



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**WITH REPORT OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

# TOWN OF HAYDEN, COLORADO

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**TOWN OF HAYDEN, COLORADO**

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## **Independent Auditors' Report**

The Honorable Mayor and Town Council  
Town of Hayden, Colorado

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of December 31, 2019, 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.

## ***Other-Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the General Fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hayden, Colorado's basic financial statements. The Capital Improvements Fund, and Debt Service Fund budgetary comparison information schedules, the nonmajor fund and enterprise fund budgetary comparison schedules and the loan requirement disclosures are presented for additional analysis and are not a required part of the basic financial statements. The Local Highway Finance Report is presented for additional analysis as required by the State of Colorado and is not a required part of the basic financial statements.

The Capital Improvements Fund, Debt Service Fund, Conservation Trust Fund, Development Fee Fund and the enterprise fund budgetary comparison information schedules, the loan requirement disclosures and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Capital Improvements Fund, Debt Service Fund, Conservation Trust Fund, Development Fee Fund and enterprise fund budgetary comparison schedules, the loan requirement disclosures and the Local Highway Finance Report are fairly stated in all material respects in relation to the 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 August 7, 2020, on our consideration of the Town of Hayden, Colorado'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 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 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 of Hayden, Colorado's internal control over financial reporting and compliance.

*Hinton Burdick, PLLC*

HintonBurdick, PLLC  
St. George, Utah  
August 7, 2020

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**TOWN OF HAYDEN, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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, 2019. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Governmental net position decreased from \$12 million to \$9.2 million during 2019 mainly as a result of capital contributions to the utility fund.
- Business-type net position increased by \$3.2 million to \$12.3 million during 2019 mainly as a result of capital contributions from the capital improvements fund.
- The combined net investment in capital assets is \$19.4 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 \$2 million.
- Total revenues in the General fund increased from \$2.38 million to \$2.75 million.
  - Property tax revenues increased from 2018 to 2019 from \$514,604 to \$536,520.
  - Local sales tax collections of \$1,222,009 increased by 18.46% or \$190,442 from the previous year.
  - Car rental tax collections of \$154,964 increased by 7.43% or \$10,720 from the previous year.
- The general fund unassigned fund balance at the end of 2019 was \$1,066,875 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 \$21.56 million as of December 31, 2019 as shown in the following condensed statement of net position. Of this amount, \$2 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 \$19.4 million (90% 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, 2019 and 2018:

### TOWN OF HAYDEN, COLORADO Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/19	12/31/18	12/31/19	12/31/18	12/31/19	12/31/18
Current and other assets	\$ 2,560,811	\$ 4,870,605	\$ 1,281,213	\$ 1,480,559	\$ 3,842,024	\$ 6,351,164
Capital assets	12,160,003	12,758,842	12,543,553	9,104,008	24,703,556	21,862,850
Total assets	14,720,814	17,629,447	13,824,766	10,584,567	28,545,580	28,214,014
Long-term liabilities outstanding	4,246,808	4,429,539	1,195,391	1,271,338	5,442,199	5,700,877
Other liabilities	635,737	593,716	290,797	126,147	926,534	719,863
Total liabilities	4,882,545	5,023,255	1,486,188	1,397,485	6,368,733	6,420,740
Deferred inflows of resources	618,603	540,595	-	-	618,603	540,595
Net position:						
Net investment in capital assets	8,002,964	8,405,842	11,423,720	7,862,757	19,426,684	16,268,599
Restricted	152,388	2,621,991	-	-	152,388	2,621,991
Unrestricted	1,064,314	1,037,764	914,858	1,324,325	1,979,172	2,362,089
Total net position	\$ 9,219,666	\$ 12,065,597	\$ 12,338,578	\$ 9,187,082	\$ 21,558,244	\$ 21,252,679

An additional portion of net position, \$146,487 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$2 million (9% 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 \$6,474,040. As shown in the Changes in Net Position statement below. \$84,788 of this cost was paid for by those who directly benefited from the programs. \$167,929 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 \$252,717. General taxes other revenues and investment earnings totaled \$2,880,457.

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.

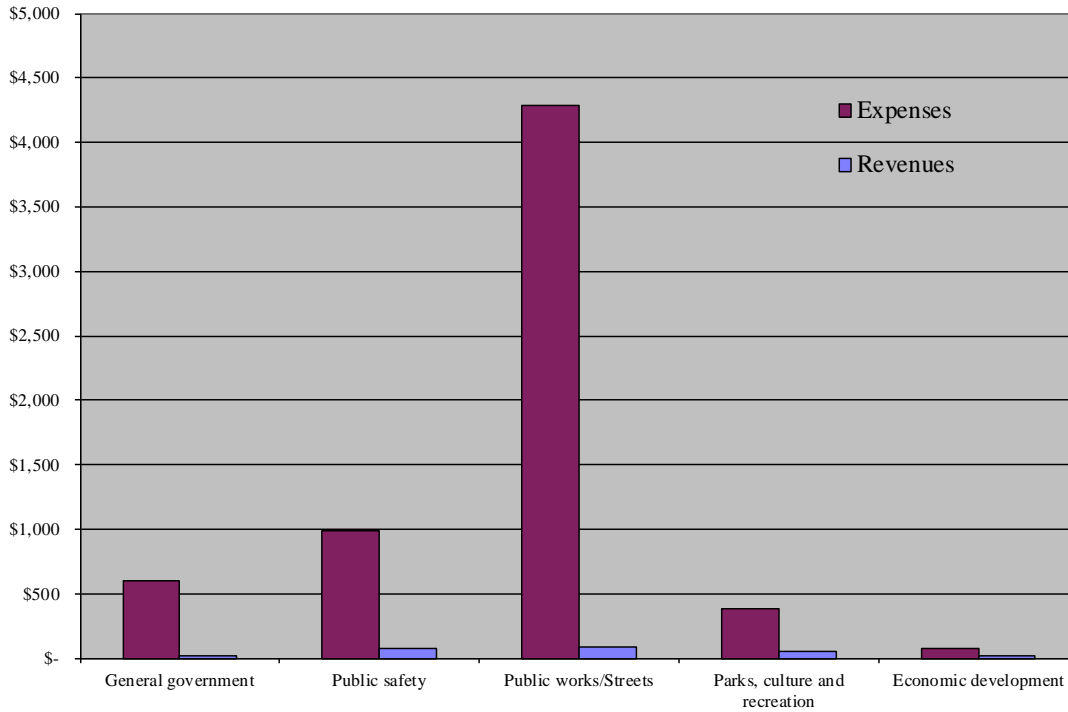
### TOWN OF HAYDEN, COLORADO Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/19	12/31/18	12/31/19	12/31/18	12/31/19	12/31/18
Revenues:						
Program revenues:						
Charges for services	\$ 84,788	\$ 155,834	\$ 1,494,551	\$ 1,487,717	\$ 1,579,339	\$ 1,643,551
Operating grants and contributions	152,629	161,412	-	-	152,629	161,412
Capital grants and contributions	15,300	511,074	3,781,808	747,218	3,797,108	1,258,292
General revenues:						
Taxes	2,819,685	2,371,733	-	-	2,819,685	2,371,733
Investment earnings	13,544	16,321	-	-	13,544	16,321
Other revenue	47,227	33,554	135	-	47,362	33,554
Total revenues	<u>3,133,173</u>	<u>3,249,928</u>	<u>5,276,494</u>	<u>2,234,935</u>	<u>8,409,667</u>	<u>5,484,863</u>
Expenses:						
General government	600,720	651,562	-	-	600,720	651,562
Public safety	983,057	812,533	-	-	983,057	812,533
Public works/Streets	4,291,233	1,399,479	-	-	4,291,233	1,399,479
Parks, culture and recreation	384,926	329,789	-	-	384,926	329,789
Economic development	70,929	30,544	-	-	-	-
Interest on long-term debt	143,175	201,909	-	-	143,175	201,909
Water	-	-	993,743	974,232	993,743	974,232
Sewer	-	-	480,475	427,272	-	-
Refuse	-	-	155,843	153,810	155,843	153,810
Total expenses	<u>6,474,040</u>	<u>3,425,816</u>	<u>1,630,061</u>	<u>1,555,314</u>	<u>7,552,697</u>	<u>4,523,314</u>
Increase (Decrease) in net assets before transfers	(3,340,867)	(175,888)	3,646,433	679,621	305,566	503,733
Transfers	494,936	-	(494,936)	-	-	-
Net position, beginning	12,065,597	12,186,796	9,187,082	8,507,461	21,252,679	20,694,257
Prior period adjustment	-	54,689	-	-	-	54,689
Net position, ending	<u>\$ 9,219,666</u>	<u>\$ 12,065,597</u>	<u>\$ 12,338,579</u>	<u>\$ 9,187,082</u>	<u>\$ 21,558,245</u>	<u>\$ 21,252,679</u>

