358,204 | 60,386 |
| 2030 | 63,060 | 358 | 370,885 | 50,346 |
| 2031 | 64,328 | - | 378,628 | 39,948 |
| 2032 | 65,621 | - | 391,184 | 29,343 |
| 2033 | 66,940 | - | 94,305 | 18,378 |
| 2034 | 41,822 | - | 97,242 | 16,567 |
| 2035 | 21,325 | - | 100,248 | 14,700 |
| 2036 | | | 103,322 | 12,775 |
| 2037 | | | 106,870 | 10,388 |
| 2038 | | | 110,511 | 7,920 |
| 2039 | | | 114,248 | 5,367 |
| 2040 | | | 118,083 | 2,728 |
| | <u>\$ 784,742</u> | <u>\$ 58,120</u> | <u>\$ 4,561,079</u> | <u>\$ 948,017</u> |

Obligations under Capital Leases

Previously the Town had entered into a \$1,300,000 lease-purchase agreement with Alpine Bank dated September 1, 2008. On April 13, 2017 the Town refinanced the previous agreement into a \$1,026,000 lease-purchase agreement with Alpine Bank. The lease requires semi-annual installments of varying amounts on May 10 and November 10 including interest at 4% through maturity on November 19, 2028 subject to annual appropriation by the Town. Proceeds of the lease were used for construction of a new police station. The lease is secured by an interest in the land on which the police station was constructed.

The lease payments are reported as debt service in the General fund.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 7. Long-Term Debt, Continued

The future minimum lease obligations and the present value of the minimum lease payments as of December 31, 2021 are as follows:

| <u>December 31,</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2022 | 151,914 |
| 2023 | 153,124 |
| 2024 | 152,684 |
| 2025 | 153,094 |
| 2026 | 129,345 |
| 2025-2028 | <u>213,780</u> |
| Total remaining lease payments | \$ 953,943 |
| Less: Amount representing interest | <u>(112,666)</u> |
| Present value of net remaining minimum lease payments | <u><u>\$ 841,277</u></u> |

A summary of assets acquired through capital leases follows:

| | <u>Governmental Activities</u> |
|--------------------------|------------------------------------|
| Vehicles and equipment | \$ 305,931 |
| Accumulated depreciation | 45,890 |
| Buildings | 1,300,000 |
| Accumulated depreciation | <u>(583,025)</u> |
| Net total | <u><u>\$ 1,068,796</u></u> |

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 8. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the year ending December 31, 2021 are as follows:

| | Due from Other Funds | Due to Other Funds |
|-----------------|-------------------------|-----------------------|
| General fund | \$ 205,199 | \$ - |
| Non-Major Funds | - | 205,199 |
| | <u>\$ 205,199</u> | <u>\$ 205,199</u> |

Generally outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of the above interfund amounts are the result of short-term deficit pooled cash balances. There are no specified terms for repayment of the balances at year-end.

Interfund transfers for the year ended December 31, 2021 are as follows:

| | Transfers In | | | | |
|-----------------------|----------------------|---------------------------------|-------------------|------------------------|-------------------|
| | | Non-Major | | | |
| | Debt Service Fund | Economic Development Fund | Recreation Fund | Water-Sewer- Refuse | Total |
| Transfers Out: | | | | | |
| General Fund | \$ - | \$ 89,930 | \$ 140,108 | 93,000 | 323,038 |
| Non-Major Funds | | | | | |
| Recreation Fund | 100,000 | - | - | - | 100,000 |
| | <u>\$ 100,000</u> | <u>\$ 89,930</u> | <u>\$ 140,108</u> | <u>\$ 93,000</u> | <u>\$ 423,038</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9. Retirement and Pension Plans

Town employees may voluntarily contribute to a deferred compensation plan. The defined contribution plan is administered by ICMA Retirement Corporation and was created in accordance with Internal Revenue Code Section 457B. The plan, available to all full-time permanent employees of the Town at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust for the exclusive benefit of participating employees and are not accessible by the Town or its creditors.

The Town's contribution for each employee and investment earnings allocated to the employee's account are fully vested. The Town contributes up to 7% of eligible employee's wages. The Town's contributions to the plan were \$78,168 during the year ended December 31, 2021.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 10. Risk Management

Public Entity Risk Pool

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Claims have not exceeded coverage in any of the last three fiscal years.

