



AGENDA
HAYDEN TOWN COUNCIL MEETING
HAYDEN TOWN HALL – 178 WEST JEFFERSON AVENUE
THURSDAY, JULY 18, 2024
7:30 P.M.

ATTENDEES/COUNCIL MAY PARTICIPATE VIRTUALLY VIA ZOOM WITH THE INFORMATION BELOW:

Join Zoom Meeting

<https://us02web.zoom.us/j/84598597603?pwd=RVk4Q3dHSERQWitwUlhuNENsOWw4UT09>

Meeting ID: 845 9859 7603

Passcode: 964476

One tap mobile

+16699009128,,84598597603#,,,,*964476# US (San Jose)

+12532158782,,84598597603#,,,,*964476# US (Tacoma)

*OFFICIAL RECORDINGS AND RECORDS OF MEETINGS WILL BE THE ZOOM RECORDING AND NOT FACEBOOK LIVE. FACEBOOK LIVE IS MERELY A TOOL TO INCREASE COMMUNITY INVOLVEMENT AND IS NOT THE OFFICIAL RECORD. *

REGULAR MEETING – 7:30 P.M.

- 1a. CALL TO ORDER
- 1b. OPENING PRAYER/MOMENT OF SILENCE
- 1c. PLEDGE OF ALLEGIANCE
- 1d. ROLL CALL
- 1e. COUNCILMEMBER REPORTS AND UPDATES

2. PUBLIC COMMENTS

Citizens are invited to speak to the Council on items that are not on the agenda. All individuals who desire to speak during public comments must sign in using the sheet available by the Town Clerk. There is a three-minute time limit per person, unless otherwise noted by the Mayor. Please note that no formal action will be taken on these items during this time due to the open meeting law provision; however, they may be placed on a future posted agenda if action is required.

3. PROCLAMATIONS/PRESENTATIONS

4. CONSENT ITEMS

Consent agenda items are considered to be routine and will be considered for adoption by one motion. There will be no separate discussion of these items unless a Councilmember requests to pull an item from the consent agenda.

- A. Consideration of minutes for the Regular Meeting, July 11, 2024 Page 3
- B. Consideration to approve payment bill vouchers dated July 11, 2024 in the amount of \$502,412.02 Page 6

NOTICE: Agenda is subject to change. If you require special assistance in order to attend any of the Town's public meetings or events, please notify the Town of Hayden at (970) 276-3741 at least 48 hours in advance of the scheduled event so the necessary arrangements can be made.

5. **OLD BUSINESS**
 - A. Review and Consider Approval of Resolution 2024-09 Authorizing the Admission of town of Hayden as a Member of Prairie Run Community LLC Page 11
6. **NEW BUSINESS**
 - A. Review and Consider for Approval of Financial Statements for the Year Ended December 31, 2023 Page 60
 - B. Review and Consider for Approval Single Audit for the year Ended December 31, 2023 Page 137
 - C. Review and Consider for Approval of MOU for formation of Regional Transportation Authority Page 153
 - D. Review and Consider for Approval of Cost Sharing Agreement for formation Regional Transportation Authority Page 156
 - E. Review and Consider Approval of Application to Colorado Department of Energy for Grant Funds for Staff Capacity to Support the Routt County Climate Action Plan Page 164
 - F. Review and Consider Approval of Routt County CRC Grant to DOLA for Regional Solar Array in Hayden
7. **PULLED CONSENT ITEMS**
8. **STAFF AND COUNCILMEMBER REPORTS AND UPDATES (CONTINUED, IF NECESSARY)**
9. **EXECUTIVE SESSION (IF NECESSARY)**
10. **ADJOURNMENT**

Work Session

Staff & Councilmember Reports

Staff reports were tabled to the next meeting on July 18, 2024.

Mayor Banks called the regular meeting of the Hayden Town Council to order at 8:05 p.m. Mayor Pro Tem Reese and Councilmembers Corriveau, Gann, Hicks, Bell and Carlson were present. Also present were Town Manager, Mathew Mendisco, Town Clerk, Barbara Binetti, Police Chief, Scott Scurlock, Public Works Director, Bryan Richards, Community Development Director, Tegan Ebbert, Finance Manager, Andrea Salazar.

**COUNCILMEMBER
REPORT AND UPDATE**

OPENING PRAYER Mayor Banks offered a moment of silence.
MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE Mayor Banks led the Pledge of Allegiance.

PUBLIC COMMENTS

**PROCLAMATIONS/
PRESENTATIONS**

CONSENT ITEMS

Consideration of minutes for the Regular Meeting – July 1, 2024 Mayor Banks moved to approve the consent items. Mayor Pro Tem Reese seconded. Roll call vote. Councilmember Carlson – aye. Councilmember Corriveau – aye. Councilmember Gann - aye. Councilmember Bell – aye. Councilmember Hicks – aye. Mayor Pro Tem Reese – aye. Mayor Banks – aye. Motion carried.

Consideration of bill payment voucher – July 8, 2024 in the amount of \$1,235,159.37.

Consideration to Accept Financials May 31, 2024

OLD BUSINESS None

NEW BUSINESS

A. Review and Councilmember Gann moved to approve. Councilmember Carlson seconded. Roll

- Consideration to call vote. Councilmember Bell– aye. Councilmember Hicks– aye. Councilmember Gann- aye. Councilmember Corriveau– aye. Councilmember Carlson– aye. Mayor Pro Tem Reese – aye. Mayor Banks – aye. Motion carried.
- Approve a Resolution Authorizing Signers on Bank Accounts for the Town of Hayden, Colorado.
- B. Review and Consideration to Approve a Resolution Authorizing Issuance of Credit Cards and Signers on Credit Cards for The Town of Hayden, Colorado and Business Credit Card Application Addendum
- Mayor Banks moved to approve. Councilmember Gann seconded. Roll call vote. Councilmember Carlson– aye. Councilmember Corriveau– aye. Councilmember Gann - aye. Councilmember Hicks – aye. Councilmember Bell – aye. Mayor Pro Tem Reese – aye. Mayor Banks – aye. Motion carried.
- C. Review and Consideration to Approve A Resolution Accepting Construction of the 5th Street Storm Drainage & Roadway Improvements
- Mayor Banks moved to approve. Mayor Por Tem Reese seconded. Roll call vote. Councilmember Carlson– aye. Councilmember Corriveau– aye. Councilmember Gann - aye. Councilmember Hicks – aye. Councilmember Bell – aye. Mayor Pro Tem Reese – Nay. Mayor Banks – aye. Motion carried.
- D. Review and Consideration to Approve A Resolution Accepting Construction of Dry Creek Culvert Repairs Project
- Mayor Banks moved to approve. Councilmember Bell seconded. Roll call vote. Councilmember Carlson– aye. Councilmember Corriveau– aye. Councilmember Gann - aye. Councilmember Hicks – aye. Councilmember Bell – aye. Mayor Pro Tem Reese – aye. Mayor Banks – aye. Motion carried

E. Review and Consideration to Approve Review and Consider for Approval the co-applicant request from Routt County for the Yampa Valley Regional Airport Business Aviation Park Economic Development Administration grant application and authorize the Town Manager to sign the co-applicant forms.

Public Comment:

Kevin Booth, Yampa Valley Regional Airport Director, presented at the podium to talk to the Council about the Aviation Business Park that is being developed inside of the airport boundaries explaining that the project has been self-funded to this point as there was a need to extend the taxi lane for aircraft access. He spoke about Vantage Aviation wanting to go in the Aviation Business Park building a \$25 million vertical investment and creating 45 jobs. He told the council that the airport needs Hayden as a co-applicant because of the use of the town water and sewer system. Vantage has said it is wanting to build a gateway via an internship program working with CNCC in Rangely for aviation mechanics and then having a satellite operation with CNCC at YVRA. He spoke about the advantages of the business parks both being complimentary in nature and both advantageous to the Town of Hayden. Councilmember Carlson asked what was the towns masterplan for additional development on the east side of the Yampa Valley Business District. Mathew Mendisco responded that there is no plan for any other development further east of those boundaries.

Councilmember Gann moved to approve. Councilmember Carlson seconded. Roll call vote. Councilmember Carlson– aye. Councilmember Corriveau– aye. Councilmember Gann - aye. Councilmember Hicks – aye. Councilmember Bell – aye. Mayor Pro Tem Reese – aye. Mayor Banks – aye. Motion carried

STAFF AND
COUNCILMEMBER
REPORTS AND UPDATES
CONTINUED

EXECUTIVE SESSION

ADJOURNMENT

Mayor Banks adjourned the meeting at 8:19 p.m.

Recorded by:

Barbara Binetti, Town Clerk

APPROVED THIS 18th DAY OF JULY,
2024.

Ryan Banks, Mayor

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.
- Invoice.Invoice Number = {<-} "12100"

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Date Paid	Voided
5420	3B Enterprises, LLC	25625	Limestone Boulders	07/01/2024	797.68		
Total 5420:					797.68		
12859	AP Mountain States, LLC	PHASE II PAY	Retainage Phase II - Pay App #14	06/15/2024	391.99-		
12859	AP Mountain States, LLC	PHASE II PAY	Phase II - Pay App #14	06/15/2024	7,839.73		
Total 12859:					7,447.74		
6625	B & K Distributors	243139	Hayden Daze Beverages	07/11/2024	564.52		
6625	B & K Distributors	244420	Hayden Daze Beverages	07/12/2024	182.70		
Total 6625:					747.22		
1310	Boyko Supply Co	215173	DCP Hand Cleaner	07/12/2024	23.30		
Total 1310:					23.30		
13244	Caleb Cagle	GRP25027119	Final 50% Hayden Daze Inflatable	07/09/2024	1,050.00		
Total 13244:					1,050.00		
12833	Century Link	696536797	Long Distance - 88318756	07/12/2024	25.11		
Total 12833:					25.11		
3770	CenturyLink	9595JUL2024	334099595 PD Phone 970-276-25	07/04/2024	112.80		
Total 3770:					112.80		
1645	Charter Communications	172669201070	PD TV 172669201	07/07/2024	22.76		
Total 1645:					22.76		
12099	Chemtrade Chemicals US LLC	90120757	WTP Alum	06/26/2024	8,887.95		
Total 12099:					8,887.95		
13314	CRC Inc.	HBP PAY APP	NWBP Pay App #3	06/21/2024	248,508.00		
13314	CRC Inc.	HBP PAY APP	Retainance NWBP Pay App #3	06/21/2024	12,425.40-		
13314	CRC Inc.	HBP PAY APP	NWBP Pay App #3 Stored Materia	06/21/2024	116,800.72		
Total 13314:					352,883.32		
9000	Dowling Land Surveyors	08JUL2024	Washington Property Survey for T	07/08/2024	495.00		
Total 9000:					495.00		
12931	Flowpoint Enviornmental Systems	WE4810	Bulkwater POS	06/30/2024	318.36		

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Date Paid	Voided
Total 12931:					318.36		
12771	Fones Construction LLC	222352	WTP Pump HS	07/07/2024	420.00		
Total 12771:					420.00		
13408	Go Play Inc	PW20240124	Playground Mulch	07/12/2024	6,525.00		
Total 13408:					6,525.00		
3870	Grainger Inc	9173028870	PW - Turn Arrow Paint Stencil	07/05/2024	408.64		
3870	Grainger Inc	9173542318	PW - Paint Sprayer Street Striping	07/05/2024	62.08		
Total 3870:					470.72		
12451	Grand Junction Winwater Compa	075140 01	NWBP Manholes	06/25/2024	15,114.49		
Total 12451:					15,114.49		
2460	Hach Company	14099777	WTP C1-17 Repair	07/10/2024	1,269.90		
Total 2460:					1,269.90		
13405	Hayashi, Jennifer	2050.07	Utility Deposit Refund	07/10/2024	27.21		
Total 13405:					27.21		
2580	Hayden Merc	01-122618	Parks - Cleaning Supplies	06/03/2024	13.16		
2580	Hayden Merc	01-122634	Return Hitch	06/03/2024	159.99		
2580	Hayden Merc	01-123718	PW - Floc Repair	06/04/2024	14.13		
2580	Hayden Merc	01-124073	Crack Sealer	06/04/2024	1.79		
2580	Hayden Merc	01-124835	Park Cleaning Supplies	06/05/2024	27.63		
2580	Hayden Merc	01-124909	WTP Supplies	06/05/2024	39.85		
2580	Hayden Merc	01-125915	DCP - Irrigation Repair	06/06/2024	410.98		
2580	Hayden Merc	01-126347	EDC & Walnut St Market	06/06/2024	14.97		
2580	Hayden Merc	01-127087	PW - Irrigation Repair	06/07/2024	34.34		
2580	Hayden Merc	01-127287	PW - Irrigation Repair	06/07/2024	39.57		
2580	Hayden Merc	01-130330	HC - Art Room Weather Strip	06/10/2024	16.17		
2580	Hayden Merc	01-132115	PW - Hydrant Paint	06/12/2024	32.99		
2580	Hayden Merc	01-132332	DCP Sprinkler System	06/12/2024	16.72		
2580	Hayden Merc	01-132646	HC - Medical Use Diabetics	06/12/2024	4.29		
2580	Hayden Merc	01-133556	DCP - Irrigation Repair	06/13/2024	3.58		
2580	Hayden Merc	01-133824	DCP - Irrigation Repair	06/13/2024	39.77		
2580	Hayden Merc	01-133886	TH - Paper Towels	06/13/2024	13.99		
2580	Hayden Merc	01-138616	Walnut St Dance Stage Repair	06/18/2024	30.36		
2580	Hayden Merc	01-140405	Parks - Revive	06/20/2024	42.98		
2580	Hayden Merc	01-141539	Parks - Bug Spray	06/21/2024	17.98		
2580	Hayden Merc	01-144631	PW - Tree R&M	06/24/2024	23.36		
2580	Hayden Merc	01-145748	PW - Drain Snake	06/25/2024	19.99		
2580	Hayden Merc	01-146443	DCP - Office Supplies	06/26/2024	102.61		
2580	Hayden Merc	01-146461	DCP R&M	06/26/2024	67.73		
2580	Hayden Merc	01-146650	HC - Door Paint	06/26/2024	98.97		
2580	Hayden Merc	01-146690	DCP Sprinkler System	06/26/2024	12.34		
2580	Hayden Merc	01-146945	DCP Sprinkler System	06/26/2024	12.49		
2580	Hayden Merc	01-149215	DCP Trees	06/28/2024	29.98		
2580	Hayden Merc	02-110865	Huck Finn Day	06/01/2024	138.40		