Total resources available during the year to finance governmental operations were \$15.2 million consisting of Net position at January 1, 2019 of \$12 million, program revenues of \$252,717 and General Revenues of 2,880,457. Total Governmental Activity expenses, including depreciation of \$473,350 were \$6,474,040; thus Governmental Net Position was decreased by \$2,845,930 to \$9,219,667. The most significant reason for the decrease is due to a capital contribution to the utility fund.

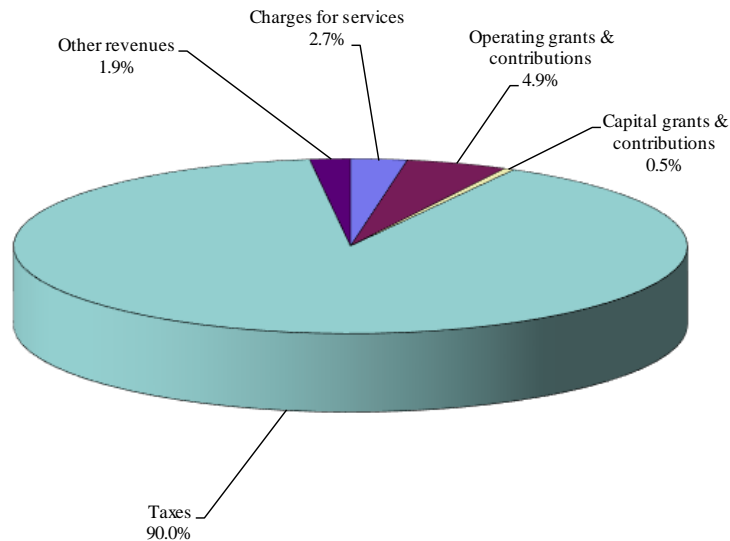
The following graph compares program expenses to program revenues (charges for services and grants):

**Expenses and Program Revenues - Governmental Activities**  
(in Thousands)



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 0.5% of the Town's total governmental revenues for the current year. Shortfalls are made up by taxes and other revenues.

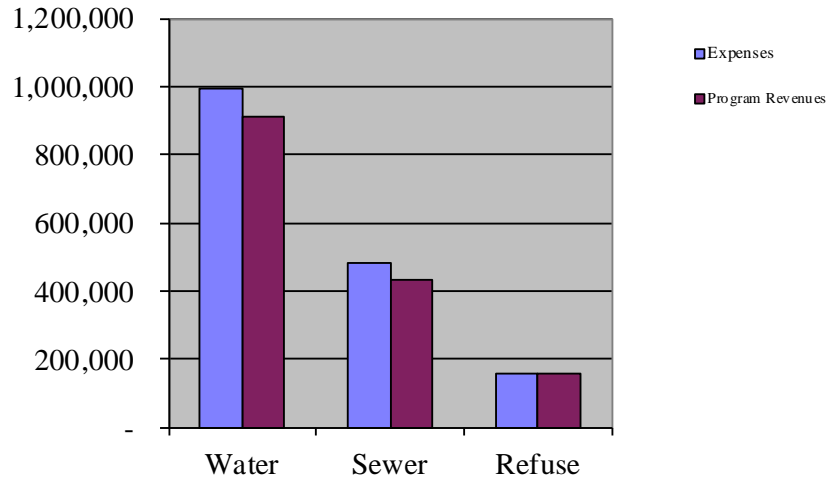
**Revenue By Source - Governmental Activities**



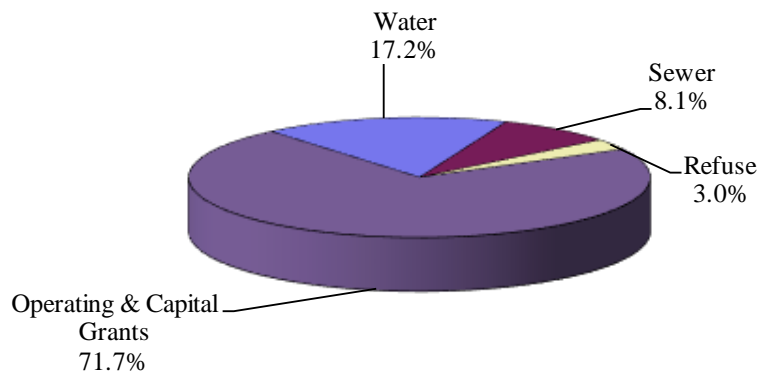
## Business Type Activities

Net position of the Business Type activities at December 31, 2019, as reflected in the Statement of Net Position was \$12,345,727. The cost of providing all Proprietary (Business Type) activities this year was \$1,622,913. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$1,494,551 and there was \$3,781,808 subsidized by capital grants and contributions. There were \$135 in investment earnings and other revenues. The Net Position increased by \$3,158,645.

### 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 \$1,319,212 which is a decrease of \$2,427,683 in comparison with the prior year. The decrease is mainly due to the capital improvements fund expenditures on water projects which were donated to the utility fund. Unassigned fund balance of \$1,108,881, which is available for spending at the government's discretion is approximately 84% of the total fund balance. \$63,844 is committed for future capital outlay and 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) \$121,721 and debt services \$30,667.