The Town is insured by Workers Compensation for potential worker related accidents.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-1155, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage's 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.

The general objectives of the Agency are to provide member municipalities defined liability and property coverage through joint self-insurance and to assists members in loss prevention measures. Any member may withdraw from the Agency by giving written notice to the Board of Directors of the prospective effective date of its withdrawal.

CIRSA is financed by annual contributions and interest earnings on the contributions. The contributions are used, in part, to establish loss funds from which member claims and associated costs are paid. Excess reinsurance coverage is also purchased. Certain surplus funds are used to the benefit of members and may include reductions in future contributions. Although none have occurred to date, additional member contributions may be required if necessary. The Town's contribution to CIRSA for insurance coverage is reported as an expenditure in the General fund. The Town is unaware of any excess losses which may have been incurred by CIRSA and there have been no settled claims which exceed insurance coverage in any of the last three years. The Town's share of surplus contributions held by CIRSA at December 31, 2012 was \$65,295. The Town's share of the surplus as of December 31, 2021 was not available.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA. The Board of Directors of the Agency is composed of seven directors elected by the members at the annual meeting to be scheduled in December each year.

Health Reimbursement Arrangement Plan

In order to control increasing health care costs, effective January 1, 2011, the Town established a Health Reimbursement Arrangement (HRA) Plan that reimburses employees for group medical health insurance plan deductible and actual eligible medical expenses incurred (as defined under Internal Revenue Code Section 213(d)). The plan year is from March 1 through February 28. At the end of a plan year, any unused claim liability in an HRA Plan account is returned to the Town.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 11. Contingencies and Commitments

Litigation

The Town is involved with various matters of litigation from year to year. It is the opinion of Town officials that any potential cases will either be handled by the Town's insurance coverage or that they will not have a material effect on the Town's financial condition.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town does not anticipate any such amounts.

Yamcolo Reservoir Storage Agreement

The Town entered into an extension and amendment agreement with the Upper Yampa Water Conservancy District (UYWCD) effective July 15, 2011 for 300 acre feet of storage water in the Yamcolo Reservoir for thirty years terminating July 15, 2041. The purchase price for the storage water was \$68.38 per acre foot in 2011 and is subject to an annual CPI increase thereafter.

Stagecoach Reservoir Water Allotment Contract

The Town entered into a water allotment contract with UYWCD in 1986 for 200 acre feet of storage water in the Stagecoach Reservoir for thirty years terminating 2018. The contract was extended through 2021 on December 21, 2017. The purchase price for the storage water was \$35.00 per acre foot and is due annually on July 15th.

Note 12. Local Taxes on Aviation Fuel

On October 6th, 2017 the Town of Hayden was made aware of a Federal Aviation Administration "Revenue Use Policy" regarding tax proceeds from aviation fuel (64 FR 7696). The Department of Local Affairs provided clarification on this issue October 6th, 2017 with a memo outlining the "Revenue Use Policy" as clarified on November 7, 2014 by the Federal Aviation Administration. The Town was not aware of such policy and has been collecting sales taxes on aviation fuel since the Yampa Valley Regional Airport was annexed into the Town March 25, 1996. The Department of Local Affairs has stated: "by federal statute, local governmental taxes on aviation fuel effective after December 30, 1987 must be used only for specified "aviation-related purposes," limited to the capital or operating costs of the airport, the local airport system, or other facilities owned and operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property." Established via Ordinance No. 351, the Town of Hayden's sales tax rate is 4% and has been in effect since December 3, 1987.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2021

Note 12. Local Taxes on Aviation Fuel, Continued

In that ordinance sales tax is defined in section 3.04.020, section A, “there is hereby imposed on all sales of tangible personal property at retail and the furnishing of services as provided in Colorado Revised Statutes 1973, 39-26-104, as amended, a tax equal to five percent (4%) of the gross receipts of sales and services consummated within the limits of the Town of Hayden.” Based on its research the Town of Hayden performed, management believes that the tax the Town collects on aviation fuel was in effect before December 30, 1987 and therefore is exempt from remitting these taxes back to the “Airport Sponsor” as defined under the FAA Revenue Use Policy 49 USC 47107(b).” Additionally, in the 2020 election, the sales tax rate was increased by 1%, to a total of 5%, effective starting January 1, 2021.