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Date Paid	Voided
2580	Hayden Merc	02-114767	PW - A/C Gauges	06/05/2024	74.99		
2580	Hayden Merc	02-115702	EDC & Walnut St Market	06/06/2024	38.51		
2580	Hayden Merc	02-119227	Drinking Fountain Repair	06/10/2024	3.98		
2580	Hayden Merc	02-120374	HC - Art Room Weather Strip	06/11/2024	12.58		
2580	Hayden Merc	02-121199	DCP Sprinkler System	06/12/2024	12.38		
2580	Hayden Merc	02-122732	Sprinkler Battery	06/14/2024	9.99		
2580	Hayden Merc	02-126530	DCP Sprinkler System	06/18/2024	1.99		
2580	Hayden Merc	02-126609	HC - Door Repair	06/18/2024	16.99		
2580	Hayden Merc	02-130426	Parks - Planter	06/22/2024	10.80		
2580	Hayden Merc	02-130472	PW - Shop Saw Horse Bracket	06/22/2024	8.99		
2580	Hayden Merc	02-135715	DCP Sprinkler System	06/27/2024	35.16		
2580	Hayden Merc	03-100497	PW - Materials for Park Planter B	06/05/2024	27.98		
2580	Hayden Merc	03-101042	PW - Irrigation Repair	06/06/2024	5.18		
2580	Hayden Merc	03-101125	DCP Sprinkler System	06/06/2024	6.59		
2580	Hayden Merc	03104562	TH - Cabinet Locks	06/10/2024	6.59		
2580	Hayden Merc	03-104562	PW - 328 Service Leak R&M	06/10/2024	6.59		
2580	Hayden Merc	03-104908	PD - Cleaning Supplies	06/10/2024	18.37		
2580	Hayden Merc	03-107048	DCP - Irrigation Repair	06/13/2024	100.27		
2580	Hayden Merc	03-108961	Parks - Water Wagon	06/15/2024	44.34		
2580	Hayden Merc	03-111810	HC - Padlock for Park	06/18/2024	18.99		
2580	Hayden Merc	03-116805	PW - 328 Service Leak R&M	06/24/2024	17.15		
2580	Hayden Merc	03-116927	Vista Verde Park Repair	06/24/2024	9.99		
2580	Hayden Merc	03-117501	PW - Pole Barn Keys	06/25/2024	14.95		
2580	Hayden Merc	03-117590	Parks - Water Wagon	06/25/2024	31.98		
2580	Hayden Merc	03-117630	HC - Chisel Set	06/25/2024	41.98		
2580	Hayden Merc	03-117633	Parks - Water Wagon	06/25/2024	26.99		
2580	Hayden Merc	03-117636	Parks - Water Wagon	06/25/2024	24.99		
2580	Hayden Merc	03-121403	PD - Chain & Padlock Impound Lo	06/29/2024	23.58		
2580	Hayden Merc	03-96851	DCP - Diaper Changing Station R	06/01/2024	17.99		
2580	Hayden Merc	03-96887	Huck Finn Day	06/01/2024	8.76		
2580	Hayden Merc	03-98650	PW - Crack Sealer Pins	06/03/2024	20.77		
2580	Hayden Merc	03-98906	PW - Locate Paint Streets	06/03/2024	47.92		
Total 2580:					1,855.46		
13303	Hoskinson, Bradley	#2409	Reimb #2409	06/17/2024	50.00		
Total 13303:					50.00		
13406	Jackel, Natalie	15JUL2024	Reimburse Ticket #2903	07/15/2024	172.00		
Total 13406:					172.00		
12827	Jacks's Tire & Oil	24-0570939-08	PW - Air Compressor Tires	07/03/2024	147.20		
Total 12827:					147.20		
13409	Jessica Barker	2310	NWCOR Logo	05/20/2024	700.00		
Total 13409:					700.00		
13183	La Central Catering LLC	000010115	Retirement Party Appetizers	06/18/2024	450.00		
Total 13183:					450.00		
8375	MASON SIEDSCHLAW	2648	Admin - New Laptop	06/05/2024	909.90		
8375	MASON SIEDSCHLAW	2648	Admin - Laptop Setup	06/05/2024	572.40		

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Date Paid	Voided
Total 8375:					1,482.30		
13407	Morales, Mario	15JUL2024	Reimburse Ticket #2903	07/15/2024	224.50		
Total 13407:					224.50		
13256	PDS INC	AR83747	PW - Copier	07/09/2024	33.07		
13256	PDS INC	AR84290	PD - Copier	07/09/2024	31.15		
Total 13256:					64.22		
13334	PVS DX, INC	737002426-24	WWTP Chlorine & Sulfur	07/09/2024	1,075.65		
13334	PVS DX, INC	737002426-24	PW - Soda Ash	07/09/2024	857.50		
13334	PVS DX, INC	DE73000566-2	WW Chemicals	06/30/2024	120.00		
Total 13334:					2,053.15		
13375	Rinker Materials	29472901	NWBP Manholes	06/19/2024	9,454.00		
Total 13375:					9,454.00		
12155	Salazar, Andrea	12JUL2024	Mileage/Envleopes Reimb	07/12/2024	44.91		
Total 12155:					44.91		
10930	Standard Plumbing Supply Co.	WZHL05	DCP Main Break Repair	07/05/2024	76.50		
10930	Standard Plumbing Supply Co.	WZNF00	WWTP C12 System Repair	07/08/2024	61.98		
Total 10930:					138.48		
12494	Steamboat Springs Auto Parts, In	442316	Parks - Water Wagon	06/03/2024	71.99		
12494	Steamboat Springs Auto Parts, In	442339	PW - A/C Compressor Expedition	06/04/2024	387.59		
12494	Steamboat Springs Auto Parts, In	442373	Parks - Water Wagon	06/04/2024	51.68		
12494	Steamboat Springs Auto Parts, In	442374	PW - AC Refill	06/04/2024	39.96		
12494	Steamboat Springs Auto Parts, In	442390	PW - Degreaser	06/04/2024	19.98		
12494	Steamboat Springs Auto Parts, In	442425	PW - Vac Trailer Oil	06/05/2024	61.27		
12494	Steamboat Springs Auto Parts, In	442453	PD - Oil Change	06/06/2024	20.99		
12494	Steamboat Springs Auto Parts, In	442558	PD #716 Oil Change	06/06/2024	25.48		
12494	Steamboat Springs Auto Parts, In	442580	PW - Starting Fluid	06/10/2024	5.49		
12494	Steamboat Springs Auto Parts, In	442683	PW - Crack Sealer Relay	06/12/2024	21.55		
12494	Steamboat Springs Auto Parts, In	442808	PW - Crack Sealer Relay	06/15/2024	78.38		
12494	Steamboat Springs Auto Parts, In	442844	PW - Gas Can for Tractors	06/17/2024	46.99		
12494	Steamboat Springs Auto Parts, In	442874	PW - Trailing Wiring	06/17/2024	29.98		
12494	Steamboat Springs Auto Parts, In	442883	Parks - Water Wagon	06/17/2024	7.99		
12494	Steamboat Springs Auto Parts, In	443281	PW - Fix 352C	06/27/2024	41.99		
12494	Steamboat Springs Auto Parts, In	44352	PW - A/C Manifold & Gauge Set	06/04/2024	213.38		
Total 12494:					1,124.69		
13048	Stuart Stamp & Engraving, LLC	INV-59875	Name Plate and Name Tag	07/11/2024	66.50		
Total 13048:					66.50		
12634	Sunrise Engineering, Inc.	0143249	Poplar St Bridge Design	05/20/2024	924.00		
12634	Sunrise Engineering, Inc.	0144089	Poplar St Bridge Design	06/20/2024	406.00		
12634	Sunrise Engineering, Inc.	0144316	General Engineering	07/03/2024	1,800.00		

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Date Paid	Voided
12634	Sunrise Engineering, Inc.	0144317	Flood Management Closeout	07/03/2024	750.00		
12634	Sunrise Engineering, Inc.	0144318	NW Colorado Business Park CM	07/03/2024	38,077.25		
12634	Sunrise Engineering, Inc.	0144836	Poplar St Bridge Design	07/12/2024	8,979.50		
Total 12634:					50,936.75		
9545	U.S. Tractor & Harvest, Inc.	P83342	PW - Coolant	07/08/2024	40.12		
Total 9545:					40.12		
3810	Upper Yampa Water Conservancy	SCM TH-2024	Stagecoach Water Storage 2024	07/08/2024	18,480.00		
3810	Upper Yampa Water Conservancy	YCMTH240708	First 1/2 Pymt 300 Acre Ft	07/08/2024	15,451.50		
Total 3810:					33,931.50		
7070	USA BlueBook	INV00412390	PW - Waste Water Lab Supplies	07/03/2024	513.76		
7070	USA BlueBook	INV00419227	WWTP - Lab Supplies	07/11/2024	329.45		
Total 7070:					843.21		
12886	VanTubbergen, Courtney	12JUL2024	HC - Meditation Instructor	07/12/2024	30.00		
Total 12886:					30.00		
13061	Xerox Financial Services	5955376	178 W Jefferson C8145	07/01/2024	245.43		
13061	Xerox Financial Services	5965007	1200 W Jefferson C8145/H2	07/05/2024	233.43		
Total 13061:					478.86		
12261	Yampa Valley Brewing Company	YVB-02948	HEDC Market Tent	07/10/2024	60.00		
Total 12261:					60.00		
4245	Zirkel Wireless, LLC	279343	DCP Internet Installation	07/11/2024	1,425.61		
Total 4245:					1,425.61		
Grand Totals:					502,412.02		

Report Criteria:

- Detail report.
- Invoices with totals above \$0 included.
- Paid and unpaid invoices included.
- Invoice.Invoice Number = {<->} "12100"



Housing Authority Agenda Item and Town Council Agenda Item

MEETING DATE: July 18, 2024

AGENDA ITEM TITLE: Review and Consider Approval of Resolution 2024-2 and 2024- of the Hayden Municipal Housing Authority and Town of Hayden

AGENDA SECTION: Old Business

PRESENTED BY: Mathew Mendisco

BACKGROUND REVIEW: After the special meeting Thursday July 11, 2024 staff had sufficient direction to finalize the resolutions needed to ratify Council's formal vote to approve the partial tax exemption for Prairie Run Workforce LLC a middle-income attainable housing project set to break ground in September 2024. The attached resolutions for each meeting ratify those authorizations and create an LLC for the housing authority (common practice to limit liability) and authorize the loan to the project as well as give the Mayor and/or the Town Manager the authority to execute final documents associated with these two resolutions.

At the meeting, and after the meeting, there have been many questions about the impact financially for the Town. Below I have clarified what was stated and presented at the meeting. Staff will be refining these numbers as Prairie Run's final loan documents are finalized with their first mortgage etc.

Skate Park

- Town received \$500K from the Colorado Health Foundation to help pay for the project.
- Town received \$500K from GOCO to help pay for the project.
- Town received \$40K from the Gates Family Foundation
- Town received \$60K from the Sarah Craig Schecman Family Foundation
- Town received \$2 million to build the new sidewalk to this park from 6th ave.
- Town is contributing \$100K from its "CTF" fund
- The developer of Prairie Run has donated the parcel with a value of \$250K.
- Total project cost in dollars \$3.2 million (250K of which was land donation). The Town raised all but \$100K of the cost and if you take into account the donation its 3.45 million.
- The original request from public when they asked the Town Council to "build a new skate park for our kids" was that the park "not increase taxes" on the Town. Taxes have not been increased and all kids within this valley will get a new skate park that is generational and in line with the Town's mission statement.

Property Taxes

- While we still don't have a lot of certainty around what the assessed value of Prairie Run will be, using Sunlight Crossing as a model (previous Gorman Project in Steamboat) and building in the

178 West Jefferson Avenue · PO Box 190 · Hayden, CO 81639-0190

970-276-3741·Fax 970-276-3644

www.haydencolorado.com

"Hayden factor" we can project the following Ptax collection for those special districts approved for Ptax taxes collection and those entities that will be exempt from Ptax collection. This is based on full build out in year 1 at today's valuation.

Full Taxes Paid per Authority Approval

- o School District: \$80K per year
- o West Routt Fire: \$19K per year
- o Cemetery District: \$742
- o Hospital District: \$708
- o Library District: \$3,422

Tax Exempt per Authority Approval:

- o Town: \$81K
- o County: \$27K
- o Upper Yampa: \$3K
- o Colorado River District: \$1,000

Loan Revenue: The Town will be lending a grant that it applied for and was awarded for this project in the amount of \$8,600,000.00. The loan will have a 1% interest rate and a principal balloon payment at the end of 15 years of principal and interest. While we are finalizing the loan schedule payments should reflect the following:

- Interest payment in the first year of payments will be approximately \$86,000
- Total to be paid back over 15 years approximately \$10 million

Difference between loan revenue and ptax revenue: It would take 123 years of ptax collection to collect the same amount of revenue as the loan amount will for the Town in 15 years.

Ownership: Since Gorman is still finalizing their underwriting, we can't confidently calculate this number right now. As Gorman discussed, market conditions will dictate total revenue meaning they have to keep the units full vs. charging max rent per AMI. Once Gorman is done with underwriting, we should be able to get a better sense of ownership costs from their underwriters and then we can make a revenue prediction. Staff will be building out a finance model (with some consultant help) so we can better predict these numbers for developments like Prairie Run in the future.

Tap Fees: While we still don't have enough information to calculate this yet, but as we stated at the meeting it would be around \$1 million.

Use Tax: While we still don't have enough information to calculate this yet till Gorman submits all building plans, but it will be around \$1 million based on the current buildings submitted.

Total Revenue from this Development: In 15 years the Town will have made approximately 12 million and built a 1.2 million dollar outdoor asset.

We hope this helps clear up some of the financial uncertainty and staff would recommend approval of both resolutions.