The Town has three major governmental funds.

The General Fund, which is the primary operating fund for the Town reported unassigned fund balance of \$1,006,875. 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 47% of total General fund expenditures. The fund balance of the Town's General fund increased by \$123,818 for the year ended December 31, 2019. General fund revenues increased by \$369,436 compared to the prior year. The increase was mainly due to an increase in tax revenue of \$405,544.

The Capital Improvements Fund had a zero fund balance at December 31, 2019 due to \$2,635,252 in water project costs expended during the year.

The Debt service Fund had a fund balance of \$72,673 at December 31, 2019 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, 2019 and 2018 for the Town's enterprise fund (Water-Sewer-Refuse) are as follows:

	2019	2018
Unrestricted net position	\$ 914,858	\$ 1,324,325
Total net position	12,338,578	9,187,082
Change in net position	3,151,496	679,621

The main reason for the increase in net position was due to the contribution of capital assets from the Capital Improvement Fund compared to the prior year. The proprietary fund unrestricted balance at December 31, 2019 equals 57.79% of the annual operating expenses.

## **Budgetary Highlights**

General fund revenues of \$2,755,521 were more than budgeted revenues of \$2,612,695 by \$142,826. The most significant factors contributing to this difference is related to sales tax revenues excess of \$197,267. Actual expenditures were \$2,955,343 less than budgeted expenditures mainly due to no expenditure of the contingency budget of \$2,735,000.

## **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 2019, net capital assets of the government activities totaled \$12.16 million and the net capital assets of the business-type activities totaled \$12.54 million. The most significant governmental capital addition was the Dry Creek Park improvements of \$681,515. The most significant business-type capital addition was the Hospital Hill waterlines and improvements of \$2,675,339 and the Vista Verde water lines and improvements of \$872,306. 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.)

### **Debt**

At year-end, the Town had \$4,246,808 in governmental type debt, and \$1,195,391 in proprietary debt. During 2019, the Town's total debt decreased by \$258,679 as a result of regularly scheduled debt service payments. Debt per capita based on an estimated population of 2,000 is \$2,123.

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the Town budget for the fiscal year 2020, 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 2019 to 2020 did not change except our intention shifted from providing the "existing level of service" to "providing an excellent level of service". However, COVID-19 has had a drastic impact on the Hayden budget in several areas both in revenue and expense. We have had to make several operational changes, cut staffing by one in public works, and we have re-adjusted our service level expectations as we head into 2021. Surprising is that sales taxes have exceeded expectations and real estate in the market continues to be very strong signaling that Hayden will continue to grow at historic rates yet will need to be managed carefully to ensure the future is strong in revenue and expense. Our goal will be to return to 2019 services levels in 2021 and work on our continued economic development efforts.

## **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, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,276,250	\$ 846,139	\$ 2,122,389
Receivables (net of allowance)	1,284,561	118,831	1,403,392
Temporarily restricted assets:			
Cash and cash equivalents	-	316,243	316,243
Capital assets (net of accumulated depreciation):			
Land	2,127,992	340,273	2,468,265
Construction in progress	353,791	348,118	701,909
Buildings	2,040,575	-	2,040,575
System improvements	-	11,808,110	11,808,110
Furniture, equipment & vehicles	370,011	47,052	417,063
Infrastructure/Roads	7,267,634	-	7,267,634
Total assets	<u>14,720,814</u>	<u>13,824,766</u>	<u>28,545,580</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	240,485	274,145	514,630
Interest payable	12,740	4,210	16,950
Retainage Payable	-	12,441	12,441
Unearned revenue	382,512	-	382,512
Noncurrent liabilities:			
Due within one year	451,808	200,978	652,786
Due in more than one year	3,795,000	994,413	4,789,413
Total liabilities	<u>4,882,545</u>	<u>1,486,187</u>	<u>6,368,732</u>
<b>Deferred Inflows of Resources</b>			
Deferred revenue - property taxes	<u>618,603</u>	<u>-</u>	<u>618,603</u>
<b>Net Position</b>			
Net investment in capital assets	8,002,964	11,423,720	19,426,684
Restricted for:			
Emergencies	121,721	-	121,721
Debt service	30,667	-	30,667
Unrestricted	<u>1,064,314</u>	<u>914,859</u>	<u>1,979,173</u>
Total Net Position	<u>\$ 9,219,666</u>	<u>\$ 12,338,579</u>	<u>\$ 21,558,245</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, 2019**

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	\$ 600,720	\$ 22,094	\$ -	\$ -	\$ (578,626)	\$ -	\$ (578,626)
Public safety	983,057	13,491	62,468	-	(907,098)	-	(907,098)
Public works/Streets	4,291,233	-	86,381	-	(4,204,852)	-	(4,204,852)
Parks, culture and recreation	384,926	49,203	3,780	-	(331,943)	-	(331,943)
Economic development	70,929	-	-	15,300	(55,629)	-	(55,629)
Interest on long-term debt	143,175	-	-	-	(143,175)	-	(143,175)
Total governmental activities	<u>6,474,040</u>	<u>84,788</u>	<u>152,629</u>	<u>15,300</u>	<u>(6,221,323)</u>	<u>-</u>	<u>(6,221,323)</u>
Business-type activities:							
Water	993,743	909,321	-	3,667,841	-	3,583,419	3,583,419
Sewer	480,475	429,387	-	113,967	-	62,879	62,879
Refuse	155,843	155,843	-	-	-	-	-
Total business-type activities	<u>1,630,061</u>	<u>1,494,551</u>	<u>-</u>	<u>3,781,808</u>	<u>-</u>	<u>3,646,298</u>	<u>3,646,298</u>
Total Primary Government	<u>8,104,101</u>	<u>1,579,339</u>	<u>152,629</u>	<u>3,797,108</u>	<u>(6,221,323)</u>	<u>3,646,298</u>	<u>(2,575,025)</u>
General Revenues:							
Taxes:							
Property tax					890,967	-	890,967
Sales tax					1,222,009	-	1,222,009
Vehicle rental tax					154,964	-	154,964
Excise tax					12,504	-	12,504
Other taxes					466,288	-	466,288
Franchise tax					72,953	-	72,953
Unrestricted investment earnings					13,544	135	13,679
Gain on sale of assets					15,035	-	15,035
Miscellaneous					32,192	-	32,192
Transfers					494,936	(494,936)	-
Total general revenues & transfers					<u>3,375,392</u>	<u>(494,801)</u>	<u>2,880,591</u>
Change in net position					(2,845,931)	3,151,497	305,566
Net position - beginning					<u>12,065,597</u>	<u>9,187,082</u>	<u>21,252,679</u>
Net position - ending					<u>\$ 9,219,666</u>	<u>\$ 12,338,579</u>	<u>\$ 21,558,245</u>