Note 13. Prior Period Adjustments

A prior period adjustment was recorded in the economic development fund for grant revenues receipted in 2021 which were actually 2020 revenues. Beginning fund balance in the economic development fund was increased by \$19,250.

A prior period adjustment was recorded in the general and water-sewer-refuse funds for an interfund transfer relating to 2020 activity that wasn’t recorded in the prior year financial statements for \$97,596.

Finally, a prior period adjustment was recorded to eliminate a cash account belonging to the Yampa Valley Community Foundation, a separate organization, which was inadvertently recorded as a Town of Hayden asset in 2020 for \$16,943. The prior period adjustment changed beginning fund balance for the following amounts in the following funds: general fund (\$178), economic development fund \$5,000 and the recreation fund for \$12,119.

TOWN OF HAYDEN, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUND:

General Fund – Detail Budget and Actual

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2021

| REVENUES: | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Taxes: | | | | |
| Sales tax | \$ 1,075,573 | \$ 1,075,573 | \$ 1,482,579 | \$ 407,006 |
| Property tax | 662,079 | 662,079 | 663,752 | 1,673 |
| Vehicle rental tax | 135,000 | 135,000 | 236,200 | 101,200 |
| Other taxes | 65,348 | 65,348 | 93,414 | 28,066 |
| Franchise tax | 64,009 | 64,009 | 80,044 | 16,035 |
| Total Taxes | <u>2,002,009</u> | <u>2,002,009</u> | <u>2,555,989</u> | <u>553,980</u> |
| Licenses, Permits and Fees: | | | | |
| Licenses, permits and fees | 14,505 | 14,505 | 14,789 | 284 |
| Building permits | 6,000 | 6,000 | 3,937 | (2,063) |
| Total Licenses, Permits and Fees | <u>20,505</u> | <u>20,505</u> | <u>18,726</u> | <u>(1,779)</u> |
| Intergovernmental: | | | | |
| Highway users tax | 90,000 | 90,000 | 73,637 | (16,363) |
| Severance tax | 37,171 | 37,171 | 3,066 | (34,105) |
| Other | 54,158 | 54,158 | 72,807 | 18,649 |
| Grant revenues | 445,000 | 445,000 | 480,794 | 35,794 |
| Total Intergovernmental | <u>626,329</u> | <u>626,329</u> | <u>630,304</u> | <u>3,975</u> |
| Fines and Forfeitures: | | | | |
| Fines and forfeitures | 11,000 | 11,000 | 4,790 | (6,210) |
| Total Fines and Forfeitures | <u>11,000</u> | <u>11,000</u> | <u>4,790</u> | <u>(6,210)</u> |
| Charges for Services: | | | | |
| Other charges | 16,220 | 13,720 | 17,740 | 4,020 |
| Total Charges for Services | <u>16,220</u> | <u>13,720</u> | <u>17,740</u> | <u>4,020</u> |
| Interest: | | | | |
| Interest revenue | 5,357 | 5,357 | 9,094 | 3,737 |
| Total Interest | <u>5,357</u> | <u>5,357</u> | <u>9,094</u> | <u>3,737</u> |
| Other Revenues: | | | | |
| Sale of capital assets | 14,000 | 14,000 | - | (14,000) |
| Miscellaneous revenue | 24,200 | 24,200 | 33,612 | 9,412 |
| Total Other Revenues | <u>38,200</u> | <u>38,200</u> | <u>33,612</u> | <u>(4,588)</u> |
| TOTAL REVENUES | <u>2,719,620</u> | <u>2,717,120</u> | <u>3,270,255</u> | <u>553,135</u> |

(continued)