RESOLUTION NO. 2024-09

A RESOLUTION AUTHORIZING THE RECEIPT OF A TAHG GRANT, THE DISBURSEMENT OF A TAHG LOAN TO PRAIRIE RUN COMMUNITY, LLC, A PROPERTY TAX INCENTIVE AGREEMENT, AND THE ADMISSION OF THE TOWN AS A MEMBER OF PRAIRIE RUN COMMUNITY, LLC

WHEREAS, the Town of Hayden (the “Town”) is being provided with approximately \$8,600,000.00 pursuant to the Transformational Affordable Housing, Homeownership, and Workforce Housing Grant program (the “TAHG Grant”) to assist with the construction costs of the development that will consist of approximately 135 units of workforce housing, to be known as “Prairie Run” in Hayden, Colorado (the “Project”), evidenced by those documents included in Exhibit A attached hereto (the “TAHG Grant Documents”);

WHEREAS, the Town desires to make a loan of the TAHG Grant funds, in the amount of approximately \$8,600,000.00 (the “TAHG Loan”) to Prairie Run Community, LLC, a Wisconsin limited liability company (the “Borrower”), for the development of the Project, to be evidenced by those documents included in Exhibit B attached hereto (the “TAHG Loan Documents”);

WHEREAS, the Town Council of the Town of Hayden (the “Council”) believes that accepting the TAHG Grant and subsequently providing the TAHG Loan to the Borrower is in the best interest of the Town;

WHEREAS, the Town will acquire a non-managing, non-controlling membership interest in the Borrower [in connection with the requirements of the TAHG Grant];

WHEREAS, in connection with admission of the Town as a member of the Borrower, the Town intends to enter into certain agreements, including without limitation an Amended and Restated Operating Agreement of Prairie Run Community, LLC or an Addendum thereto, and certain other agreements to be executed in connection therewith (collectively, the “Membership Documents”), to formalize its participation and outline the rights, responsibilities, and benefits associated with its membership in the Town;

WHEREAS, the Council believes it is in the best interest of the Town for the Town to be admitted as a member of the Borrower;

WHEREAS, in connection with certain action taken by the Hayden Municipal Housing Authority for the purpose of providing an exemption from state sales and use tax and a partial exemption from special assessments and real property tax for the Project (the “Tax Exemption”), the Town desires to enter into a Property Tax Incentive Agreement with the Borrower, among other related documents (collectively, the “PILOT Agreement”), which, among other things, provides for payments from Borrower in lieu of assessments and taxes that otherwise may have been paid by Borrower but for the Tax Exemption;

WHEREAS, the Council believes that entering into the PILOT Agreement to assist the Project with the Tax Exemption while still providing for the payment of certain assessments and taxes by the Borrower is in the best interest of the Town; and

WHEREAS, the Project is expected to have a positive impact on the Town by delivering workforce housing.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HAYDEN, COLORADO THAT:

1. The Council hereby authorizes the Town to receive the TAHG Grant;
2. The Council hereby authorizes Ryan Banks, Mathew Mendisco, and/or Barbara Binetti, in their respective capacities as Mayor, Town Manager, and Town Clerk (each an “Officer” and collectively the “Officers”), on behalf the Town, to execute, deliver, and perform the TAHG Grant Documents and to do such other acts and things, make such other agreements and execute and deliver such other contracts or writings as the such Officer may reasonably deem to be appropriate in connection with any of the foregoing or as may be necessary in connection with the acceptance of the TAHG Grant;
3. The Council hereby authorizes the Town to use the TAHG Grant funds to make the TAHG Loan to the Borrower, on terms reasonably determined by the Officers to be advisable;
4. The Council hereby authorizes the Officers, on behalf of the Town, to execute, deliver, and perform the TAHG Loan Documents and to do such other acts and things, make such other agreements and execute and deliver such other contracts or writings as such Officer may reasonably deem to be appropriate in connection with any of the foregoing or as may be necessary in connection with the TAHG Loan;
5. The Council hereby authorizes the Town to enter into the Membership Documents, on terms reasonably determined by the Officers to be advisable;
6. The Council hereby authorizes the Officers, on behalf of the Town, to execute, deliver, and perform the Membership Documents and to do such other acts and things, make such other agreements and execute and deliver such other contracts or writings as such Officer may reasonably deem to be appropriate in connection with any of the foregoing or as may be necessary in connection with the admission of the Town as a member of the Borrower;
7. The Council hereby authorizes the Town to enter into the PILOT Agreement, on terms reasonably determined by the Officers to be advisable; and
8. The Council hereby authorizes the Officers, on behalf of the Town, to execute, deliver, and perform the PILOT Agreement and to do such other acts and things, make such other agreements and execute and deliver such other contracts or writings as such

Officer may reasonably deem to be appropriate in connection with any of the foregoing or as may be necessary in connection with the PILOT Agreement.

FURTHER RESOLVED, that in connection with the TAHG Grant, the TAHG Loan, the admission of the Town as a member of the Borrower, and the PILOT Agreement, the Council, on behalf of the Town, hereby authorizes the Officers to take all necessary actions and to enter into all documents and agreements reasonably deemed advisable or appropriate by such Officer in connection with the Project, and to perform all obligations and take all actions necessary to implement the provisions of those documents and agreements referenced herein (collectively referred to as the “Agreements”);

FURTHER RESOLVED, that all Agreements to be executed by the Town shall be, in form and substance, reasonably acceptable to the Officers, with such acceptance being evidenced by an Officer’s signature on the Agreements;

FURTHER RESOLVED, that the Council hereby ratifies all actions previously taken by the Officers or any other authorized representative of the Town in connection with the Agreements;

FURTHER RESOLVED, that the Officers are hereby authorized to execute and deliver, on behalf of the Town, any and all documents and agreements described above, as well as any other agreements, instruments, and certificates deemed advisable or appropriate in connection with the Agreements, containing such terms and provisions as an Officer reasonably considers advisable or appropriate, and to perform any acts and things necessary or helpful to carry out the intent and purposes of this and the foregoing resolutions, with the execution and delivery of any documents and the doing of any acts being conclusive evidence of the appropriateness thereof and the authority of the person executing or performing the same.

PASSED, APPROVED, AND RESOLVED THIS 18th DAY OF JULY, 2024.

Ryan Banks, Mayor

ATTEST:

Barbara Binetti, Town Clerk

Exhibit A

(TAHG Grant Documents)

1. State of Colorado Grant Agreement for SLFRF by and between the Town, the State of Colorado, the Colorado Division of Housing, and the Colorado State Controller;
2. Any and all other documents, agreements and certificates to be executed by the Town in connection with the TAHG Grant.

Exhibit B

(TAHG Loan Documents)

1. Loan Agreement entered into between the Town and Borrower;
2. Promissory Note made by Borrower for the benefit of the Town;
3. Deed of Trust by and between Borrower and the Public Trustee of the County of Routt, Colorado for the benefit of the Town;
4. Restrictive Covenant and Agreement between Borrower and the Town; and
5. Any and all other documents, agreements and certificates to be executed by the Town in connection with the TAHG Loan.

LOAN AGREEMENT

THIS LOAN AGREEMENT (the “Agreement”) is dated as of August ____, 2024 between THE TOWN OF HAYDEN, COLORADO (“Lender”) and PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited liability company (“Borrower”).

RECITALS

Lender and Borrower acknowledge the following:

A. Lender has agreed to lend Eight Million Six Hundred Thousand and 00/100 Dollars (\$8,600,000.00) (the “Loan”) to Borrower for Borrower's use in connection with the acquisition, development, construction, ownership, and operation of a residential workforce rental housing development (the “Project”) to be located in the Town of Hayden, Routt County, Colorado (the “Property”), secured by that certain Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Revenues (the “Mortgage”), Note, and Use Covenant, each of which is dated as of the date hereof, by Borrower for the benefit of Lender and recorded against the Property (together the “Loan Documents”).

B. Lender will obtain the proceeds to make the Loan from a Transformational Affordable Housing Grant from the State of Colorado pursuant to that certain State of Colorado Grant Agreement for SLFRF (the “TAH Grant Agreement”) by and between Lender and the State of Colorado acting through its Department of Housing – Division of Local Affairs (the “Source Provider”).

C. Borrower has, simultaneously, executed those certain loan and security agreements to finance the remaining costs for the Project (the “Financing Documents”).

D. Lender and Borrower desire to set forth their agreements regarding the Loan in writing.

AGREEMENTS

In consideration of the Recitals and mutual agreements which follow, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lender and Borrower hereby agree as follows:

1. Lender shall disburse the Loan to Borrower on a reimbursement basis. Borrower may submit evidence, reasonably acceptable to Lender, of Borrower incurring and paying hard or soft costs related to the Project. No more than once every 20 days, Borrower may request Lender fund the Loan on a draw basis to reimburse Borrower for such costs, up to the amount of the Loan. Borrower shall use the proceeds of the Loan solely in connection with the acquisition, development, construction, ownership, and operation of

the Project, all in accordance with the terms, conditions, covenants, and requirements, if any, imposed by the TAH Grant Agreement and the Financing Documents.

2. The Town shall be under no obligation to fund the Loan to the extent the Town has not received proceeds from the Source Provider pursuant to the TAH Grant Agreement. Upon receipt of the proceeds from the Source Provider pursuant to the TAH Grant Agreement, and contingent on receipt of evidence noted in Section 1 related to reimbursement, Lender shall provide proceeds from the TAH Grant Agreement within five (5) business days of its receipt of said proceeds from the Source Provider.

3. The Loan shall be secured and paid back in accordance with the terms of the Mortgage. Borrower shall be in default of its obligations under this Agreement if Borrower is in default of any obligation, covenant, or representation or warranty set forth in the Mortgage, beyond applicable notice and cure periods. Following such default, Lender shall be entitled to all remedies set forth in the Loan Documents.

4. In connection with the execution of this Agreement, and with the Town entering into the TAH Grant Agreement, Lender (or a wholly-owned subsidiary thereof) shall become a 2% member of Borrower.

5. Borrower agrees to indemnify and save harmless the Lender against any liabilities which the Lender may incur in the exercise and performance of its powers and duties hereunder, under this Loan Agreement and the Use Covenant which are not due to its own negligence or willful misconduct, and to reimburse the Lender to any fees and expenses of the Lender to the extent they exceed funds available under this Agreement for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses.

6. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same instrument. Signatures sent via facsimile or e-mail transmission shall be deemed original signatures for purposes of creating a binding Agreement.

7. This Agreement may be amended only by a writing signed by all of the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

8. If requested, Borrower shall pay all reasonable legal expenses and out-of-pocket expenses incurred by Lender in connection with the enforcement or protection of its rights in connection with this Agreement, or any amendment of this Agreement.

9. This Agreement shall be governed by the laws of the state of Colorado.

[Signatures on next page]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

LENDER:

TOWN OF HAYDEN, a Colorado
municipal corporation

By: _____
Name: _____
Title: _____

ATTEST:

,
Town Clerk

BORROWER:

PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited
liability company

By: Prairie Run Community SPE, LLC, a Delaware
limited liability company, its Manager

By: GEC Prairie Run Community, LLC, a Wisconsin
limited liability company, its Manager

By: Gorman & Company, LLC, a Wisconsin
limited liability company, its Manager

By: _____
Michael Redman, Secretary

PROMISSORY NOTE

\$8,600,000.00

_____, 2024

The undersigned, Prairie Run Community, LLC, a Wisconsin limited liability company (the "Borrower"), promises to pay to the Town of Hayden, Colorado (the "Lender"), the sum of Eight Million Six Hundred Thousand and 00/100 Dollars (\$8,600,000.00), or the from time to time outstanding principal balance thereof advanced to Borrower by Lender in accordance with the terms of the Loan Agreement, dated as of the date hereof, by and between the Borrower and the Lender (the "Loan Agreement").

This Note shall bear interest on the outstanding principal balance (as such balance changes from time to time) at the rate of 1.0% per annum simple interest.

Interest from Today Through 5-years After Conversion. Interest only on the outstanding principal balance of this Note then advanced shall accrue, but not be payable from the date hereof through the five-year anniversary of the Project (as defined in the Loan Agreement) being completed, stabilized, and its senior debt converting from construction to permanent financing (the "Conversion Date"). The accrued and unpaid interest during the period from the date hereof until the five-year anniversary of the Conversion Date shall be repaid as a balloon payment on the Maturity Date.

Interest from 5-years After Conversion Through Year 17. From the first July 1 after the five-year anniversary of the Conversion Date until the last July 1 before the 17-year anniversary hereof, Borrower shall make payments of all accrued and unpaid interest (based on an outstanding principal balance of \$8,600,000, i.e., \$86,000 per year), subject to available Cash Flow (as defined below), on an annual basis on or before July 1 of each year; provided, however, that to the extent Cash Flow is available, any payments made hereunder shall be limited to 75% of the available Cash Flow, with the balance being distributed in accordance with Section 5.2 of Borrower's Amended and Restated Operating Agreement dated as of the date hereof, as may be amended from time to time (the "Operating Agreement").

Principal and Interest from Year 17 Through Maturity. From the 17-year anniversary of the date hereof through the Maturity Date (as defined below), the Borrower shall make fully amortizing interest and principal payments under this Note (based on an outstanding principal balance of \$8,600,000) annually each July 1 thereafter during the remaining term of this Note, subject to available Cash Flow (as defined below) for the prior calendar year, in accordance with the terms of Section 5.2 of Borrower's Operating Agreement; provided, however, that to the extent Cash Flow is available, any payments made hereunder shall be limited to 75% of the available Cash Flow, with the balance being distributed in accordance with Section 5.2 of the Operating Agreement. In the event that Cash Flow available to repay this Note is less than the required payment from time to time, the Borrower shall pay so much of the payment hereunder as Cash Flow shall allow in accordance with Borrower's Operating Agreement (subject to the 75% limited noted in the prior sentence). The phrase "Cash Flow" shall have the meaning assigned to it in the Operating Agreement. If and to the extent the available Cash Flow is

insufficient to pay accrued and unpaid interest, the unpaid interest shall accrue until there is available Cash Flow to pay same.

The outstanding balance of principal and accrued and unpaid interest shall be paid in its entirety on the forty-two year anniversary of the date hereof (the "Maturity Date"), if not sooner paid. If Borrower refinances permanent loan, sells, transfers, or otherwise disposes of the Property prior to the Maturity Date, the entire principal amount of this Note, together with all interest accrued, if any, shall be immediately due and payable.

All payments shall be applied first to accrued and unpaid interest and then to principal.

The Borrower waives presentment for payment, notice of dishonor, presentment, notice of protest, protest and all diligence of collection.

All payments shall be made in immediately available funds, at the principal office of the Lender in Hayden, Colorado. The holder of this Note may, from time to time, designate in writing such other place of payment as it may select.

This Note is secured by a Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Revenues (the "Mortgage") of even date herewith on the leasehold interest in real estate in Routt County, Colorado more particularly described therein (the "Property"). This Note may be accelerated in accordance with the terms of the Mortgage and the Loan Agreement of even date herewith by and between Borrower and Lender (the "Loan Agreement") in the event of a default thereunder not cured within applicable cure periods.