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

**TOWN OF HAYDEN, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

	General Fund	Capital Improvements Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,203,852	\$ 1,754	\$ 70,644	\$ -	\$ 1,276,250
Receivables, net:					
Property taxes receivable	622,664	-	382,237	-	1,004,901
Accounts receivable	31,921	-	-	-	31,921
Intergovernmental	245,710	-	2,029	-	247,739
Total assets	<u>\$ 2,104,147</u>	<u>\$ 1,754</u>	<u>\$ 454,910</u>	<u>\$ -</u>	<u>\$ 2,560,811</u>
<b>Liabilities</b>					
Accounts payable	\$ 55,419	\$ 1,754	\$ -	\$ -	\$ 57,173
Accrued wages and benefits	75,180	-	-	-	75,180
Deposits payable	108,132	-	-	-	108,132
Unearned revenue	275	-	382,237	-	382,512
Total liabilities	<u>239,006</u>	<u>1,754</u>	<u>382,237</u>	<u>-</u>	<u>622,997</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	618,603	-	-	-	618,603
Total deferred inflows of resources	<u>618,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,603</u>
<b>Fund Balances</b>					
Restricted for:					
Debt services	-	-	30,667	-	30,667
Emergencies	121,721	-	-	-	121,721
Committed to:					
Capital outlay	63,844	-	-	-	63,844
Unassigned	1,060,973	-	42,006	-	1,102,979
Total fund balances	<u>1,246,538</u>	<u>-</u>	<u>72,673</u>	<u>-</u>	<u>1,319,211</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,104,147</u>	<u>\$ 1,754</u>	<u>\$ 454,910</u>	<u>\$ -</u>	<u>\$ 2,560,811</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, 2019**

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Total fund balances - governmental funds \$ 1,319,211

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	19,618,897	
Accumulated depreciation	(7,458,894)	
	12,160,003	12,160,003

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

Capital leases	(800,500)	
General obligation bond	(3,280,000)	
Interest payable	(12,740)	
Compensated absences	(166,308)	
	(4,259,548)	(4,259,548)

Total net position - governmental activities	\$ 9,219,666
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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, 2019**

<b>REVENUES</b>	General Fund	Capital Improvements Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
Taxes	\$ 2,252,986	\$ -	\$ 354,446	\$ -	\$ 2,607,432
Licenses and permits	15,219	-	-	-	15,219
Intergovernmental	340,048	-	-	22,053	362,101
Fines and forfeitures	13,491	-	-	-	13,491
Charges for services	59,858	-	-	-	59,858
Interest revenue	12,391	-	1,153	-	13,544
Other revenues	61,528	-	-	-	61,528
Total Revenues	<u>2,755,521</u>	<u>-</u>	<u>355,599</u>	<u>22,053</u>	<u>3,133,173</u>
<b>EXPENDITURES</b>					
Current:					
General government	591,756	-	6,757	-	598,513
Public safety	878,814	-	-	-	878,814
Public works/streets	622,944	-	-	-	622,944
Parks, culture and recreation	349,167	-	-	-	349,167
Economic development	114,909	-	-	-	114,909
Capital outlay	-	2,635,252	-	442,658	3,077,910
Debt Service:					
Principal	72,500	-	200,000	-	272,500
Interest and fiscal charges	34,200	-	106,836	-	141,036
Total Expenditures	<u>2,664,290</u>	<u>2,635,252</u>	<u>313,593</u>	<u>442,658</u>	<u>6,055,793</u>
Excess of Revenues					
Over (Under) Expenditures	91,231	(2,635,252)	42,006	(420,605)	(2,922,620)
<b>Other Financing Sources (Uses):</b>					
Transfers in	118,003	494,936	-	85,417	698,356
Transfers out	(85,417)	-	-	(118,003)	(203,420)
Total Other Financing Sources (Uses)	<u>32,586</u>	<u>494,936</u>	<u>-</u>	<u>(32,586)</u>	<u>494,936</u>
Net change in fund balances	123,817	(2,140,316)	42,006	(453,191)	(2,427,684)
Fund balances, beginning of year	<u>1,122,721</u>	<u>2,140,316</u>	<u>30,667</u>	<u>453,191</u>	<u>3,746,895</u>
Fund balances, end of year	<u>\$ 1,246,538</u>	<u>\$ -</u>	<u>\$ 72,673</u>	<u>\$ -</u>	<u>\$ 1,319,211</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, 2019**

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

Net change in fund balances - total governmental funds		\$ (2,427,684)
<p>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.</p>		
Capital outlay		(125,489)
Depreciation expense		(473,350)
		(598,839)
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.		272,500
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.		(2,139)
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.		(89,769)
		(89,769)
Change in net position of governmental activities		\$ (2,845,931)

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

**TOWN OF HAYDEN, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	Water-Sewer- Refuse
<b>Assets</b>	
Current Assets:	
Cash	\$ 846,139
Receivables (net of allowance)	118,831
Total current assets	964,970
Noncurrent assets:	
Restricted cash and investments	316,243
Land	340,273
Construction in progress	348,118
Utility systems and improvements	21,931,869
Machinery, equipment and vehicles	394,498
Accumulated depreciation	(10,471,205)
Total noncurrent assets	12,859,796
<b>Total Assets</b>	<b>\$ 13,824,766</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	\$ 186,174
Accrued Wages and Benefits	8,988
Customer deposits	78,983
Interest payable	4,210
Loans payable - current	125,420
Compensated absences - current	75,558
Total current liabilities	491,774
Noncurrent liabilities:	
Long-term debt (net of current portion):	
Loans payable	994,413
Total noncurrent liabilities	994,413
Total liabilities	1,486,187
<b>Net Position</b>	
Net investment in capital assets	11,423,720
Unrestricted	914,859
Total net position	<b>\$ 12,338,579</b>

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, 2019**

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	Water-Sewer- Refuse
<b>Operating Revenues</b>	
Charges for services:	
Water	\$ 860,862
Sewer	427,016
Refuse	155,843
Other revenues	50,830
Total operating revenues	1,494,551
<b>Operating Expenses</b>	
Water	594,184
Sewer	396,311
Refuse	155,843
Depreciation	456,275
Total operating expenses	1,602,613
Operating income (loss)	(108,062)
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	135
Interest expense and fiscal charges	(27,448)
Connection and tap fees	237,600
Total non-operating revenue (expense)	210,287
<b>Income (loss) before contributions and transfers</b>	102,225
<b>Contributions and Transfers:</b>	
Capital contributions and grants	3,544,208
Transfers out	(494,936)
<b>Change in net position</b>	3,151,497
Net position, beginning of year	9,187,082
<b>Net position, end of year</b>	<b>\$ 12,338,579</b>