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual (Continued)
For the Year Ended December 31, 2021

| EXPENDITURES | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------|------------------|------------|-------------------|-------------------------------|
| | Original | Final | | |
| General Government: | | | | |
| Administrative: | | | | |
| Salaries and wages | \$ 156,931 | \$ 164,635 | \$ 175,401 | \$ (10,766) |
| Benefits | 114,770 | 114,770 | 107,230 | 7,540 |
| Services, supplies and other | 102,496 | 102,496 | 97,428 | 5,068 |
| Total administration | 374,197 | 381,901 | 380,059 | 1,842 |
| Legislative: | | | | |
| Salaries and wages | 9,500 | 9,500 | 9,221 | 279 |
| Benefits | 1,291 | 1,291 | 1,137 | 154 |
| Treasurer fees | 13,242 | 13,242 | 14,568 | (1,326) |
| Services, supplies and other | 23,800 | 23,800 | 26,370 | (2,570) |
| Total legislation | 47,833 | 47,833 | 51,296 | (3,463) |
| Building department | 21,363 | 21,363 | 24,295 | (2,932) |
| Data processing department | 26,500 | 26,500 | 25,817 | 683 |
| Judicial department | 14,554 | 14,554 | 13,633 | 921 |
| Planning department | 52,312 | 52,312 | 46,199 | 6,113 |
| Intergovernmental services | 12,000 | 12,000 | - | 12,000 |
| Total General Government | 548,759 | 556,463 | 541,299 | 15,164 |
| Public Safety: | | | | |
| Police department: | | | | |
| Salaries and wages | 533,096 | 533,096 | 536,431 | (3,335) |
| Benefits | 216,833 | 216,833 | 175,603 | 41,230 |
| Services, supplies and other | 249,670 | 191,670 | 153,478 | 38,192 |
| Total Public Safety | 999,599 | 941,599 | 865,512 | 76,087 |
| (continued) | | | | |

(continued)

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual (Continued)
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---------------------------------------|-------------------------|----------------|----------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| Public Works: | | | | |
| Streets department: | | | | |
| Salaries and wages | \$ 225,999 | \$ 225,999 | \$ 217,518 | \$ 8,481 |
| Benefits | 114,030 | 114,030 | 109,767 | 4,263 |
| Services, supplies and other | 178,426 | 178,426 | 209,562 | (31,136) |
| Capital outlay | 283,000 | 283,000 | 326,867 | (43,867) |
| Total streets department | <u>801,455</u> | <u>801,455</u> | <u>863,714</u> | <u>(62,259)</u> |
| Mosquito control: | | | | |
| Benefits | 400 | 400 | - | 400 |
| Services, supplies and other | 15,675 | 15,675 | 22,003 | (6,328) |
| Total mosquito control | <u>16,075</u> | <u>16,075</u> | <u>22,003</u> | <u>(5,928)</u> |
| Total Public Works | <u>817,530</u> | <u>817,530</u> | <u>885,717</u> | <u>(68,187)</u> |
| Parks, Culture and Recreation: | | | | |
| Parks: | | | | |
| Salaries and wages | 89,087 | 89,087 | 97,793 | (8,706) |
| Benefits | 29,341 | 29,341 | 37,707 | (8,366) |
| Services, supplies and other | 109,935 | 79,444 | 97,088 | (17,644) |
| Total Parks | <u>228,363</u> | <u>197,872</u> | <u>232,588</u> | <u>(34,716)</u> |
| Total Parks, Culture & Recreation | <u>228,363</u> | <u>197,872</u> | <u>232,588</u> | <u>(34,716)</u> |

(continued)

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual (Continued)
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|-------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| Debt Service: | | | | |
| Principal | 218,252 | 218,252 | 119,216 | 99,036 |
| Interest | 33,448 | 33,448 | 33,448 | - |
| Total Debt Service | <u>251,700</u> | <u>251,700</u> | <u>152,664</u> | <u>99,036</u> |
| TOTAL EXPENDITURES | <u>2,845,951</u> | <u>2,765,164</u> | <u>2,677,780</u> | <u>87,384</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(126,331)</u> | <u>(48,044)</u> | <u>592,475</u> | <u>640,519</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | - | - |
| Transfer out | <u>(245,190)</u> | <u>(271,190)</u> | <u>(323,038)</u> | <u>(51,848)</u> |
| Total Other Financing Sources (Uses) | <u>(245,190)</u> | <u>(271,190)</u> | <u>(323,038)</u> | <u>(51,848)</u> |
| Net change in fund balance | (371,521) | (319,234) | 269,437 | 588,671 |
| Fund balance, beginning of year | 1,234,612 | 1,234,612 | 1,234,612 | - |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>(97,418)</u> | <u>(97,418)</u> |
| Fund balance, end of year | <u>\$ 863,091</u> | <u>\$ 915,378</u> | <u>\$ 1,406,631</u> | <u>\$ 491,253</u> |

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FOLLOWING FUNDS:

Major Capital Projects Fund

The **Capital Improvements Fund** is used to account for the acquisition and construction of major capital facilities and improvements.