This Note, including the entire balance or principal, interest, and delinquency charges, shall become immediately due and payable to Lender without notice or demand upon the occurrence of any of the following:

- a. Failure to pay any amount due under this Note, and the nonpayment continues for thirty (30) days after the Borrower is notified in writing of such nonpayment; provided, however, that the principal and interest payments due hereunder shall be payable only to the extent of available Cash Flow as provided for herein; or
- b. Nonperformance by Borrower with any nonpayment covenant, provision, term or condition of the Loan Agreement or any addendum or amendment thereto and Borrower has failed to cure such nonperformance within the required time period, if any, as provided in the Loan Agreement; or
- c. Nonperformance by Borrower of any covenant, provision, term or condition of the Mortgage, or any addendum or amendment thereto and Borrower has failed to cure such nonperformance within the required time period, if any, as provided in the Mortgage; or
- d. Nonperformance solely by the Borrower and not by Lender (except where Borrower's acts or omissions cause or result in a breach by Lender), directly or

indirectly, of any covenant, provision, term or condition of the TAH Grant Agreement (as described in the Loan Agreement or any addendum or amendment thereto) and Borrower has failed to cure such nonperformance within the required time period, if any, as provided for in the TAH Grant Agreement.

Notwithstanding anything to the contrary set forth in this Note, payment and performance of the obligations set forth in this Note shall be non-recourse to Borrower and Borrower's managing member and investor member, and the Lender's sole recourse with respect to the loan evidenced by this Note shall be the right to foreclose under the Mortgage and any other collateral granted by Borrower to Lender in connection with the loan.

This Note may be prepaid in whole or in part at any time without notice or penalty.

[Signature on next page]

This Note shall be governed by and construed in accordance with the internal laws of the State of Wisconsin.

PRAIRIE RUN COMMUNITY, LLC, a Wisconsin limited liability company

By: Prairie Run Community SPE, LLC, a Delaware limited liability company, its Manager

By: GEC Prairie Run Community, LLC, a Wisconsin limited liability company, its Manager

By: Gorman & Company, LLC, a Wisconsin limited liability company, its Manager

By: _____
Michael Redman, Secretary

After recording, return to: |

Town of Hayden
Matthew Mendisco
Town Manager
178 West Jefferson Avenue
P.O. Box 190
Hayden, Colorado 81639

**DEED OF TRUST, SECURITY AGREEMENT,
FINANCING STATEMENT AND
ASSIGNMENT OF RENTS AND REVENUES**

THIS DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT AND ASSIGNMENT OF RENTS AND REVENUES (this “Deed of Trust”) is made August ____, 2024 between Prairie Run Community, LLC, a Wisconsin limited liability company, whose address is 200 North Main Street, Oregon, Wisconsin 53575, hereinafter referred to as “Borrower” to the Public Trustee for the County of Routt, State of Colorado (the “Public Trustee”), for the use and benefit of the Town of Hayden (the “Lender”), and whose address is P.O. Box 190, 178 West Jefferson Avenue, Colorado 81639.

RECITALS

A. Borrower has requested that Lender provide subordinate financing to assist in the acquisition of the Real Property (as defined hereunder) in Routt County, Colorado, and the construction of the improvements thereon (the “Improvements”), to provide for a multifamily workforce housing development and related facilities. Such subordinate financing will be subordinate in all respects to the Deeds of Trust as identified on the attached Exhibit B.

B. Lender has determined to assist in the financing of the acquisition of the Real Property and construction of the Improvements (together, the “Project”) by loaning to Borrower, the original principal amount of Eight Million Six Hundred Thousand and 00/100 Dollars (\$8,600,000.00) (the “Loan”), upon the terms and conditions of that certain Promissory Note dated even herewith by Borrower payable to the order of Lender, together with all renewals, extensions and modifications of the same (the “Note”), the proceeds of which are to be used solely for the development of the Project, subject to those restrictions and covenants contained in that certain Restrictive Covenant and Agreement by the Borrower and recorded against the Real Property (the “Declaration”).

C. Borrower has agreed to execute and deliver this \$8,600,000.00 Deed of Trust in favor of Lender as security for its obligations under the Loan.

**ARTICLE 1.
PARTIES, PROPERTY, AND DEFINITIONS**

The following terms and references shall have the meanings indicated:

51244364v2

1.1 Real Property: The Borrower's fee simple interest in real property described in Exhibit A, attached hereto and by this reference incorporated herein, together with all right, title and interest of Borrower in the following with respect to the real property, whether now owned or hereafter acquired by Borrower:

(a) all improvements now or hereafter located on such real property and all easements and appurtenances thereto;

(b) all and singular the passages, waters, water rights (whether tributary or non-tributary or not non-tributary), water courses, riparian rights, wells, well permits, water stock, other rights, liberties and privileges thereof or in any way now or hereafter appertaining to the real property, including homestead and any other claim at law or in equity, as well as any after-acquired title, franchise or license, and the reversion and reversions and remainder and remainders thereof; and

(c) all machinery, apparatus, equipment, fittings, fixtures (whether actually or constructively attached or incorporated, and including all trade, domestic, and ornamental fixtures) now or hereafter located in, upon, or under such real property or improvements and used or usable in connection with any present or future operation thereof, including but not limited to all lighting, utility, and power equipment; engines; pipes; pumps; tanks; motors; conduits; utility systems, plumbing, lifting, cleaning, fire prevention, fire extinguishing, signage, heating, air-conditioning; communication apparatus; water heaters; ranges; furnaces; appliances, refrigerators, stoves; shades, awnings, screens, storm doors and windows; attached cabinets; rugs, carpets and draperies and all additions thereto and replacements therefor.

1.2 Chattels: All goods, trade fixtures, fixtures, inventory, furnishings, fittings, machinery, apparatus, equipment, building and other construction materials, supplies, and other tangible personal property of every nature now owned or hereafter acquired by Borrower and used, intended for use, or reasonably required in the development, construction, reconstruction, alteration, repair, or operation of the Property and any improvements or infrastructure located thereon, together with all accessions thereto, replacements and substitutions therefor, and proceeds thereof, including, without limitation, to the extent not deemed to be real property under this Deed of Trust, all apparatus, machinery, motors, elevators, fittings, equipment, and other furnishings and all plumbing, heating, lighting, cooking, laundry, ventilating, refrigerating, incinerating, air-conditioning and sprinkler equipment and fixtures, all clubhouse and swimming pool equipment, lockers, lifeguard equipment, lawn or deck chairs, towels, swimming pool cleaning and maintenance equipment, recreational and fitness equipment, including but not limited to rowing machines, stationery bikes, nautilus equipment, and appurtenances thereto.

1.3 Intangible Personalty: All right, title and interest of the Borrower in and to the following, with respect to the Real Property:

(a) all of the rents, royalties, income (including, without limitation, operating income), receipts, revenues, issues, and profits of and from the use, operation, or enjoyment of

such real property and improvements (collectively, the “Income”), whether such Income is attributable to the period, or is collected, prior to or subsequent to any default by Borrower;

(b) all plans and specifications for the improvements on the real property; soil, environmental, engineering, land planning maps, surveys and other studies and reports concerning the real property or prepared for the orderly planning and development of the real property, including all plans, drawings and studies concerning the platting or replatting of the real property; all contracts and subcontracts relating to the improvements on the real property, or any portion thereof;

(c) all awards and payments, including interest thereon, resulting from the exercise of any right of eminent domain or any other public or private taking of, casualty or injury to, or decrease in the value of, any of such real property, including without limitation all property insurance payments, proceeds and policies related to such real property;

(d) all of the licenses, permits, franchises, and other entitlements to use and all rights thereto which have been issued by or which are pending before any governmental or quasi-governmental agency which are necessary or appropriate for the Property;

(e) all funds, accounts, operating accounts, accounts receivable, deposit accounts, escrow accounts, monies, claims, causes of action, rights to payment, prepaid insurance and other prepaid items, contracts, contract rights, refunds and rebates, maintenance contracts, maintenance warranties, continuing agreements, security deposits, General Intangibles and payment intangibles associated with the property, letter of credit rights and insurance proceeds;

(f) all water taps, sewer taps, building permits, curb cut permits, storm water discharge permits, refunds, rebates or deposits due or to become due from any utility companies or governmental entity;

(g) the absolute right to Borrower’s interest in any trade name used by Borrower in connection with the Property and all of Borrower’s rights in and to contract rights, leases, concessions, trade names, trademarks, service marks, logos, operating systems, trade secrets, technology and technical information, copyrights, warranties, licenses, plans, drawings and other items of intangible personal property relating to the ownership or operation of the Property; and

(h) all other and greater rights and interests of every nature in such property and in the possession or use thereof and income therefrom, whether now owned or subsequently acquired by Borrower.

1.4 Property: Borrower’s fee simple interest in the Real Property, the Chattels and the Intangible Personalty are sometimes collectively called the “Property.” It is specifically understood that the enumeration of any specific articles of the Property, including Chattels and Intangible Personalty shall in no wise exclude or be held to exclude any items of property not specifically mentioned. All of the Real Property, Chattels and Intangible Personalty, whether

affixed or annexed or not, and all rights hereby conveyed and mortgaged are intended to be as a unit and are hereby understood and agreed and declared to be appropriated to the use of the real estate, and shall for the purposes of this Deed of Trust be deemed to be real estate and conveyed and mortgaged hereby.

1.5 Secured Obligations: The Property is granted and shall be held for the purpose of securing (the "Secured Obligations"):

- (a) The payment of the indebtedness as evidenced in the Note;
- (b) The performance and observance of all terms, covenants, conditions, and provisions to be performed or observed by the Borrower pursuant to the terms of:
 - (i) this Deed of Trust,
 - (ii) That certain Loan Agreement by and between the Borrower and Lender dated as of the date hereof (the "Loan Agreement"), and
 - (iii) any and all pledge or other security agreements, loan agreements, disbursement agreements, supplemental agreements, assignments (both present and collateral), side letters, as the same may be amended, modified or supplemented from time to time, being referred to hereinafter as "Related Agreements."

The Note, this Deed of Trust, the Loan Agreement, Related Agreements, and any and all other documents or instruments executed in connection with the foregoing to evidence or secure the Note shall be hereinafter collectively called the "Loan Documents."

ARTICLE 2. GRANTING CLAUSE

2.1 Grant to Public Trustee. As security for the Secured Obligations, Borrower hereby grants, bargains, sells, and conveys the Property to Public Trustee, in trust forever, with power of sale, for the use and benefit of Lender, and subject to all provisions hereof.

2.2 Security Interest to Lender. As additional security for the Secured Obligations, Borrower hereby grants to Lender a security interest in the Chattels and in the Intangible Personalty and in such of the interest in the Real Property as may be deemed personalty (collectively, the "Collateral"). To the extent any of the Collateral may be or has been acquired with funds advanced by Lender under the Loan Documents, this security interest is a purchase money security interest. This Deed of Trust constitutes a Security Agreement under the Uniform Commercial Code of Colorado (the "Code") with respect to any part of the Property and Collateral that may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate; all of the terms, provisions, conditions and agreements contained in this Deed of Trust pertain and apply to the Collateral as fully and to the same extent as to any other property

comprising the Property, and the following provisions of this section shall not limit the generality or applicability of any other provision of this Deed of Trust but shall be in addition thereto:

(a) The Collateral shall be used by Borrower solely for business purposes, being installed upon or owned in connection with the real estate comprising part of the Property for Borrower's own use or as the equipment and furnishings furnished by Borrower, as owner, to tenants of the Property;

(b) The Chattels shall be kept at the real estate comprising a part of the Property, and shall not be removed therefrom without the consent of Lender and the Chattels may be affixed to such real estate but shall not be affixed to any other real estate;

(c) Borrower will, at its cost and expense, upon demand, furnish to Lender such further information and will execute and deliver to Lender such financing statements and other documents in form satisfactory to Lender and will do all such acts and things as Lender may at any time or from time to time reasonably request or as may be necessary or appropriate to establish and maintain a perfected security interest in the Collateral as security for the Secured Obligations; and Borrower will pay the cost of filing the same or filing or recording such financing statements or other documents and this instrument in all public offices wherever filing or recording is deemed by Lender to be necessary or desirable;

(d) The terms and provisions contained in this section and in Section 7.6 (Enforcement of Security Interests) of this Deed of Trust shall, unless the context otherwise requires, have the meanings and be construed as provided in the Code; and

(e) This Deed of Trust constitutes a security agreement and financing statement under the Code with respect to the Collateral. As such, this Deed of Trust covers all items of the Collateral that are personal property including all items which are to become fixtures. Borrower is the "Debtor" and Lender is the "Secured Party" (as those terms are defined and used in the Code) insofar as this Deed of Trust constitutes a financing statement.

(f) The Borrower agrees that Lender may, to the extent permitted by applicable law, prepare and file financing statements, amendments thereto, and continuation statements without the signature of the Borrower and file any financing statement, amendment thereto or continuation statement electronically.

2.3 Future Advances. This Deed of Trust secures future Advances up to a total maximum amount of \$8,600,000.

ARTICLE 3. **BORROWER'S TITLE AND AUTHORITY**

3.1 Warranty of Title. Borrower represents and warrants to Lender that Borrower has a fee simple interest to the Property. Borrower, for itself and its successors and assigns, hereby agrees to warrant and forever defend, all and singular, all of the Property and property interest

granted and conveyed in trust pursuant to this Deed of Trust, against every person whomsoever lawfully claiming, or to claim, the same or any part thereof by through or under Borrower, subject to all matters of record as of the date hereof (the “Permitted Exceptions”). The warranties contained in this section shall survive foreclosure of this Deed of Trust, and shall inure to the benefit of and be enforceable by Lender or its affiliates who may acquire title to the Property or the Collateral pursuant to any such foreclosure.

3.2 Waiver of Homestead and Other Exemptions. To the extent permitted by law, Borrower hereby waives all rights to any homestead or other exemption to which Borrower would otherwise be entitled under any present or future constitutional, statutory, or other provision of applicable state or federal law.

3.3 Due Authorization. Borrower represents and warrants to Lender that the execution of this Deed of Trust has been duly authorized by all necessary limited liability company action on the part of Borrower.

ARTICLE 4. BORROWER’S AFFIRMATIVE COVENANTS

4.1 Payment of Note. Borrower will pay all principal, interest, and other sums payable under the Note, this Deed of Trust, or the Loan Documents, on the date when such payments are due, without notice or demand.