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, 2019**

	Water-Sewer- Refuse
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers, service fees	\$ 1,444,840
Cash received from customers, other	53,354
Cash paid to suppliers	(452,443)
Cash paid to employees	(483,145)
Net cash flows from operating activities	562,606
<b>Cash Flows From Noncapital Financing Activities:</b>	
Net cash flows from noncapital financing activities	(494,936)
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	(359,219)
Principal paid on long-term debt	(121,418)
Interest paid	(30,602)
Capital grants	7,607
Connection and tap fees	237,600
Net cash flows from capital and related financing activities	(266,032)
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	135
Net change in cash and cash equivalents	(198,227)
Cash and cash equivalents, beginning of year	1,360,609
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,162,382</b>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income/(loss)	\$ (108,062)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:	
Depreciation/amortization	456,275
Changes in operating assets and liabilities:	
(Increase)/decrease in receivables	1,119
Increase/(decrease) in payables	164,527
Increase/(decrease) in accrued liabilities & deposits	46,223
Increase/(decrease) in deposits	2,524
Net cash flows from operating activities	\$ 562,606
<b>Cash and Cash Equivalents, End of Year</b>	
Contributions of capital assets	3,536,601

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 1. Summary of Significant Accounting Policies**

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**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, 2019**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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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, 2019**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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**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, 2019**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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**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, 2019**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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*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, 2019**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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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, 2019**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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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.

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

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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, 2019**

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**Note 3. Stewardship, Compliance, and Accountability**

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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 59. There was one fund, the Development Fees Fund which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2019.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 3. Stewardship, Compliance, and Accountability, Continued**

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**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 \$121,721 of the December 31, 2019 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 58 for compliance with debt covenants.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 4. Deposits and Investments**

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

Cash on hand	\$ 200
Cash in bank	2,391,470
Colorado Trust	9,037
Certificates of deposit	<u>37,925</u>
Total cash and investments	<u><u>\$ 2,438,632</u></u>
Cash and cash equivalents	\$ 2,122,389
Restricted cash	<u>316,243</u>
	<u><u>\$ 2,438,632</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, 2019 cash on hand was \$200 and the carrying amount of the Town's deposits was \$2,438,431. As of December 31, 2019 the bank balance of the Town's deposits was \$2,801,963 of which \$250,000 was insured by federal depository insurance and \$2,551,963 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, 2019 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, 2019**

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**Note 4. Deposits and Investments, Continued**

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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, 2019 the Town had \$9,037 invested in the COLOTRUST with a fair market value of \$9,037 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, 2019**

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**Note 5.           Restricted Assets**

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A summary of temporarily restricted assets of the Town at December 31, 2019 is as follows:

Loan reserves	\$ 237,260
Customer deposits	<u>78,983</u>
	<u>\$ 316,243</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, 2019.

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**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 6. Capital Assets**

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

<b>Governmental Activities:</b>	<b>Balance 12/31/18</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/19</b>
Capital assets, not being depreciated:				
Land	\$ 2,100,992	\$ 27,000	\$ -	\$ 2,127,992
Construction in progress	1,361,560	3,295,707	(4,303,476)	353,791
Total capital assets, not being depreciated	<u>3,462,552</u>	<u>3,322,707</u>	<u>(4,303,476)</u>	<u>2,481,783</u>
Capital assets, being depreciated:				
Buildings	3,167,163	-	-	3,167,163
Furniture, equipment & vehicles	1,885,876	67,704	(29,051)	1,892,530
Infrastructure	11,258,926	787,576	(1,080)	12,045,422
Total capital assets, being depreciated	<u>16,311,965</u>	<u>855,280</u>	<u>(30,131)</u>	<u>17,105,115</u>
Less accumulated depreciation for:				
Buildings	(1,047,406)	(79,182)	-	(1,126,588)
Furniture, equipment & vehicles	(1,461,697)	(121,872)	29,051	(1,535,318)
Infrastructure	(4,506,572)	(272,296)	1,080	(4,777,788)
Total accumulated depreciation	<u>(7,015,675)</u>	<u>(473,350)</u>	<u>30,131</u>	<u>(7,439,694)</u>
Total capital assets, being depreciated, net	<u>9,296,290</u>	<u>381,930</u>	<u>-</u>	<u>9,665,421</u>
Governmental activities capital assets, net	<u>\$ 12,758,842</u>	<u>\$ 3,704,637</u>	<u>\$ (4,303,476)</u>	<u>\$ 12,147,204</u>

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

<b>Governmental Activities:</b>	
General government	\$ 24,149
Public safety	88,164
Public works/streets	296,793
Parks & recreation	64,244
Total depreciation expense - governmental activities	<u>\$ 473,350</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 6. Capital Assets, Continued**

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

<b>Business Type Activities:</b>	<b>Balance 12/31/18</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/19</b>
Capital assets not being depreciated:				
Land and water rights	\$ 340,274	\$ -	\$ -	\$ 340,274
Construction in progress	23,945	335,219	(11,046)	348,118
Total capital assets, not being depreciated	<u>364,219</u>	<u>335,219</u>	<u>(11,046)</u>	<u>688,392</u>
Capital assets being depreciated:				
Utility system and improvements	18,384,223	3,547,645	-	21,931,868
Equipment & vehicles	370,498	24,000	-	394,498
Total capital assets, being depreciated	<u>18,754,721</u>	<u>3,571,645</u>	<u>-</u>	<u>22,326,366</u>
Less accumulated depreciation for:				
Utility system and improvements	(9,685,822)	(437,937)	-	(10,123,759)
Equipment & vehicles	(329,108)	(18,338)	-	(347,446)
Total accumulated depreciation	<u>(10,014,930)</u>	<u>(456,275)</u>	<u>-</u>	<u>(10,471,205)</u>
Total capital assets, being depreciated, net	<u>8,739,791</u>	<u>3,115,370</u>	<u>-</u>	<u>11,855,161</u>
Business-type activities capital assets, net	<u>\$ 9,104,010</u>	<u>\$ 3,450,589</u>	<u>\$ (11,046)</u>	<u>\$ 12,543,553</u>

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

<b>Business-Type Activities:</b>	
Water	377,601
Sewer	78,674
Total depreciation expense - business-type activities	<u>\$ 456,275</u>



**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 7. Long-Term Debt**

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The following is a summary of changes in long-term obligations for the year ended December 31, 2019:

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19	Current Portion
<b>Governmental Activities:</b>					
General Obligation 2018 Bond	\$ 3,480,000	\$ -	\$ (200,000)	\$ 3,280,000	\$ 210,000
Lease Purchase-Alpine Bank	873,000	-	(72,500)	800,500	75,500
Compensated absences	76,539	98,292	(8,523)	166,308	166,308
Total Governmental activity					
Long-term liabilities	<u>\$ 4,429,539</u>	<u>\$ 98,292</u>	<u>\$ (281,023)</u>	<u>\$ 4,246,808</u>	<u>\$ 451,808</u>
<b>Business-Type Activities:</b>					
Notes from direct borrowings:					
CWRPDA (2012)	\$ 339,775	\$ -	\$ (19,634)	\$ 320,141	\$ 20,028
CWRPDA (2002)	244,540	-	(57,553)	186,987	59,877
CWRPDA (2014)	600,030	-	(31,029)	569,001	31,653
State of Colorado (2002)	56,907	-	(13,203)	43,704	13,863
Total notes from direct borrowings	1,241,252	-	(121,419)	1,119,833	125,421
Compensated absences	30,087	49,300	(3,829)	75,558	75,558
Total Business-type activity					
Long-term liabilities	<u>\$ 1,271,339</u>	<u>\$ 49,300</u>	<u>\$ (125,248)</u>	<u>\$ 1,195,391</u>	<u>\$ 200,979</u>

The town had no unused lines of credit as of December 31, 2019.