Major Debt Service Fund

The **Debt Service Fund** is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment.

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- The **Conservation Trust Fund** is used to account for State of Colorado lottery funds to be used for parks and recreation services and capital improvement.
- The **Economic Development Fund** is used to account for economic developments and improvements.
- The **Recreation Fund** is used to account for recreational activities related to the town's recreational center.

Major Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The budgets for the enterprise funds have been prepared and presented on a modified accrual basis which is an accounting basis other than GAAP for enterprise funds.

- The **Water-Sewer-Refuse Fund** is used to account for the Town's water wells, treatment facilities and distribution system, Town's sewer collection and treatment services, and refuse collection services.

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Improvements Fund - Budget and Actual
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | | <u>Variance with</u> |
|---|-------------------------|--------------|---------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| REVENUES: | | | | |
| Other Revenues: | | | | |
| Intergovernmental revenue: | | | | |
| Grants | \$ 1,802,000 | \$ 1,802,000 | \$ 714,540 | \$ (1,087,460) |
| Total revenue | 1,802,000 | 1,802,000 | 714,540 | (1,087,460) |
| EXPENDITURES: | | | | |
| Capital outlay | 3,644,193 | 3,644,193 | 2,391,704 | 1,252,489 |
| Total Expenditures | 3,644,193 | 3,644,193 | 2,391,704 | 1,252,489 |
| Excess of Revenues Over (Under) Expenditures | (1,842,193) | (1,842,193) | (1,677,164) | 165,029 |
| Other Financing Sources (Uses): | | | | |
| Financing proceeds | 1,711,003 | 1,900,000 | 1,777,007 | (122,993) |
| Transfers in | 131,190 | 131,190 | - | (131,190) |
| Total Other Financing Sources (Uses) | 1,842,193 | 2,031,190 | 1,777,007 | (254,183) |
| Net change in Fund Balance | - | 188,997 | 99,843 | (89,154) |
| Fund balance, beginning of year | 96,543 | 96,543 | 96,543 | - |
| Fund balance, end of year | \$ 96,543 | \$ 285,540 | \$ 196,386 | \$ (89,154) |

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund - Budget and Actual
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | | <u>Variance with</u> |
|---|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| REVENUES: | | | | |
| Taxes | \$ 430,999 | \$ 430,999 | \$ 440,067 | \$ 9,068 |
| Interest income | 1,000 | 1,000 | 1,365 | 365 |
| Total revenue | 431,999 | 431,999 | 441,432 | 9,433 |
| EXPENDITURES: | | | | |
| General government: | | | | |
| Bank fees | 8,182 | 8,182 | 8,255 | (73) |
| Debt Service: | | | | |
| Principal | 264,850 | 264,850 | 285,927 | (21,077) |
| Interest | 94,249 | 94,249 | 123,572 | (29,323) |
| Bond issuance costs | 50,143 | 50,143 | 57,770 | (7,627) |
| Total Debt Service | 409,242 | 409,242 | 467,269 | (58,027) |
| Total Expenditures | 417,424 | 417,424 | 475,524 | (58,100) |
| Excess of Revenues Over (Under) Expenditures | 14,575 | 14,575 | (34,092) | (48,667) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 100,000 | 100,000 | 100,000 | - |
| Fund balance, beginning of year | 152,227 | 152,227 | 152,227 | - |
| Fund balance, end of year | <u>\$ 266,802</u> | <u>\$ 266,802</u> | <u>\$ 218,135</u> | <u>\$ (48,667)</u> |