4.2 Other Encumbrances. Borrower will perform and comply with all covenants, conditions, and prohibitions required of Borrower in connection with any other encumbrance affecting the Property or the Collateral, or any part thereof, or any interest therein, regardless of whether such other encumbrance is superior or subordinate to the lien hereof.

4.3 Payment of Taxes.

(a) Property Taxes. Borrower will pay, before delinquency, all taxes and assessments, including without limitation, general, special and metropolitan district taxes, water charges, sewer service charges (collectively, the “Impositions”), which may be levied or imposed at any time against Borrower’s interest and estate in the Property or the Collateral. Within ten (10) calendar days after request by Lender, Borrower will deliver to Lender an official receipt for such payment or other evidence that such payment has been made.

(b) Intangible Taxes. If by reason of any statutory or constitutional amendment or judicial decision adopted or rendered after the date hereof, any tax, assessment, or similar charge is imposed against the Note, against Lender arising directly from Lender’s interests in the Loan Documents (other than a tax based on Lender’s income), or against any security interest of Lender in the Property, Borrower will pay such tax, assessment, or other charge before delinquency and will indemnify Lender against all loss, expense, or diminution of income in connection therewith. In the event Borrower is unable to do so, either for economic reasons or because the legal provisions or decisions creating such tax, assessment or charge forbid Borrower from doing so,

then the Note will, at Lender's option, become due and payable in full upon thirty (30) calendar days' notice to Borrower.

(c) Right to Contest. Notwithstanding any other provision of this section, Borrower will not be deemed to be in default solely by reason of Borrower's failure to pay any Impositions so long as, in Lender's judgment, each of the following conditions is satisfied:

(i) Borrower is engaged in and diligently pursuing in good faith administrative or judicial proceedings appropriate to contest the validity or amount of such Impositions; and

(ii) Nonpayment of such Impositions will not result in the loss or forfeiture of any Property encumbered hereby or any interest of Lender therein.

If Lender determines that any one or more of such conditions is not satisfied or is no longer satisfied, Borrower will pay the Impositions in question, together with any interest and penalties thereon, within ten (10) calendar days after Lender gives notice of such determination.

4.4 Maintenance of Insurance.

(a) Policies. Borrower shall obtain and maintain the following insurance and pay all related premiums as they become due, and if Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the property at the expense of Borrower:

(i) Casualty. Insurance of the Project against damage or loss by fire, lightning, and other perils, on an all-risks basis, such coverage to be in an amount reasonably satisfactory to Lender.

(ii) Liability. Combined commercial general liability insurance protecting Borrower and Lender against loss or losses from liability imposed by law or assumed in any agreement, document, or instrument and arising from bodily injury, death, or property damage with a limit of liability satisfactory to Lender per occurrence and general aggregate, and "umbrella" excess liability insurance in an amount reasonably satisfactory to the Lender.

4.5 Maintenance and Repair of Property and Collateral. Borrower will at all times maintain the Property and the Collateral in good condition and repair, and will diligently prosecute the completion of any infrastructure, building or other improvement which is at any time in the process of construction on the Property in full compliance with all building codes and other governmental requirements. Borrower will promptly repair, restore, replace, or rebuild any part of the Property or the Collateral which may be affected by any casualty or any public or private taking or injury to the Property or the Collateral. Any repair, restoration, replacement, or rebuilding shall be consistent with all applicable laws and regulations. Borrower will comply with all statutes, ordinances, and other governmental or quasi-governmental requirements and private covenants relating to the ownership, construction, use, or operation of the Property and the Collateral,

including but not limited to any environmental or ecological requirements, legislation or regulations with respect to the Americans with Disabilities Act; provided, that so long as Borrower is not otherwise in default hereunder, Borrower may, upon providing Lender with security reasonably satisfactory to Lender, proceed diligently and in good faith to contest the validity or applicability of any such statute, ordinance, or requirement. Lender and any person authorized by Lender may enter and inspect the Property at all reasonable times, and may inspect the Collateral, wherever located, at all reasonable times upon reasonable prior notice to Borrower and subject to the rights of tenants under leases at the Property.

4.6 Management. The Borrower will provide and maintain good and efficient management of the Property reasonably satisfactory to Lender.

4.7 Condemnation. Borrower hereby assigns, transfers and sets over unto Lender the entire proceeds of any award or any claim for damages for any of the Property taken or damaged under the power of eminent domain or by condemnation; provided that in the event of a partial taking, if Lender determines continued operation of the Project is feasible, such proceeds may be used by Borrower to restore the Project.

4.8 Mechanics' Liens. Borrower will keep the Property free and clear of all liens and claims of liens by contractors, subcontractors, mechanics, laborers, material men, and other such persons, provided that Borrower may contest in good faith any such liens. Borrower shall post a notice of non-liability in a conspicuous location on the Property in accordance with Section 38-22-105, C.R.S.

4.9 Defense of Actions. Borrower will defend, at Borrower's expense, any action, proceeding or claim which affects any Property encumbered hereby or any interest of Lender in such Property or in the Secured Obligations, and will indemnify and hold Lender harmless from all loss, damage, cost, or expense, including reasonable attorneys' fees, which Lender may incur in connection therewith except to the extent such loss is caused by Lender's gross negligence.

4.10 Further Assurances; Estoppel Certificates. Borrower will execute and deliver to Lender upon demand, and pay the costs of preparation and recording thereof, any further documents which Lender may request to confirm or perfect the liens and security interests created or intended to be created hereby, or to confirm or perfect any evidence of the Secured Obligations. Borrower will also, within ten (10) calendar days after any request by Lender, deliver to Lender a signed and acknowledged statement certifying to Lender, or to any proposed transferee of the Secured Obligations, (a) the balance of principal, interest, and other sums then outstanding under the Note, and (b) whether Borrower claims to have any offsets or defenses with respect to the Secured Obligations and, if so, the nature of such offsets or defenses.

4.11 Parking Requirements. Borrower shall maintain at all times sufficient parking spaces to comply with the parking requirements of all leases, zoning and other regulations affecting the Property.

4.12 Financial Statements and Inspection of Records. Borrower will furnish or cause to be furnished to Lender copies of such certified reports, financial statements, supporting schedules and other financial data as Lender may reasonably require covering the financial condition of Borrower, in form and content satisfactory to Lender.

ARTICLE 5. **BORROWER'S NEGATIVE COVENANTS**

5.1 Zoning and Private Covenants. Borrower will not initiate, join in, or consent to any change in any zoning ordinance or classification, any change in the "zone lot" or "zone lots" (or similar zoning unit or units) presently comprising the Property, any change in any private restrictive covenant, or any change in any other public or private restriction limiting or defining the uses which may be made of the Property or any part thereof, without the express written consent of Lender or as may be set forth as Permitted Exceptions. If under applicable zoning provisions the use of all or any part of the Property is or becomes a nonconforming use, Borrower will not cause such use to be discontinued or abandoned without the express written consent of Lender.

5.2 Disposition of Mortgaged Property, Leases or Beneficial Interest in Borrower. It is expressly acknowledged, covenanted and agreed that there may be no sale, lease (except for leases of space in the improvements on the Property made by Borrower in the ordinary course of Borrower's business), exchange, assignment, conveyance, encumbrance, mortgage, alienation, transfer or other disposition (herein collectively called a "Disposition") of (a) all or any portion of the Property or any lease thereof (or any interest therein) which gives the lessee any option to purchase the Property or any part thereof, or (b) all or any part of the legal or beneficial ownership interest or management control in Borrower, except that (i) a transfer (including pledges) of the Investor Member's interest or an affiliate of the Investor Member's interest (as "Investor Member" is defined in the Loan Agreement) in the Borrower or the withdrawal, replacement and/or addition of a managing member of the Borrower pursuant to the terms of the Operating Agreement (as defined in the Loan Agreement) shall not constitute a violation of the foregoing provision, and (ii) a transfer of an aggregate beneficial ownership interest in Borrower of 49% or less shall not constitute a violation of the foregoing provision. Lender hereby consents to each of the Loans listed on Exhibit B attached hereto. In the event there occurs a Disposition without Lender's written consent, then Lender may, at Lender's option, accelerate the maturity of the Note and enforce any and all of Lender's rights, remedies and resources set forth in this Deed of Trust upon the occurrence of an Event of Default. It is acknowledged and agreed that Lender may arbitrarily withhold, at its sole option, its consent to any Disposition as described above. Lender's failure to exercise its remedies hereunder for a disapproved Disposition shall not be construed as a waiver of Lender's right to subsequently exercise such remedies, and Lender's approval of a Disposition shall not be construed as a waiver of the provisions hereof with respect to any subsequent Disposition. The rights and options herein granted to Lender may be exercised at Lender's sole option and discretion, need not be based upon an increased business risk or any other risk, and are an integral and valuable part of the security given to Lender.

5.3 Transfer or Removal of Chattels. Other than the Permitted Exceptions, the Borrower will not sell, transfer or remove from the Property all or any material part of the Chattels, unless the items sold, transferred, or removed are simultaneously replaced with similar items of equal or greater value.

5.4 Change in Name, Location of Collateral, Etc. Without giving at least thirty (30) calendar days' prior written notice to Lender, the Borrower shall not: (a) change its name, identity structure, or jurisdiction of organization; or (b) change the location of its place of business (or chief executive office if more than one place of business), without first notifying Lender of Borrower's intention to do so and shall execute and deliver to Lender modifications or supplements of this Deed of Trust (and to any financing statement which may be filed in connection herewith) as Lender may require.

5.5 Improper Use of Property or Collateral. Borrower will not use the Property or the Collateral for any purpose or in any manner, or take any action with respect to the Property which violates any applicable law, ordinance, or other governmental requirement, the requirements or conditions of any insurance policy, or any private covenant.

5.6 Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. As used in this paragraph 5.6, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20. As used in this paragraph 5.6, "Environmental Law" means any federal, state or local environmental statute, regulation, ordinance or policy presently in effect or which may be promulgated in the future, as they may be amended from time to time, including but not limited to: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §§ 11001 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq.; the Oil Pollution Act, 33 U.S.C. §§ 2701 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f-300j; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 5101 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; the Toxic

Substances Control Act, 15 U.S.C. §§ 2601 et seq.; and all regulations promulgated under or which implement the foregoing laws..

ARTICLE 6. EVENTS OF DEFAULT

Each of the following events will constitute a default (an “Event of Default”) under this Deed of Trust and under each of the other Loan Documents, subject to the notice and cure provisions within Section 5 of the Loan Agreement:

6.1 Failure to Pay. Default shall be made in the payment of any installment of principal or interest on the Note or any other sum any of the Loan Documents within thirty (30) calendar days after receipt of written notice from Lender.

6.2 Failure to Perform. Failure of Borrower to perform any other covenant, provision, term or condition of this Deed of Trust which failure continues for a period of thirty (30) calendar days after receipt of written notice from Lender (or such longer period of time as may be reasonably necessary to cure such default).

6.3 Abandonment. The actual abandonment of all or a substantial portion of the Property or the Collateral (such abandonment constituting an assignment to Lender, at Lender’s option, of Borrower’s interest in any lease or contract now or hereafter affecting the abandoned property).

6.4 Judgment. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Property or a material part of the Collateral, or any judgment involving monetary damages shall be entered against Borrower or Borrower’s managing member, which shall become a lien on the Property or any portion thereof or interest therein and such execution, attachment, or similar process or judgment is not released, bonded, satisfied, vacated, or stayed within sixty (60) calendar days after its entry or levy.

ARTICLE 7. LENDER’S REMEDIES

Immediately upon or any time after the occurrence of any Event of Default hereunder, but subject to any and all applicable cure periods, Lender may exercise any remedy available at law or in equity, including but not limited to those listed below and those listed in the other Loan Documents, in such sequence or combination as Lender may determine in Lender’s sole discretion:

7.1 Performance of Defaulted Obligations. Lender may make any payment or perform any other obligation under the Loan Documents which Borrower has failed to make or perform, and Borrower hereby irrevocably appoints Lender as the true and lawful attorney-in-fact for Borrower to make any such payment and perform any such obligation in the name of Borrower, which appointment is coupled with Lender’s interest in the Property and the Collateral. All payments made and expenses (including attorneys’ fees and legal assistants’ fees) incurred by

Lender in this connection, together with interest thereon at rate set forth in the Note, from the date paid or incurred until repaid, will be part of the Secured Obligations and will be immediately due and payable by Borrower to Lender.

7.2 Specific Performance and Injunctive Relief. Notwithstanding the availability of legal remedies, Lender will be entitled to obtain specific performance, mandatory or prohibitory injunctive relief, or other equitable relief requiring Borrower to cure or refrain from repeating any default.

7.3 Acceleration of Secured Obligations. Upon an Event of Default, Lender may, without notice or demand, declare all of the Secured Obligations immediately due and payable in full.

7.4 Possession of Property. Lender may enter and take possession of the Property without seeking or obtaining the appointment of a receiver or may employ a managing agent for the Property.

7.5 Limited Liability. It is agreed that upon the occurrence of an Event of Default, Lender shall neither seek nor take any deficiency or monetary judgment against Borrower or the managing member of Borrower or against any property of Borrower or the managing member of Borrower, other than by an action against the Property, except as provided in this paragraph. It is further understood and agreed, however, that nothing contained in this paragraph shall in any manner or way release, affect or impair (a) the existence of the debt evidenced by the Note; (b) the enforceability of the liens and security interests granted by the Loan Documents; (c) the right of Lender after the occurrence of an Event of Default hereunder or under the Loan Documents to receive from Borrower or the managing member of Borrower any tenant security deposits delivered to Borrower under any lease and any net rents thereafter accruing from the Property (after deducting amount used by Borrower or the managing member of Borrower to pay necessary expenses of the Property); (d) the right of Lender under the Loan Documents to recover from Borrower or the managing member of Borrower amounts necessary to pay Impositions and other like charges against the Property due and payable on or prior to the occurrence of an Event of Default hereunder or sums necessary to repair any damage to the Property caused by the willful or wanton act or omission of Borrower or the managing member of Borrower; (e) the right of Lender to recover from Borrower or the managing member of Borrower any sums expended by Lender in performance or compliance of all covenants, agreements, and provisions of any assigned lease given as security for the Note, which is so expended by reason of Borrower's neglect or refusal to so perform said obligations; (f) the right of Lender to recover from Borrower or the managing member of Borrower any damages, costs or expenses incurred by Lender as a result of any fraud, material misrepresentation or bad faith by Borrower or the managing member of Borrower or as a result of misapplication of monies received by Borrower or the managing member of Borrower; or (g) the joinder of Borrower or the managing member of Borrower or any other person in any action to obtain a declaration of the amount owing hereunder or of the rights or responsibilities of Lender, Borrower or the managing member of Borrower or any other person to foreclose any

instrument securing the Note, or to secure possession of the Property or property interest securing the same.