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**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 7. Long-Term Debt, Continued**

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The following is a listing of Loans and Notes Payable outstanding as of December 31, 2019:

**Bonds Payable**

**General Obligation Bonds**

General Obligation Bonds Series 2018, original issue \$3,700,000, secured by ad valorem taxes, bearing interest at 3.070%, 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.

\$ 3,280,000

Total Bonds Payable

\$ 3,280,000

**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.

\$ 320,141

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 4.0%, due in semi-annual principal installments of \$33,382, maturing November 1, 2022. This loan was approved in April 2002 with a maximum principal balance of \$1,000,000 for water treatment plant improvements.

186,987

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.

569,001

Loan payable to the State of Colorado Department of Local Affairs, bearing interest at 5.0%, due in annual installments of \$16,049, maturing September 1, 2022. This loan was approved in August 2002 with a maximum principal balance of \$200,000 for water treatment plant improvements.

43,704

Total Loans and Notes Payable

\$ 1,119,833

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

**Note 7. Long-Term Debt, Continued**

The notes payable are secured by the net revenues of the utility system. Supplementary Information found on page 58 outlines the details of the rate covenants for the notes payable. Note payable debt service maturities are as follows:

Years ending June 30:	<u>Business-Type Activities</u>		<u>Governmental Activities</u>	
	<u>Notes from Direct Borrowings</u>		<u>Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 125,421	\$ 24,639	\$ 210,000	\$ 100,696
2021	129,572	20,599	215,000	100,696
2022	133,875	15,766	220,000	94,249
2023	54,860	11,434	230,000	87,649
2024	55,963	9,783	235,000	80,895
2025	57,088	8,099	245,000	73,834
2026	58,135	6,381	250,000	66,619
2027	59,406	4,628	260,000	59,098
2028	60,600	2,840	265,000	51,423
2029	61,818	1,544	275,000	43,441
2030	63,060	358	285,000	35,305
2031	64,328	-	290,000	26,863
2032	65,621	-	300,000	18,113
2033	66,940	-	-	-
2034	41,822	-	-	-
2035	21,326	-	-	-
	<u>\$ 1,119,833</u>	<u>\$ 106,071</u>	<u>\$ 3,280,000</u>	<u>\$ 201,392</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, 2019**

**Note 7. Long-Term Debt, Continued**

The future minimum lease obligations and the present value of the minimum lease payments as of December 31, 2019 are as follows:

December 31,	Governmental Activities
2020	\$ 106,770
2021	106,720
2022	106,060
2023	107,270
2024	106,830
2025-2028	427,530
Total remaining lease payments	\$ 961,180
Less: Amount representing interest	160,680
Present value of net remaining minimum lease payments	\$ 800,500

A summary of assets acquired through capital leases follows:

	Governmental Activities
Vehicles and equipment	\$ 129,561
Accumulated depreciation	116,605
Buildings	1,300,000
Accumulated depreciation	(325,000)
Net total	\$ 1,221,166

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

**Note 8. Interfund Receivables, Payables and Transfers**

No Interfund receivable and payable balances exist in the fund financial statements for fiscal year 2019.

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, 2019 are as follows:

	Transfers In			
Transfers Out:	General Fund	Capital Improvement	Conservation Trust Fund	Total
General Fund	\$ -	\$ -	\$ 85,417	85,417
Non-major Development Fees	118,003	-	-	118,003
Water-Sewer-Refuse	-	494,936	-	494,936
	\$ 118,003	\$ 494,936	\$ 85,417	\$ 698,356

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 \$71,851 during the year ended December 31, 2019.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 10. Risk Management**

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**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, 2019 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, 2019**

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**Note 11. Contingencies and Commitments**

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**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 purchase price for the storage water was \$35.00 per acre foot due annually on July 15<sup>th</sup>.

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**Note 12. Local Taxes on Aviation Fuel**

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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 which has not changed since the time of adoption.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 12.           Local Taxes on Aviation Fuel, Continued**

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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 four 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).”



**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, 2019**

<b>REVENUES:</b>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Taxes:</b>				
Sales tax	\$ 1,024,742	\$ 1,024,742	\$ 1,222,009	\$ 197,267
Property tax	540,595	540,595	536,520	(4,075)
Vehicle rental tax	152,177	152,177	154,964	2,787
Excise tax	60,000	60,000	12,504	(47,496)
Other taxes	101,064	101,064	254,036	152,972
Franchise tax	62,729	62,729	72,953	10,224
Total Taxes	<u>1,941,307</u>	<u>1,941,307</u>	<u>2,252,986</u>	<u>311,679</u>
<b>Licenses, Permits and Fees:</b>				
Licenses, permits and fees	10,204	10,204	6,375	(3,829)
Building permits	48,387	48,387	8,844	(39,543)
Total Licenses, Permits and Fees	<u>58,591</u>	<u>58,591</u>	<u>15,219</u>	<u>(43,372)</u>
<b>Intergovernmental:</b>				
Highway users tax	70,000	70,000	86,381	16,381
Severance tax	80,000	80,000	131,162	51,162
Other	74,391	74,391	59,037	(15,354)
Grant revenues	242,500	242,500	63,468	(179,032)
Total Intergovernmental	<u>466,891</u>	<u>466,891</u>	<u>340,048</u>	<u>(126,843)</u>
<b>Fines and Forfeitures:</b>				
Fines and forfeitures	15,306	15,306	13,491	(1,815)
Total Fines and Forfeitures	<u>15,306</u>	<u>15,306</u>	<u>13,491</u>	<u>(1,815)</u>
<b>Charges for Services:</b>				
Recreation programs and events	53,065	53,065	49,203	(3,862)
Other charges	2,500	2,500	10,655	8,155
Total Charges for Services	<u>55,565</u>	<u>55,565</u>	<u>59,858</u>	<u>4,293</u>
<b>Interest:</b>				
Interest revenue	2,000	2,000	12,391	10,391
Total Interest	<u>2,000</u>	<u>2,000</u>	<u>12,391</u>	<u>10,391</u>
<b>Other Revenues:</b>				
Donations and contributions	13,000	13,000	14,300	1,300
Sale of capital assets	14,000	14,035	15,035	1,000
Miscellaneous revenue	46,000	46,000	32,193	(13,807)
Total Other Revenues	<u>73,000</u>	<u>73,035</u>	<u>61,528</u>	<u>(11,507)</u>
<b>TOTAL REVENUES</b>	<u>2,612,660</u>	<u>2,612,695</u>	<u>2,755,521</u>	<u>142,826</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, 2019**