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Conservation Trust Fund - Budget and Actual
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> <u>Final Budget</u> |
|---|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental revenue: | | | | |
| State lottery | \$ 19,700 | \$ 19,700 | \$ 23,830 | \$ 4,130 |
| Grants | 70,000 | 70,000 | - | (70,000) |
| Interest income | <u>250</u> | <u>250</u> | <u>-</u> | <u>(250)</u> |
| Total revenue | <u>89,950</u> | <u>89,950</u> | <u>23,830</u> | <u>(66,120)</u> |
| EXPENDITURES: | | | | |
| Parks, culture and recreation: | | | | |
| Capital outlay | <u>80,000</u> | <u>80,000</u> | <u>6,930</u> | <u>73,070</u> |
| Total Expenditures | <u>80,000</u> | <u>80,000</u> | <u>6,930</u> | <u>73,070</u> |
| Excess of Revenues Over (Under) Expenditures | <u>9,950</u> | <u>9,950</u> | <u>16,900</u> | <u>6,950</u> |
| Fund balance, beginning of year | <u>20,272</u> | <u>20,272</u> | <u>20,272</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 30,222</u></u> | <u><u>\$ 30,222</u></u> | <u><u>\$ 37,172</u></u> | <u><u>\$ 6,950</u></u> |

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Economic Development Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|----------|-----------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES: | | | | |
| Intergovernmental revenue | \$40,000 | \$40,000 | \$224,419 | \$184,419 |
| Other revenue | 33,800 | 33,800 | - | (33,800) |
| Total revenue | 73,800 | 73,800 | 224,419 | 150,619 |
| EXPENDITURES: | | | | |
| Economic development: | | | | |
| Salaries | 22,500 | 22,500 | 15,487 | 7,013 |
| Employee benefits | 1,072 | 1,072 | 2,507 | (1,435) |
| Services, supplies, and other | 24,041 | 24,041 | 266,912 | (242,871) |
| Capital outlay | 25,000 | 25,000 | 29,443 | (4,443) |
| Total Expenditures | 72,613 | 72,613 | 314,349 | (241,736) |
| Excess of Revenues Over (Under) Expenditures | 1,187 | 1,187 | (89,930) | (91,117) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 89,930 | 89,930 |
| Fund balance, beginning of year | 6,665 | 6,665 | 6,665 | - |
| Prior period adjustment | - | - | 14,250 | 14,250 |
| Fund balance, end of year | \$ 7,852 | \$ 7,852 | \$ 20,915 | \$ 13,063 |

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Recreation Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|------------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES: | | | | |
| Taxes | \$ 143,000 | \$ 143,000 | \$ 365,739 | \$ 222,739 |
| Intergovernmental revenue | 90,000 | 90,000 | 45,300 | (44,700) |
| Charges for Services | 227,800 | 197,800 | 97,120 | (100,680) |
| Other Revenue | 2,500 | 2,500 | - | (2,500) |
| Total revenue | 463,300 | 433,300 | 508,159 | 74,859 |
| EXPENDITURES: | | | | |
| Parks, culture and recreation: | | | | |
| Salaries | 209,902 | 209,902 | 238,386 | (28,484) |
| Employee benefits | 88,892 | 88,892 | 124,544 | (35,652) |
| Services, supplies, and other | 174,231 | 174,231 | 170,138 | 4,093 |
| Total Expenditures | 473,025 | 473,025 | 533,068 | (60,043) |
| Excess of Revenues Over (Under) Expenditures | (9,725) | (39,725) | (24,909) | 14,816 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 114,000 | 140,000 | 140,108 | 108 |
| Transfers out | (100,000) | (100,000) | (100,000) | - |
| Fund balance, beginning of year | 14,387 | 14,387 | 14,387 | - |
| Prior period adjustment | - | - | (12,119) | (12,119) |
| Fund balance, end of year | \$ 18,662 | \$ 14,662 | \$ 17,467 | \$ 2,805 |