7.6 Enforcement of Security Interests. Lender may exercise all rights of a secured party under the Code with respect to the Collateral, including but not limited to taking possession of, holding, and selling the Collateral and enforcing or otherwise realizing upon any accounts and general intangibles. Any requirement for reasonable notice of the time and place of any public sale, or of the time after which any private sale or other disposition is to be made, will be satisfied by Lender's giving of such notice to Borrower at least thirty (30) calendar days prior to the time of any public sale or the time after which any private sale or other intended disposition is to be made. If permitted by statute or court decision, the Collateral may be sold by the Public Trustee as part of the foreclosure sale of the Property.

7.7 Foreclosure Against Property. Lender may foreclose this Deed of Trust, insofar as it encumbers the Property, either by judicial action or through a public trustee foreclosure sale through the Public Trustee in the manner provided by statute.

(a) If this Deed of Trust encumbers more than one parcel of real estate, foreclosure may be by separate parcel or lot or en masse, as Lender may elect in its sole discretion. Foreclosure through Public Trustee will be initiated by Lender's filing of its notice of election and demand for sale with Public Trustee. Upon the filing of such notice of election and demand for sale, Public Trustee shall promptly comply with all notice and other requirements of the laws of the State of Colorado then in force with respect to such sales, and shall give four (4) weeks' public notice of the time and place of such sale by advertisement weekly five times in some newspaper of general circulation then published in the county in which the Property is located.

(b) All fees, costs and expenses of any kind incurred by the Public Trustee or Lender in connection with, or preparation for, foreclosure of this Deed of Trust, including, without limitation, the costs of any appraisals, engineering or environmental testing and evaluations of the Property obtained by Lender, all costs of any receivership for the Property advanced by Lender, and all attorneys', legal assistants' and consultants' fees, expert's evidence, stenographer's charges, publication costs, (which may be estimated as to items to be expended after foreclosure sale or entry of the decree) costs of procuring all such abstracts of title, title searches, title insurance policies, and similar data with respect to title as Lender may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale the true condition of title to or value of the Property, incurred by Lender, shall constitute a part of the Secured Obligations and may be included as part of the amount owing from Borrower to Lender at any foreclosure sale. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Property and the maintenance of the lien of this Deed of Trust, including the reasonable fees of any attorney employed by Lender in any litigation or proceeding affecting this Deed of Trust, the Note or the Property, including probate, bankruptcy proceedings, proceedings to obtain a receiver, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by

Borrower, with interest thereon at the rate set forth in the Note, included as part of the Secured Obligations, and shall be secured by this Deed of Trust.

(c) The proceeds of any sale under this paragraph shall be applied first to the fees and expenses of the officer conducting the sale, and then to the reduction or discharge of the Secured Obligations; any surplus remaining shall be paid over to Borrower or to such other person or persons as may be lawfully entitled to such surplus.

(d) At the conclusion of any foreclosure sale, the officer conducting the sale shall execute and deliver to the purchaser at the sale a certificate of purchase which shall describe the property sold to such purchaser and shall state that upon the expiration of the applicable periods for redemption, the holder of such certificate will be entitled to a deed to the property described in the certificate. After the expiration of all applicable periods of redemption, unless the property sold has been redeemed by Borrower, the officer who conducted such sale shall, upon request, execute and deliver an appropriate deed to the holder of the certificate of purchase or the last certificate of redemption, as the case may be.

(e) Nothing in this section dealing with foreclosure procedures or specifying particular actions to be taken by Lender or by Public Trustee or any officer conducting the foreclosure sale shall be deemed to contradict or add to the requirements and procedures now or hereafter specified by the laws of the State of Colorado, and any such inconsistency shall be resolved in favor of Colorado law applicable at the time of foreclosure.

7.8 Appointment of Receiver. Lender shall be entitled, as a matter of absolute right and without regard to the value of any security for the Secured Obligations or the solvency of any person liable therefor, to the appointment of a receiver for the Property, the leases between Borrower and tenants of the Project (collectively, "Leases"), and the rents and revenues of the Project (the "Rents and Revenues") upon ex parte application to any court of competent jurisdiction. Borrower waives any right to any hearing or notice of hearing prior to the appointment of a receiver.

7.9 Right to Make Repairs, Improvements. Should any part of the Property come into the possession of Lender or a receiver, whether before or after an Event of Default, Lender or the receiver and receiver's agents shall be empowered:

(a) To take possession of the Property, Leases, Rents and Revenues and any business conducted by Borrower or any other person thereon and any business assets used in connection therewith and any Property in which Lender has a security interest granted by Borrower and, if the receiver deems it appropriate, to operate the same;

(b) To exclude Borrower and Borrower's agents, servants, and employees from the Property;

(c) With or without taking possession of the Property, to collect the Rents and Revenues, including those past due and unpaid and security deposits;

(d) To rent, lease or let all or any portion of the Property to any party or parties at such rental and upon such terms as Lender shall, and to pay any leasing or rental commissions associated therewith in its discretion, determine;

(e) To continue the development, marketing and sale of the Property or any portion thereof;

(f) To complete any construction or development which may be in progress;

(g) To do such maintenance and make such repairs and alterations as the receiver deems necessary;

(h) To use all stores of materials, supplies and maintenance equipment on the Property and to replace and replenish such items at the expense of the receivership estate;

(i) To pay the operating expenses of the Property, including costs of management and leasing or marketing thereof (which shall include lease commissions, sale commissions), payments under contracts and agreements for development and construction;

(j) To pay all taxes and assessments against the Property and any property which is collateral for the Secured Obligations, all premiums for insurance thereon, all utility and other operating expenses, and all sums due under any prior or subsequent encumbrance;

(k) To borrow from Lender such funds as may be reasonably necessary to the effective exercise of the receiver's powers, on such terms as may be agreed upon by the receiver and Lender, but not in excess of the interest rate set forth in the Note;

(l) Generally do anything which Borrower could legally do if Borrower were in possession of the Property; and

(m) All expenses incurred by the receiver or the receiver's agent shall constitute part of the Secured Obligations. Any revenues collected by the receiver shall be applied first to the expenses of the receivership (including attorneys' fees incurred by the receiver and by Lender), to expenses of the Property, and to preserve, protect, maintain and operate the Property and any other collateral which is security for the Secured Obligations, and the balance shall be applied toward the Secured Obligations or any deficiency which may result from any foreclosure sale, and then in such other manner as the court may direct. Unless sooner terminated with the express consent of Lender, any such receivership will continue until all amounts remaining due under the Note have been discharged in full, or until title to the Property has passed after foreclosure sale and all applicable periods of redemption have expired, and in either case, the court has discharged the receiver. Borrower covenants to promptly reimburse and pay to Lender or such receiver, at the place where the Note is payable, or at such other place as may be designated in writing, the amount of all reasonable expenses (including the cost of any insurance, taxes, or other charges) incurred by Lender or such receiver in connection with its custody, preservation, use or operation of the Property, together with interest thereon from the date incurred by Lender or such receiver

at the interest rate set forth in the Note, and all such expenses, costs, taxes, interest, and other charges shall be part of the Secured Obligations. It is agreed, however, that the risk of accidental loss or damage to the Property is undertaken by Borrower and, except for Lender's or such receiver's willful misconduct or gross negligence, Lender or such receiver shall have no liability whatsoever for decline in value of the Property, for failure to obtain or maintain insurance, or for failure to determine whether any insurance ever in force is adequate as to amount or as to the risks insured, or to complete development.

7.10 Further Assurances. Upon issuance of a deed or deeds pursuant to foreclosure of this Deed of Trust, all right, title, and interest of the Borrower in and to the Leases shall, by virtue of this instrument, thereupon vest in and become the absolute property of the grantee or grantees in such deed or deeds without any further act or assignment by the Borrower. Borrower hereby agrees to execute all instruments of assignment or further assurance in favor of such grantee or grantees in such deed or deeds, as may be necessary or desirable for such purpose. But nothing contained herein shall prevent Lender from terminating any subordinated Lease not approved by Lender through such foreclosure.

ARTICLE 8.

ASSIGNMENT OF RENTS AND REVENUES

8.1 Assignment of Rents and Revenues. To further secure the Secured Obligations, Borrower does hereby sell, assign and transfer unto Lender all Rents and Revenues now due and which may hereafter become due under or by virtue of any Leases, tenancies or agreements for occupancy, whether written or verbal, or any letting of, or of any agreement for the sale, use or occupancy of the Property or any part thereof, and all proceeds from, evidence of, and benefits and advantages to be derived therefrom, now or hereafter existing, whether or not with Lender's approval. The Borrower does hereby appoint irrevocably Lender its true and lawful attorney in its name and stead (with or without taking possession of the Property) to rent, lease or let any improvements located on the Property, and to collect all of said Rents and Revenues arising from or accruing at any time hereafter, and all now due or that may hereafter become due under each and every of the Leases, or other agreements, written or verbal, or which may hereafter exist on the Property, on the condition that Lender hereby grants to Borrower a license to collect and retain such Rents and Revenues (but expressly not including the right to collect any rents more than one (1) month in advance or any amount to prepay, terminate, or "buy out" any Leases) prior to the occurrence of any Event of Default under the Loan Documents. Borrower expressly covenants to apply the Rents and Revenue received, after application for operating expenses permitted hereunder, to payment of the Secured Obligations as and when the same become due and in compliance with the Loan Documents. Such license shall be revocable by Lender without notice to Borrower at any time upon or after an Event of Default under the Loan Documents, and immediately upon any such revocation, Lender shall be entitled to receive, and Borrower shall deliver to Lender, any and all Rents and Revenues theretofore collected by Borrower which remain in the possession or control of Borrower and all Leases, and other such agreements. It is the intention of the Borrower to create and grant, and it is the intention of Lender to create and receive, a present and absolute assignment of all of the Leases, similar agreements, Rents and Revenue

now due or which may hereafter become due, but it is agreed that Lender's right to collect the Rents and Revenues is conditioned upon the existence of an Event of Default under the Loan Documents. Failure of Lender at any time or from time to time to enforce its rights under this ARTICLE 8 shall not in any manner prevent its subsequent enforcement, and Lender is not obligated to collect anything hereunder, but is accountable only for sums collected. Nothing contained herein shall be construed as constituting Lender a mortgagee in possession in the absence of the taking of actual possession of the Property by Lender pursuant to Section 8.8 (Lender's Right of Possession In Case of Default) hereof. In the exercise of the powers herein granted to Lender, no liability shall be asserted or enforced against Lender, all such liability being expressly waived and released by Borrower.

8.2 Intentionally Deleted.

8.3 Intentionally Deleted.

8.4 Further Assignments. Borrower shall give Lender at any time upon demand any further or additional forms of assignment of transfer of such Rents and Revenues, leases and security as may be reasonably requested by Lender, and shall deliver to Lender executed copies of all such leases and security.

8.5 Authority of Lender. Any tenants or occupants of any part of the Property are hereby authorized to recognize the claims of Lender hereunder without investigating the reason for any action taken by Lender, or the validity or the amount of indebtedness owing to Lender, or the existence of an Event of Default under any Loan Document, or the application to be made by Lender of any amounts to be paid to Lender. The sole signature of Lender or a receiver shall be sufficient for the exercise of any rights under this ARTICLE 8 and the sole receipt of Lender or a receiver for any sums received shall be a full discharge and release therefor to any such tenant or occupant of the Property; and Borrower hereby releases each such tenant and occupant which makes payments to Lender under this ARTICLE 8 from any liability under the applicable Lease or occupancy agreement. Checks for all or any part of the rentals collected under this ARTICLE 8 shall be drawn to the exclusive order of Lender or such receiver.

8.6 Indemnification of Lender. Nothing herein contained shall be deemed to obligate Lender to perform or discharge any obligation, duty, or liability of lessor under any Lease of the Property, and Borrower shall and does hereby indemnify and hold Lender harmless from any and all liability, loss, or damage which Lender may or might incur under any Lease of the Property or by reason of this assignment; and any and all such liability, loss, or damage incurred by Lender, together with the costs and expenses, including reasonable attorneys' fees, incurred by Lender in defense of any claims or demands therefor (whether successful or not), shall be additional Secured Obligations, and Borrower shall reimburse Lender therefor on demand.

8.7 Intentionally Deleted.

8.8 Lender's Right of Possession in Case of Default. In any case in which under the provision of this Deed of Trust, Lender has a right to institute foreclosure proceedings, whether

before or after the whole principal sum secured hereby is declared to be immediately due, or whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder, promptly upon demand of Lender, Borrower shall surrender to Lender and Lender shall be entitled to take actual possession of the Property or any part thereof personally, or by its agents or attorneys, as for condition broken, and Lender in its discretion may, with or without force and with or without process of law, enter upon and take and maintain possession of all or any part of the Property, together with all documents, books, records, papers and accounts of the Borrower or then owners of the Property relating thereto, and may exclude the Borrower, its agents or servants, wholly therefrom and may, as attorney-in-fact or agent of the Borrower, or in its own name as Lender and under the powers herein granted, hold, operate, manage and control the Property and conduct the business, if any, thereof, either personally or by its agents, and with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment or security of the rents, issues, revenues and profits of the Property.

8.9 Severability and Survival. The provisions of this ARTICLE 8 shall survive the foreclosure of the lien of this Deed of Trust and the exercise of the power of sale granted under this Deed of Trust until the expiration of all periods of redemption following any such foreclosure or sale and thereafter with respect to all Rents and Revenues arising prior to or attributable to the period prior to the expiration of all such redemption periods.

ARTICLE 9. **MISCELLANEOUS PROVISIONS**

9.1 Time of the Essence. Time is of the essence with respect to all provisions of this Deed of Trust.

9.2 Rights and Remedies Cumulative. Subject to the non-recourse provisions set forth in the Note, Lender's rights and remedies under each of the Loan Documents are cumulative of the rights and remedies available to Lender under each of the other Loan Documents and those otherwise available to Lender at law or in equity. No act of Lender shall be construed as an election to proceed under any particular provision of any Loan Document to the exclusion of any other provision in the same or any other Loan Document, or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Lender.