<b>EXPENDITURES</b>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>General Government:</b>				
Administrative:				
Salaries and wages	\$ 224,677	\$ 224,677	\$ 135,277	\$ 89,400
Benefits	-	-	93,388	(93,388)
Services, supplies and other	113,500	113,500	122,794	(9,294)
Total administration	338,177	338,177	351,459	(13,282)
Legislative:				
Salaries and wages	9,535	9,535	9,300	235
Benefits	-	-	705	(705)
Treasurer fees	8,167	8,167	9,924	(1,757)
Services, supplies and other	21,450	21,450	22,662	(1,212)
Total legislation	39,152	39,152	42,591	(3,439)
Building department	23,797	23,797	27,801	(4,004)
Data processing department	36,000	36,000	43,326	(7,326)
Judicial department	11,855	11,855	14,988	(3,133)
Planning department	90,300	90,300	47,209	43,091
Intergovernmental services	81,000	81,000	64,382	16,618
Elections department	7,500	7,500	-	7,500
Total General Government	627,781	627,781	591,756	36,025
<b>Public Safety:</b>				
Police department:				
Salaries and wages	735,251	735,251	534,729	200,522
Benefits	-	-	197,843	(197,843)
Services, supplies and other	170,433	170,433	146,242	24,191
Total Public Safety	905,684	905,684	878,814	26,870

(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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Works:</b>				
Streets department:				
Salaries and wages	\$ 305,208	\$ 305,208	\$ 228,334	\$ 76,874
Benefits	-	-	73,254	(73,254)
Services, supplies and other	228,964	228,964	206,705	22,259
Capital outlay	100,000	100,000	99,875	125
Total streets department	<u>634,172</u>	<u>634,172</u>	<u>608,168</u>	<u>26,004</u>
Mosquito control:				
Benefits	-	-	134	(134)
Services, supplies and other	16,000	16,000	14,642	1,358
Total mosquito control	<u>16,000</u>	<u>16,000</u>	<u>14,776</u>	<u>1,224</u>
Total Public Works	<u>650,172</u>	<u>650,172</u>	<u>622,944</u>	<u>27,228</u>
<b>Parks, Culture and Recreation:</b>				
Recreation:				
Salaries and wages	40,000	40,000	29,675	10,325
Benefits	-	-	27,753	(27,753)
Services, supplies and other	44,690	159,690	56,560	103,130
Total recreation	<u>84,690</u>	<u>199,690</u>	<u>113,988</u>	<u>85,702</u>
Parks:				
Salaries and wages	125,816	125,816	89,709	36,107
Benefits	-	-	27,330	(27,330)
Services, supplies and other	114,582	86,591	118,140	(31,549)
Total Parks	<u>240,398</u>	<u>212,407</u>	<u>235,179</u>	<u>(22,772)</u>
Total Parks, Culture & Recreation	<u>325,088</u>	<u>412,097</u>	<u>349,167</u>	<u>62,930</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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Economic Development:</b>				
Salaries and wages	\$ -	\$ 9,000	\$ -	\$ 9,000
Other	53,800	173,800	114,909	58,891
Total Economic Development	<u>53,800</u>	<u>182,800</u>	<u>114,909</u>	<u>67,891</u>
<b>Contingency</b>	<u>5,000</u>	<u>2,735,000</u>	<u>-</u>	<u>2,735,000</u>
<b>Debt Service:</b>				
Principal	71,898	71,898	72,500	(602)
Interest	34,200	34,200	34,200	-
Total Debt Service	<u>106,098</u>	<u>106,098</u>	<u>106,700</u>	<u>(602)</u>
<b>TOTAL EXPENDITURES</b>	<u>2,673,623</u>	<u>5,619,632</u>	<u>2,664,290</u>	<u>2,955,342</u>
Excess of Revenues Over (Under) Expenditures	<u>(60,963)</u>	<u>(3,006,937)</u>	<u>91,231</u>	<u>3,098,168</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	34,079	34,079	118,003	83,924
Transfer out	(34,779)	(34,779)	(85,417)	(50,638)
Total Other Financing Sources (Uses)	<u>(700)</u>	<u>(700)</u>	<u>32,586</u>	<u>33,286</u>
Net change in fund balance	(61,663)	(3,007,637)	123,817	3,131,454
Fund balance, beginning of year	<u>1,122,721</u>	<u>1,122,721</u>	<u>1,122,721</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,061,058</u>	<u>\$ (1,884,916)</u>	<u>\$ 1,246,538</u>	<u>\$ 3,131,454</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 **Development Fees Fund** accounts for development fees committed for subdivision improvements.

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
<b>Other Revenues:</b>				
Miscellaneous revenue	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Total revenue	3,000	3,000	-	(3,000)
<b>EXPENDITURES:</b>				
Capital outlay	2,430,000	5,080,000	2,635,252	2,444,748
Total Expenditures	2,430,000	5,080,000	2,635,252	2,444,748
Excess of Revenues Over (Under) Expenditures	(2,427,000)	(5,077,000)	(2,635,252)	2,441,748
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	494,936	494,936
Net change in Fund Balance	(2,427,000)	(5,077,000)	(2,140,316)	2,441,748
Fund balance, beginning of year	2,140,316	2,140,316	2,140,316	-
Fund balance, end of year	\$ (286,684)	\$ (2,936,684)	\$ -	\$ 2,441,748

**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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 353,262	\$ 353,262	\$ 354,446	\$ 1,184
Interest income	-	-	1,153	1,153
Total revenue	<u>353,262</u>	<u>353,262</u>	<u>355,599</u>	<u>2,337</u>
<b>EXPENDITURES:</b>				
General government:				
Bank fees	<u>5,047</u>	<u>5,047</u>	<u>6,757</u>	<u>(1,710)</u>
Debt Service:				
Principal	200,000	200,000	200,000	-
Interest	106,836	426,836	106,836	320,000
Total Debt Service	<u>306,836</u>	<u>626,836</u>	<u>306,836</u>	<u>320,000</u>
Total Expenditures	<u>311,883</u>	<u>631,883</u>	<u>313,593</u>	<u>318,290</u>
Excess of Revenues Over (Under) Expenditures	<u>41,379</u>	<u>(278,621)</u>	<u>42,006</u>	<u>320,627</u>
Fund balance, beginning of year	<u>30,667</u>	<u>30,667</u>	<u>30,667</u>	-
Fund balance, end of year	<u><u>\$ 72,046</u></u>	<u><u>\$ (247,954)</u></u>	<u><u>\$ 72,673</u></u>	<u><u>\$ 320,627</u></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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenue:				
State lottery	\$ 19,474	\$ 19,474	\$ 22,053	\$ 2,579
Grants	42,500	42,500	-	(42,500)
Interest income	250	250	-	(250)
	<u>62,224</u>	<u>62,224</u>	<u>22,053</u>	<u>(40,171)</u>
<b>EXPENDITURES:</b>				
Parks, culture and recreation:				
Capital outlay	419,592	869,592	442,658	426,934
	<u>419,592</u>	<u>869,592</u>	<u>442,658</u>	<u>426,934</u>
Excess of Revenues Over (Under) Expenditures	<u>(357,368)</u>	<u>(807,368)</u>	<u>(420,605)</u>	<u>386,763</u>
Other Financing Sources (Uses):				
Transfers in	-	-	85,417	85,417
Fund balance, beginning of year	<u>335,188</u>	<u>335,188</u>	<u>335,188</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (22,180)</u></u>	<u><u>\$ (472,180)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 386,763</u></u>