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenses and Changes in Net Position
Water-Sewer-Refuse Fund
Budget and Actual with Reconciliation to US GAAP Basis
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|--|-------------------|---------------------|-------------------|-----------------------|
| | Original | Final | Actual | Final Budget |
| Revenues | | | | |
| Charges for services: | | | | |
| Water | \$ 956,657 | \$ 956,657 | \$ 937,166 | \$ (19,491) |
| Sewer | 431,543 | 431,543 | 442,519 | 10,976 |
| Refuse | 242,935 | 242,935 | 262,983 | 20,048 |
| Other revenues | 720,100 | 1,100,100 | 8,247 | (1,091,853) |
| Total Revenues | <u>2,351,235</u> | <u>2,731,235</u> | <u>1,650,915</u> | <u>(1,080,320)</u> |
| Expenses | | | | |
| Water: | | | | |
| Operating water | 233,615 | 233,615 | 277,837 | (44,222) |
| Water treatment plant | 106,068 | 106,068 | 117,322 | (11,254) |
| Golden meadows | 13,859 | 13,859 | 13,760 | 99 |
| Hospital hill | 710,550 | 10,550 | 13,485 | (2,935) |
| Seneca hill | 1,521 | 1,521 | 11,944 | (10,423) |
| Meters | 38,400 | 38,400 | 38,300 | 100 |
| Water rights | 51,493 | 51,493 | 40,594 | 10,899 |
| Water distribution | 25,000 | 25,000 | 48,088 | (23,088) |
| Administration water | 112,091 | 112,091 | 138,000 | (25,909) |
| Sewer: | | | | |
| Operating sewer | 160,159 | 160,159 | 174,630 | (14,471) |
| Sewer treatment plant | 76,218 | 76,218 | 77,678 | (1,460) |
| Washington street | 2,220 | 2,220 | 2,756 | (536) |
| Sewer collection system | 2,150 | 5,650 | 11,000 | (5,350) |
| Lift stations | 13,809 | 12,932 | 13,370 | (438) |
| Administration sewer | 112,402 | 120,902 | 110,980 | 9,922 |
| Refuse Collection | <u>221,814</u> | <u>221,814</u> | <u>283,351</u> | <u>(61,537)</u> |
| Total Expenses | <u>1,881,369</u> | <u>1,192,492</u> | <u>1,373,095</u> | <u>(180,603)</u> |
| Operating Income(loss) excluding depreciation | <u>469,866</u> | <u>1,538,743</u> | <u>277,820</u> | <u>(1,260,923)</u> |
| Non-operating Revenues (Expenses) | | | | |
| Interest income | 1,000 | 1,000 | - | (1,000) |
| Connection and tap fees | <u>137,900</u> | <u>137,900</u> | <u>115,444</u> | <u>(22,456)</u> |
| Total Non-Operating Revenue (Expense) | <u>138,900</u> | <u>138,900</u> | <u>115,444</u> | <u>(23,456)</u> |
| Income(loss) before contributions, transfers and capital and related financing activities | <u>\$ 608,766</u> | <u>\$ 1,677,643</u> | <u>\$ 393,264</u> | <u>\$ (1,284,379)</u> |

(continued)

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenses and Changes in Net Position
Water-Sewer-Refuse Fund (Continued)
Budget and Actual with Reconciliation to US GAAP Basis
For the Year Ended December 31, 2021

| | <u>Budgeted Amounts</u> | | | <u>Variance with</u> |
|---|-------------------------|-----------------|-----------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| Contributions, Transfers and Capital and Related Financing Activities: | | | | |
| Capital outlay | \$ (1,032,000) | \$ (1,032,000) | \$ (288,194) | \$ 743,806 |
| Debt service | (232,206) | (69,206) | (69,206) | - |
| Capital contributions and grants | 700,000 | 1,080,000 | 146,187 | (933,813) |
| Transfers out | - | - | - | - |
| Total Contributions, transfers and capital and related financing activities | <u>(564,206)</u> | <u>(21,206)</u> | <u>(118,213)</u> | <u>(97,007)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | 44,560 | 1,656,437 | 275,051 | (1,381,386) |
| Reconciliation to net income: | | | | |
| Depreciation | | | (619,100) | |
| Capital outlay | | | 288,194 | |
| Debt principal payments | | | <u>52,719</u> | |
| US GAAP basis net income (loss) | | | <u>(3,136)</u> | |
| Net position, beginning of year | | | <u>13,153,219</u> | |
| Net position, end of year | | | <u><u>\$ 13,247,679</u></u> | |

TOWN OF HAYDEN, COLORADO

SUPPLEMENTARY INFORMATION

**COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY
LOAN COVENANTS AND REQUIREMENTS**

The Colorado Water Resources and Power Development Authority Loan Agreement sets forth certain covenants and restrictions. As of December 31, 2021, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit A and Exhibit F, Additional Covenants and Requirements. See footnote 7 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town shall establish and collect such rates, fees, and charges for the use or the sale of the products and services of the System as, together with other moneys available therefore, are expected to produce Gross revenue for each calendar year that will be at least sufficient for such calendar year to pay the sum of estimated operation and maintenance expenses, 110% of the debt service coming due on the bond during the calendar year and other debt service requirements. Gross revenue as defined in Para (3) of Exhibit A to the Loan Agreement is all income and revenues directly or indirectly derived by the government agency for the operation and use of the system, including investment income, but excluding, property taxes and grants received for capital improvements.