9.3 No Tax Exempt Bond Funds. Lender represents and warrants to Borrower that Lender did not sell any tax-exempt obligations within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, in order to provide funds to make or finance the Loan.

9.4 No Implied Waivers. Lender shall not be deemed to have waived any provision of this Deed of Trust unless such waiver is in writing and is signed by Lender. Without limiting the generality of the preceding sentence, neither Lender's acceptance of any payment with knowledge of a default by Borrower, nor any failure by Lender to exercise any remedy following a default by Borrower shall be deemed a waiver of such default, and no waiver by Lender of any particular

default on the part of Borrower shall be deemed a waiver of any other default or of any similar default in the future.

9.5 No Third Party Rights. No person shall be a third party beneficiary of any provision of this Deed of Trust. All provisions of this Deed of Trust favoring Lender are intended solely for the benefit of Lender, and no third party shall be entitled to assume or expect that Lender will or will not waive or consent to modification of any such provision in Lender's sole discretion.

9.6 Preservation of Liability and Priority. Without affecting the liability of Borrower or of any other person (except a person expressly released in writing) for payment and performance of all of the Secured Obligations, and without affecting the rights of Lender with respect to any security not expressly released in writing, and without impairing in any way the priority of this Deed of Trust over the interests of any person acquired or first evidenced by recording subsequent to the recording hereof, Lender may, either before or after the maturity of the Note, and without notice or consent: (a) release any person liable for payment or performance of all or any part of the Secured Obligations; (b) make any agreement altering the terms of payment or performance of all or any of the Secured Obligations; (c) exercise or refrain from exercising, or waive, any right or remedy which Lender may have under any of the Loan Documents; (d) accept additional security of any kind for any of the Secured Obligations; or (e) release or otherwise deal with any real or personal property securing the Secured Obligations. Any person acquiring or recording evidence of any interest of any nature in the Property or the Collateral shall be deemed, by acquiring such interest or recording any evidence thereof, to have agreed and consented to any or all such actions by Lender.

9.7 Subrogation of Lender. Lender shall be subrogated to the lien of any previous encumbrance discharged with funds advanced by Lender under the Loan Documents, regardless of whether such previous encumbrance has been released of record.

9.8 Notices. Any notice required or permitted to be given by Borrower or Lender under this Deed of Trust shall be in writing and will be deemed given (a) upon personal delivery or upon confirmed transmission by telecopier or similar facsimile transmission device, (b) on the first business day after receipted delivery to a courier service which guarantees next-business-day delivery, or (c) on the third business day after mailing, by registered or certified United States mail, postage prepaid, in any case to the appropriate party at its address set forth below:

If to Borrower: Prairie Run Community, LLC
 c/o Gorman & Company, LLC
 200 North Main Street
 Oregon, Wisconsin 53575
 Attn: Colorado Market President

With a copy to: Reinhart Boerner Van Deuren s.c.
 1000 North Water Street, Suite 1700
 Milwaukee, Wisconsin 53202
 Attn: William R. Cummings

If to Lender: Town of Hayden
 178 West Jefferson Avenue
 P.O. Box 190
 Hayden, Colorado 81639

Any person may change such person's address for notices or copies of notices by giving notice to the other party in accordance with this section.

9.9 Release. Upon payment and performance in full of all the Secured Obligations and all costs of releasing this Deed of Trust, Lender will execute and deliver to Borrower such documents as may be required to release this Deed of Trust of record.

9.10 Illegality. If any provision of this Deed of Trust is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Deed of Trust, the legality, validity, and enforceability of the remaining provisions of this Deed of Trust shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Deed of Trust a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable. If the rights and liens created by this Deed of Trust shall be invalid or unenforceable as to any part of the Secured Obligations, then the unsecured portion of the Secured Obligations shall be completely paid prior to the payment of the remaining and secured portion of the Secured Obligations, and all payments made on the Secured Obligations shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the Secured Obligations.

9.11 Obligations Binding Upon Borrower's Successors. This Deed of Trust is binding upon Borrower and Borrower's successors and assigns, including all grantees and remote grantees of any interest of Borrower in the Property, and shall inure to the benefit of Lender, and its successors and assigns, and the provisions hereof shall likewise be covenants running with the land. The duties, covenants, conditions, obligations, and warranties of Borrower in this Deed of Trust shall be joint and several obligations of Borrower and Borrower's successors and assigns.

9.12 Governing Law. The laws of the State of Colorado shall govern the validity, construction, enforcement, and interpretation of this Deed of Trust, without regard to principles of conflicts of laws.

9.13 Survival. This Deed of Trust shall survive foreclosure of the liens created hereby, to the extent necessary to fulfill its purposes.

9.14 Captions. The captions and headings of various paragraphs of this Deed of Trust are for convenience only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

9.15 Tax Credit Requirements. Notwithstanding any provision in Deed of Trust or other documents evidencing the Loan, the Lender acknowledges that the Loan and this Deed of Trust is subordinate to the requirements of Section 42(h)(6)(E) of the Internal Revenue Code pertaining to limitations on eviction of tenants and increases in rent for the three-year period following foreclosure.

9.16 Organizational Number. The organizational number of Borrower is CO-20231842777.

[Remainder of this page intentionally left blank. Signature and notary appear and following page.]

EXHIBIT A
PROPERTY
Leased Premises

[INSERT]

**EXHIBIT B
PRIOR LOANS**

Construction Loan by Zions Bancorporation d/b/a Vectra Bank Colorado in the approximate amount of \$35,735,000

Loan by Colorado Housing and Finance Authority in the approximate amount of \$6,000,000.00

Permanent Loan by Lument in the approximate amount of \$33,438,000

Town of Hayden
Matthew Mendisco
Town Manager
178 West Jefferson Avenue
P.O. Box 190
Hayden, Colorado 81639

RESTRICTIVE COVENANT AND AGREEMENT

THIS RESTRICTIVE COVENANT AND AGREEMENT (“**Restrictive Covenant**”) dated _____, 2024, is between Prairie Run Community, LLC, a Wisconsin limited liability company authorized to do business in the state of Colorado (the “**Project Owner**”) and the Town of Hayden, a Colorado municipal corporation (the “**Town**”).

Recitals

A. The Project Owner owns the real property described in Section 1 of this Restrictive Covenant.

B. Concurrently with the execution of this Restrictive Covenant, the Town has entered into a Loan Agreement (the “**Loan Agreement**”) with the Project Owner, whereby the Town provides certain incentives to the Project Owner for the construction and operation of a workforce housing development (to be known as the “Prairie Run Community” project) specifically intended to provide workforce housing as further set forth herein; and

C. It was a condition of the Loan Agreement that the Project Owner enter into this Restrictive Covenant.

D. Concurrently with the execution and recording of this Restrictive Covenant, or contemplated to be required for the construction of the Prairie Run Community Housing project, the Project Owner has entered into or will enter into that certain Regulatory Agreement entered into by the Project Owner in favor of Colorado Housing and Finance Authority (the “**Regulatory Agreement**”) restricting the use of Units (defined below) as more specifically described therein. Any conflict between this Restrictive Covenant and the Regulatory Agreement shall be resolved in favor of the Regulatory Agreement.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Project Owner and the Town agree as follows:

1. Property Subject To Covenant. This Restrictive Covenant applies to the following real property located in the Town of Hayden, Routt County, Colorado:

[TO BE ADDED – LEGAL DESCRIPTION]

Also known as: _____, Hayden, Colorado 81 ____

2. Definitions. In addition to those terms that are defined parenthetically, as used in this Restrictive Covenant:

“**Area Median Income**” or “**AMI**” means the median annual income for Routt County, Colorado (or such next larger statistical area calculated by HUD that includes the County, if HUD does not calculate the area median income for the County on a distinct basis from other areas), as adjusted for household size, that is calculated and published annually by HUD (or any successor index thereto acceptable to the Town, in its reasonable discretion).

“**CHFA**” means the Colorado Housing and Finance Authority, its successors, and assigns.

“**County**” means Routt County, Colorado.

“**Dependent**” means a person, including a child, step-child, or a child in the permanent legal custody of a person lawfully residing in a Unit in compliance with the terms and conditions of this Restrictive Covenant. A Dependent must occupy the Unit as his or her place of residence, and be financially dependent upon the support of the legal resident. Dependent shall also include any person included within the definition of “Familial Status” as defined in 42 U.S.C. § 3602(k), as that act shall from time to time be amended.

“**HUD**” means the U.S. Department of Housing and Urban Development.

“**Property**” means the real property described in Section 1 of this Restrictive Covenant.

“**Qualified Occupant**” means

(i) a natural person aged 18 or older, along with the Qualified Occupant’s roommates, if any, who occupies a Unit as a principal residence and who at all times during occupancy of a Unit, earns a living from a business operating in and serving the Service Area, by working at such business an average of at least thirty (30) hours per week on an annual basis; or

(ii) for individuals claiming self-employment, their employment must be at least thirty (30) hours per week on an annual basis for a legally formed business entity provided such entity is approved by the Town in writing as having demonstrated that its principle place of business is located within the Service Area, and provides a significant amount of goods and/or services locally within the Service Area to the residents, property owners, or visitors located in the Service Area, whether or not for profit.

If a person is a work-from-home employee for a business, the person must work at least thirty (30) hours per week on an annual basis in the Service Area, be approved in writing by the Town, and the business must provide a significant amount of goods and/or services to the residents, property owners, or visitors of the Service Area, whether or not for profit. A Qualified Occupant who becomes disabled after commencing occupancy of a Unit such that the Qualified Occupant cannot work the required number of hours each week required by this Restrictive Covenant shall remain a Qualified Occupant; provided that such person is permitted to occupy the Unit only for a maximum period of one (1) year following the commencement of said person's disability, unless a longer period of occupancy is authorized by the Town, based on the submittal of medical documentation that substantiates the disability and the inability to resume working the number of hours each week required by this Restrictive Covenant. The Town or its designee shall have the discretion to determine any person's eligibility as a Qualified Occupant under this section and may request such evidence as is necessary to make said determination.

“Priority Employee” means (i) a natural person aged 18 or older, along with the Priority Employee's roommates, if any, who at all times during occupancy of a Unit, earns a living from a business operating in and serving the Town, by working at such business an average of at least thirty (30) hours per week on an annual basis; or (ii) for individuals claiming self-employment, their employment must be at least thirty (30) hours per week on an annual basis for a legally formed business entity provided such entity is approved by the Town in writing as having demonstrated that its principle place of business is located within the Town, and provides a significant amount of goods and/or services locally within the Town to the residents, property owners, or visitors located in the County, whether or not for profit. If a person is a work from home employee for a business, the person must work at least thirty (30) hours per week on an annual basis in the Town, be approved in writing by the Town, and the business must provide a significant amount of goods and/or services to the residents, property owners, or visitors of the Town, whether or not for profit. A Priority Employee who becomes disabled after commencing occupancy of a Unit such that the Priority Employee cannot work the required number of hours each week required by this Restrictive Covenant shall remain a Priority Employee; provided that such person is permitted to occupy the Unit only for a maximum period of one (1) year following the commencement of said person's disability, unless a longer period of occupancy is authorized by the Town, based on the submittal of medical documentation that substantiates the disability and the inability to resume working the number of hours each week required by this Restrictive Covenant. The Town or its designee shall have the discretion to determine any person's eligibility as a Priority Employee under this section and may request such evidence as is necessary to make said determination.

“Service Area” means the Yampa Valley area, which generally includes Routt County, Colorado, and Moffat County, Colorado.

“Town Employee” means a natural person aged 18 or older, along with the Town Employee's roommates, if any, who at all times during occupancy of a Unit, earns a living as an employee of the Town (or affiliates thereof), by working at least thirty (30) hours per week on an annual basis. A Town Employee who becomes disabled after commencing occupancy of a Unit such that the Town Employee cannot work the required number of hours each week required by

this Restrictive Covenant shall remain a Town Employee; provided that such person is permitted to occupy the Unit only for a maximum period of one (1) year following the commencement of said person's disability, unless a longer period of occupancy is authorized by the Town, based on the submittal of medical documentation that substantiates the disability and the inability to resume working the number of hours each week required by this Restrictive Covenant. The Town or its designee shall have the discretion to determine any person's eligibility as a Town Employee under this section and may request such evidence as is necessary to make said determination.

“Unit” means a residential unit located on the Property.

3. Purpose of Occupancy and Rent Restrictions. The purpose of this Restrictive Covenant is to restrict the occupancy of each Unit in such a fashion as to provide, on a permanent basis, reasonably priced housing for Qualified Occupants, or to individuals who, because of their income, may not otherwise be in a position to afford to occupy or lease other similar properties and to help establish and preserve a supply of workforce housing to help meet the needs of the locally employed residents of the Town of Hayden or the wider Service Area. This Restrictive Covenant shall be interpreted and enforced in accordance with this purpose.

4. Tenant and Occupancy Restrictions. The following provisions shall apply to the extent not otherwise prohibited by Federal or state law, including, without limitation, fair housing laws:

A. Each of the Units shall be rented by the Project Owner only to a Qualified Occupant; and

B. Each of the Units shall at all times be occupied by at least one Qualified Occupant, and said Qualified Occupant's roommates and temporary guests, if any; provided, however, if a tenant's lease term commences and the tenant is a Qualified Occupant, but during the term of the lease fails to continue to be a Qualified Occupant, the Project Owner shall be under no obligation to terminate the lease during the term, but the Project Owner shall not renew said tenant's lease, subject to applicable tenant protections required under applicable law.

Notwithstanding the foregoing, in the event the Project Owner is unable to lease a Unit to a Qualified Occupant after 20 calendar days, during which the Project Owner used commercially reasonable efforts to lease the Unit in question to a Qualified Occupant, the Project Owner may lease the Unit in question to another prospective tenant meeting the AMI set asides for a term of one year.

5. Rent Restriction and Income Limitations.

A. *Rent Restriction in line with HUD Rents.* Throughout the term of this Restrictive Covenant, subject to the partial inapplicability set forth in Section 7 below, each Unit shall be rented only to a Qualified Occupant for a monthly rental amount (excluding utilities) that is equal to or less than the maximum rental amount that is permitted to be charged with 26 of the Units rented at 80% AMI rent (excluding utilities) (the “**80% Units**”); 44 of the Units rented at 100% of AMI rent (excluding utilities) (the “**100% Units**”); 5 of the Units rented at 120% of AMI rent

(excluding utilities) (the “**120% Units**”); and 54 of the Units rented at 160% of AMI rent (excluding utilities) (the “**160% Units**”). For example, if a two-bedroom Unit is set aside for someone making at or below 80% AMI, the rental amount shall be as determined by HUD for an 80% AMI unit that is two bedrooms and located in Routt County, Colorado. To the extent HUD does not publish rent limits for a specific set-aside, it will be extrapolated from rents published by HUD (e.g. the rent for 100% Units will be double the amount of rent set for units affordable to individuals or families whose income is 50% AMI, as published by HUD). In the event the rent limit cannot be extrapolated from HUD-published rent limits, then the methodology set forth in Section 5(B) shall govern.