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Development Fees Special Revenue Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Development fees	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-
<b>EXPENDITURES:</b>				
General government:				
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers out	-	-	(118,003)	(118,003)
Fund balance, beginning of year	118,003	118,003	118,003	-
Fund balance, end of year	<u>\$ 118,003</u>	<u>\$ 118,003</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services:				
Water	\$ 838,775	\$ 838,775	\$ 860,862	\$ 22,087
Sewer	383,703	383,703	427,016	43,313
Refuse	131,690	131,690	155,843	24,153
Other revenues	863,200	863,200	50,830	(812,370)
Total Revenues	<u>2,217,368</u>	<u>2,217,368</u>	<u>1,494,551</u>	<u>(722,817)</u>
<b>Expenses</b>				
Water:				
Operating water	206,705	206,705	232,244	(25,539)
Water treatment plant	63,479	63,479	60,331	3,148
Golden meadows	40,504	40,504	27,635	12,869
Hospital hill	11,801	11,801	11,675	126
Seneca hill	1,500	1,500	9,762	(8,262)
Meters	26,714	26,714	53,727	(27,013)
Water rights	87,803	87,803	35,358	52,445
Water distribution	32,800	32,800	25,955	6,845
Administration water	95,628	95,628	137,497	(41,869)
Sewer:				
Operating sewer	183,267	183,267	157,778	25,489
Sewer treatment plant	77,851	77,851	66,283	11,568
Washington street	181,612	181,612	20,075	161,537
Sewer collection system	7,000	7,000	1,301	5,699
Lift stations	10,913	10,913	29,686	(18,773)
Administration sewer	104,205	104,205	121,188	(16,983)
Refuse Collection	128,946	128,946	155,843	(26,897)
Total Expenses	<u>1,260,728</u>	<u>1,260,728</u>	<u>1,146,338</u>	<u>114,390</u>
Operating Income(loss) excluding depreciation	<u>956,640</u>	<u>956,640</u>	<u>348,213</u>	<u>(608,427)</u>
<b>Non-operating Revenues (Expenses)</b>				
Interest income	-	-	135	135
Connection and tap fees	264,000	264,000	237,600	(26,400)
Total Non-Operating Revenue (Expense)	<u>264,000</u>	<u>264,000</u>	<u>237,735</u>	<u>(26,265)</u>
Income(loss) before contributions, transfers and capital and related financing activities	<u>\$ 1,220,640</u>	<u>\$ 1,220,640</u>	<u>\$ 585,948</u>	<u>\$ (634,692)</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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Contributions, Transfers and Capital and Related Financing Activities:</b>				
Capital outlay	\$ (869,000)	\$ (869,000)	\$ (359,219)	\$ 509,781
Debt service	(176,392)	(176,392)	(148,865)	27,527
Capital contributions and grants	840,000	840,000	3,544,208	2,704,208
Transfers out	-	-	(494,936)	(494,936)
Total Contributions, transfers and capital and related financing activities	<u>(205,392)</u>	<u>(205,392)</u>	<u>2,541,188</u>	<u>2,746,580</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	1,015,248	1,015,248	3,127,136	2,111,888
<b>Reconciliation to net income:</b>				
Depreciation			(456,275)	
Capital outlay			359,219	
Debt principal payments			<u>121,417</u>	
<b>US GAAP basis net income (loss)</b>			3,151,497	
Net position, beginning of year			<u>9,187,082</u>	
<b>Net position, end of year</b>			<u><u>\$12,338,579</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, 2019, 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 2019 Gross Revenue Requirement**

Total Gross Revenue requirement	\$ 1,161,974
Total water fund revenues, excluding capital grants	\$ (1,967,902)
Excess (deficiency) of gross revenues	\$ (3,129,876)
2019 Actual coverage ratio of CWRPDA debt service	-2718%

- **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.

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		City or County: Town of Hayden, CO			
		YEAR ENDING : December 31, 2019			
<b>LOCAL HIGHWAY FINANCE REPORT</b>					
This Information From The Records Of (example - City of _ or County of _):		Prepared By:	Andrea Salazar		
		Phone:	970-276-3741		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
ITEM	A. Local	B. Local	C. Receipts from	D. 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					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	0		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	535,400		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	40,882		
2. General fund appropriations	611,863	b. Snow and ice removal	39,613		
3. Other local imposts (from page 2)	36,470	c. Other	0		
4. Miscellaneous local receipts (from page 2)	12,222	d. Total (a. through c.)	80,495		
5. Transfers from toll facilities		4. General administration & miscellaneous	37,683		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	106,880		
a. Bonds - Original Issues		6. Total (1 through 5)	760,458		
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	660,555	b. Redemption			
<b>B. Private Contributions</b>		c. Total (a. + b.)	0		
<b>C. Receipts from State government</b>		2. Notes:			
(from page 2)	95,900	a. Interest			
<b>D. Receipts from Federal Government</b>		b. Redemption			
(from page 2)	0	c. Total (a. + b.)	0		
<b>E. Total receipts (A.7 + B + C + D)</b>	756,455	3. Total (1.c + 2.c)	0		
		<b>C. Payments to State for highways</b>	0		
		<b>D. Payments to toll facilities</b>	0		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	760,458		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b>					
		Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>					0
1. Bonds (Refunding Portion)					
<b>B. Notes (Total)</b>					0
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	756,455	760,458	(4,003)	0
<b>Notes and Comments:</b>					



<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 31, 2019

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	12,222
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	36,470	g. Other Misc. Receipts	
6. Total (1. through 5.)	36,470	h. Other	
c. Total (a. + b.)	36,470	i. Total (a. through h.)	12,222
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	86,381	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	9,519	d. Federal Transit Admin	
d. Other (Specify) -		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,519	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	95,900	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
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. + 1.c.5)	0	0	0
			(Carry forward to page 1)

**Notes and Comments:**



**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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 7, 2020.

**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 which are described in the findings and recommendations letter dated August 7, 2020 that we consider to be significant deficiencies:

2013-002	Segregation of Duties
2013-003	Capital Asset Management

## 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  
August 7, 2020