Summary of 2021 Gross Revenue Requirement

| | |
|--|--------------|
| Total Gross Revenue requirement | \$ 1,178,171 |
| Total water fund revenues, exluding capital grants | \$ 1,357,189 |
| Excess (deficiency) of gross revenues | \$ 179,018 |
| 2021 Actual coverage ratio of CWRPDA debt service | 595% |

- **Operations and Maintenance Reserve Fund Covenant:** The Town has set aside sufficient funds to meet the Reserve Fund covenant. See footnote 5 for more details regarding the reserve fund amount.

SUPPLEMENTARY INFORMATION
LOCAL HIGHWAY FINANCE REPORT

Section 43-2-132 of the Colorado Revised Statutes requires municipalities receiving Highway User Tax Funds to include a schedule of highway receipts and expenditures with the audit report. The said report is presented on the following two pages.

| | | | |
|---|-------------------|--|-------------------|
| | | City or County: Town of Hayden, CO | |
| | | YEAR ENDING : December 31, 2021 | |
| LOCAL HIGHWAY FINANCE REPORT | | | |
| This Information From The Records Of Town of Hayden, Colorado: | | Prepared By: Andrea Salazar Phone: 970-276-3741 | |
| I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE | | | |
| ITEM | A. Local | B. Local | C. Receipts from |
| 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) | 326,767 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 370,042 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 36,792 |
| 2. General fund appropriations | 836,454 | b. Snow and ice removal | 49,840 |
| 3. Other local imposts (from page 2) | 47,573 | c. Other | 0 |
| 4. Miscellaneous local receipts (from page 2) | 5,600 | d. Total (a. through c.) | 86,632 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 45,965 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 110,277 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 939,683 |
| 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) | 889,627 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 231,089 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 1,120,716 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | 0 |
| | | D. Payments to toll facilities | 0 |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 939,683 |
| IV. LOCAL HIGHWAY DEBT STATUS | | | |
| | Opening Debt | Amount Issued | 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 |
| 0 | 1,120,716 | 939,683 | 181,033 |
| Notes and Comments: | | | |

| | | | |
|---|--------------------|--|------------------|
| | | STATE: Colorado | |
| | | YEAR ENDING (mm/yy): December 31, 2021 | |
| LOCAL HIGHWAY FINANCE REPORT | | | |
| II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
| ITEM | AMOUNT | ITEM | AMOUNT |
| A.3. Other local | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and | | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 4,790 |
| 1. Sales Taxes | | c. Parking Garage Fees | |
| 2. Infrastructure & | | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership | 47,573 | g. Other Misc. Receipts | 810 |
| 6. Total (1. through 5.) | 47,573 | h. Other | |
| c. Total (a. + b.) | 47,573 | i. Total (a. through h.) | 5,600 |
| (Carry forward to page 1) | | (Carry forward to page 1) | |
| ITEM | AMOUNT | ITEM | AMOUNT |
| C. Receipts from | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 73,637 | 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 | 9,931 | d. Federal Transit Admin | |
| d. Other (Specify) - | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | 147,521 | f. Other Federal | |
| f. Total (a. through e.) | 157,452 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 231,089 | 3. Total (1. + 2.g) | 0 |
| | | (Carry forward to page 1) | |
| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL | | | |
| | ON NATIONAL | OFF NATIONAL | TOTAL (c) |
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | | | 0 |
| b. Engineering Costs | | 326,767 | 326,767 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | | 0 |
| (4). System Enhancement & Operation | | | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 0 | 0 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + | 0 | 326,767 | 326,767 |
| | | (Carry forward to page 1) | |
| Notes and Comments: | | | |

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE



**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and Town Council
Town of Hayden, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 9, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Hayden, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hayden, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hayden, Colorado's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the findings and recommendations letter dated May 9, 2022 as items 2021-001 Segregation of Duties, and item 2021-002 Year End Accounting and Financial Statement Controls that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HintonBurdick, PLLC

St. George, Utah

May 9, 2022