B. Rent Restriction if HUD Rents are Unavailable. In the event HUD has not provided a specific rental maximum or if HUD rent maximums are otherwise inapplicable or unavailable, then the maximum permissible rental amounts (excluding utilities) for Units with a rent limit will be determined in accordance with the following:

1. Determine the AMI in effect immediately prior to the beginning of the term of each sublease or rental of the Unit (but in no event less than the highest amount of HUD published rent levels commencing in 2024 through the time of rent-up); and
2. Multiply the AMI times the applicable AMI set aside (i.e., 80% or 120%)
3. Multiply that amount by 30%; and
4. Divide the product thereof by 12 to obtain the maximum permissible monthly rent (excluding utilities) for such Unit.

In the event AMI is flat or declines, as compared to the prior period, the maximum permissible monthly rental (excluding utilities) may increase by the annual percentage increase in the Denver-Aurora-Lakewood Consumer Price Index or its successor index, but in no event shall the annual rent increase more than 3% per year without written consent of the Town. The Project Owner will consider market conditions when determining whether to increase monthly rent and, if so, to what extent; provided, however, that such determination shall be made in the Project Owner’s sole and absolute discretion.

C. Income Limitation on the 80% Units. The 80% Units shall be rented to persons earning at or below 80% of the AMI in the first year of their occupancy.

D. Income Limitation on the 100% AMI Units. The 100% Units shall be rented to persons earning at or below 100% of the AMI in the first year of their occupancy.

E. Income Limitations on the 120% Units. The 120% Units shall be rented to persons earning at or below 140% of the AMI in the first year of their occupancy.

F. Income Limitations on the 160% Units. The 160% Units shall be rented to persons earning at or below 160% of the AMI in the first year of their occupancy.

G. Town of Hayden Master Lease and Preference for Local Employees.

1. Upon written request of the Town, the Project Owner shall enter into one or more master lease(s) with the Town and/or an entity affiliated with the Town for which the Town is contractually obligated to provide housing, or of which the Town has assigned this benefit, for up to 14 total units; provided, however, such master leasing of units shall only be permitted to the extent the Town is authorized to master lease said units in accordance with that certain [TAH Grant Agreement by and between the State of Colorado, acting through its Division of Local Affairs, and the Town]. For the avoidance of doubt, these master leased Units are meant to benefit the Town and shall be subject to Management Requirements regarding credit and criminal background.

2. Upon a Unit becoming available for rent, the Project Owner will offer to Town Employees for at least five (5) business days; and if not rented within that timeframe, then for the next five (5) business days the Project Owner will offer the Units to Priority Employees; finally, thereafter, the Project Owner may rent the Unit to any Qualified Occupant. For the avoidance of doubt, the five (5) business day periods set forth herein shall begin to toll when the Town is notified by the Project Owner.

H. *Matching Tenants to Units.* At the time of application, each tenant will provide the tenant's current income to the Project Owner or its property manager. The Project Owner shall cause its property manager to identify the most appropriate Unit that is available for the income stated. The prospective tenant will ultimately decide whether to enter into a lease for that identified Unit at the then-applicable rate.

6. Additional Lease Restrictions. The Town and the Project Owner further agree that:

A. A Qualified Occupant may not sublease all or any portion of the rented Unit; and

B. A Unit may not be rented for an initial nor renewal term of fewer than 90 days.

All subleases or rentals of a Unit not in compliance with the requirements of this Section 6 are void, and a violation of this Restrictive Covenant.

7. CHFA Regulatory Agreement. CHFA shall enforce the terms of the Regulatory Agreement, and the Town shall enforce the terms of this Restrictive Covenant. The Regulatory Agreement and this Restrictive Covenant shall not be deemed to conflict even if one provides for greater, lesser, or different restrictions or obligations than the other.

8. Records.

A. The Town may examine, inspect, and copy the Project Owner's records concerning the use and occupancy of the Units upon reasonable advance notice.

B. The Project Owner will submit to the Town any information, document, or certificate regarding the occupancy and use of the Units which the Town reasonably deems to be necessary to confirm the Project Owner's compliance with the provisions of

this Restrictive Covenant (but in no event different than such information, document, or certificate provided by the Project Owner to CHFA during the term of the Regulatory Agreement).

C. The Town's rights under this Section 8 may also be exercised by the Town's authorized agent.

9. Default; Notice.

A. If the Project Owner fails to comply with this Restrictive Covenant, the Town may notify the Project Owner by written notice of such failure (including a writing in e-mail) and provide the Project Owner a period of time to correct such failure. If the failure is not corrected to the satisfaction of the Town within the specified time, which will be at least 30 days after the date the Town mails the written notice to the Project Owner, or within such longer time as the Town determines is necessary to correct the violation (but not to exceed any limitation set by applicable law), the Town may, without further notice, declare a default under this Restrictive Covenant effective on the date of such declaration of default. The Town may then proceed to enforce this Restrictive Covenant, subject to any applicable "tenant protections" required by applicable law.

B. Concurrently with the issuance of a written notice to Project Owner pursuant to section A of this Section 9, the Town shall also provide a copy of such notice to any lender with a recorded interest in the Property, and to the Project Owner's investor member (if applicable) if the Project Owner has provided notice to the Town of the identity of such investor member. Such lender may, but shall not be required to, correct the Project Owner's violation of this Restrictive Covenant to the satisfaction of the Town within the specified time, which will be at least 30 days after the date the Town mails the written notice to the lender, or within such further time as the Town determines is necessary to correct the violation (but not to exceed any limitation set by applicable law).

10. Town Authority To Enforce. The restrictions, covenants, and limitations created by this Restrictive Covenant are only for the benefit of the Town. Only the Town may enforce this Restrictive Covenant. The Property shall provide a report, on May 1 of each calendar year, or other mutually agreeable date, that illustrates the Priority status of each unit and rental rate.

11. Equitable Relief. The Town may specifically enforce this Restrictive Covenant. The Town may obtain from any court of competent jurisdiction a temporary restraining order, preliminary injunction, and permanent injunction to obtain specific performance. Any equitable relief provided for in this Section may be sought singly or in combination with such legal remedies as the Town may be entitled to, either pursuant to the provisions of this Restrictive Covenant or under the laws of the State of Colorado.

12. Waiver; Termination; Modification Of Covenant.

A. During the term of this Restrictive Covenant, the restrictions, covenants, and limitations hereof may be waived, terminated, or modified only with the written consent of both the Town and the Project Owner; provided, however, in the Town's sole

discretion, this Restrictive Covenant may also be terminated pursuant to a court order. No waiver, modification, or termination pursuant to this subsection A will be effective until the proper instrument is executed and recorded in the office of the Clerk and Recorder of Routt County, Colorado.

13. Statute of Limitations. The Project Owner hereby waives the benefit of and agrees not to assert in any action brought by the Town to enforce this Restrictive Covenant any applicable statute of limitation, including, but not limited to, the provisions of Section 38-41-119, C.R.S. If any statute of limitation may lawfully be asserted by the Project Owner in connection with an action brought by the Town to enforce the terms of this Restrictive Covenant, each day during which any violation of this Restrictive Covenant occurs is to be deemed to be a separate breach of this Restrictive Covenant for the purposes of determining the commencement of the applicable statute of limitations period.

14. Waiver. The failure of the Town to exercise any of its rights under this Restrictive Covenant shall not be a waiver of those rights. The Town may waive its rights under this Restrictive Covenant by a signed instrument specifically waiving its rights.

15. Attorney's Fees. If any action is brought in a court of law by either party concerning the enforcement, interpretation, or construction of this Restrictive Covenant, the prevailing party, either at trial or upon appeal, is entitled to reasonable attorney's fees, as well as costs, including expert witness's fees, incurred in the prosecution or defense of such action.

16. Notices. All notices provided for or required under this Restrictive Covenant must be in writing, signed by the party giving the notice, and will be deemed properly given when received or two (2) days after mailed, postage prepaid, certified, return receipt requested, addressed to the parties hereto at their addresses appearing on the signature pages. Each party, by written notice to the other party, may specify any other address for the receipt of such instruments or communications. E-mail is a valid method of giving notice under this Restrictive Covenant.

17. Recording And Filing; Covenant Running With The Land.

A. This Restrictive Covenant is to be recorded in the real property records of Routt County, Colorado.

B. The Project Owner and the Town agree that the regulatory and restrictive covenants contained in this Restrictive Covenant are covenants running with the land and are binding upon the Project Owner, and the Project Owner's successors and assigns, unless this Restrictive Covenant is released and terminated as provided in Section 12. All requirements of privity of estate are intended to be satisfied, or in the alternative, an equitable servitude is created to ensure that these restrictions run with the land.

18. Applicable Law. This Restrictive Covenant is to be interpreted in accordance with the laws of the State of Colorado without regard to its conflict of laws rules.

19. Vesting and Term. The Town's rights and interests under this Restrictive Covenant are vested immediately, and this Restrictive Covenant, and any amendments hereto, are binding and in full force and effect in perpetuity, unless terminated as provided in Section 12. Each

provision contained in this Restrictive Covenant that is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation will continue and remain in full force and effect for the period of twenty-one years following the death of the last survivor of the issue of President Joseph R. Biden, and the now living children of said issue, or until this Restrictive Covenant is terminated earlier by recorded instrument as provided in Section 12.

20. Section Headings. Section headings are inserted for convenience only and in no way limit or define the interpretation to be placed upon this Restrictive Covenant.

21. Terminology. Wherever applicable, the pronouns in this Restrictive Covenant designating the masculine or neuter apply equally to all genders. Wherever applicable within this Agreement, the singular includes the plural, and the plural includes the singular.

22. Severability. If any provision of this Restrictive Covenant is finally determined to be invalid, illegal, or unenforceable, such determination does not affect the remaining provisions of this Restrictive Covenant.

23. Entire Agreement. This Restrictive Covenant constitutes the entire agreement and understanding between the parties relating to the subject matter of this Restrictive Covenant and supersedes any prior agreement or understanding relating thereto.

24. Binding Effect. This Restrictive Covenant is binding upon and inures to the benefit of parties, and their successors and assigns.

25. Authority. The execution of this Restrictive Covenant has been adopted by the Town Council of the Town of Hayden on June ___, 2024.

PROJECT OWNER:

Prairie Run Community, LLC, a Wisconsin limited liability company authorized to do business in the state of Colorado

By: Prairie Run Community SPE, LLC, a Delaware limited liability company, its Manager

By: GEC Prairie Run Community, LLC, Manager

By: Gorman & Company, LLC, Manager

By: _____
Michael Redman, Secretary

Project Owner's Address:

200 North Main Street
Oregon, Wisconsin 53575

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Michael Redman, Secretary of Gorman & Company, LLC, as Manager of GEC Prairie Run Community, LLC, as Manager of Prairie Run Community SPE, LLC, a Delaware limited liability company, as Manager of Prairie Run Community, LLC a Wisconsin limited liability company authorized to do business in the State of Colorado.

WITNESS my hand and official seal.

My commission expires: _____.

Notary Public



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Highway Finance Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

HintonBurdick, PLLC

St. George, Utah

July 6, 2024

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TOWN OF HAYDEN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

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, 2023. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Governmental net position increased from \$12.2 million to \$21.4 million during 2023 mainly as a result of grants received during the year.
- Business-type net position decreased from \$12.9 million to \$12.5 million during 2023.
- The combined net investment in capital assets is \$30.8 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 \$2,013,553.
- Total revenues in the General fund increased from \$3.63 million to \$5.16 million.
 - Grant revenues increased from 2022 to 2023 from \$111,923 to \$857,539.
 - Local sales tax collections of \$2,106,934 increased by 13.09% or \$243,817 from the previous year.
 - Other tax collections of \$322,819 increased by 95.19% or \$157,429 from the previous year.
- The general fund unassigned fund balance at the end of 2023 was \$991,457 which is 25% 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 position 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 Position 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 \$33.8 million as of December 31, 2023 as shown in the following condensed statement of net position. Of this amount, \$2,013,553 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 \$30.8 million (91.1% 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, 2023 and 2022:

TOWN OF HAYDEN, COLORADO Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22
Current and other assets	\$ 7,112,978	\$ 4,772,210	\$ 723,764	\$ 642,890	\$ 7,836,742	\$ 5,415,100
Capital assets	23,715,508	16,806,703	13,753,952	14,401,289	37,469,460	31,207,992
Total assets	<u>30,828,486</u>	<u>21,578,913</u>	<u>14,477,716</u>	<u>15,044,179</u>	<u>45,306,202</u>	<u>36,623,092</u>
Long-term liabilities outstanding	5,173,165	5,663,450	1,841,568	1,979,804	7,014,733	7,643,254
Other liabilities	2,455,970	2,502,723	148,451	146,376	2,604,421	2,649,099
Total liabilities	<u>7,629,135</u>	<u>8,166,173</u>	<u>1,990,019</u>	<u>2,126,180</u>	<u>9,619,154</u>	<u>10,292,353</u>
Deferred inflows of resources	1,838,081	1,242,921	-	-	1,838,081	1,242,921
Net position:						
Net investment in capital assets	18,798,344	11,204,400	12,035,888	12,544,989	30,834,232	23,749,389
Restricted	766,182	519,774	235,000	235,000	1,001,182	754,774
Unrestricted	1,796,744	445,645	216,809	138,010	2,013,553	583,655
Total net position	<u>\$ 21,361,270</u>	<u>\$ 12,169,819</u>	<u>\$ 12,487,697</u>	<u>\$ 12,917,999</u>	<u>\$ 33,848,967</u>	<u>\$ 25,087,818</u>

An additional portion of net position, \$1,001,182 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,013,553 (5.9% 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 \$5,695,086. As shown in the Changes in Net Position statement below, \$254,311 of this cost was paid for by those who directly benefited from the programs. \$8,926,765 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 \$9,181,076. General taxes, other revenues and investment earnings totaled \$5,705,461.

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.

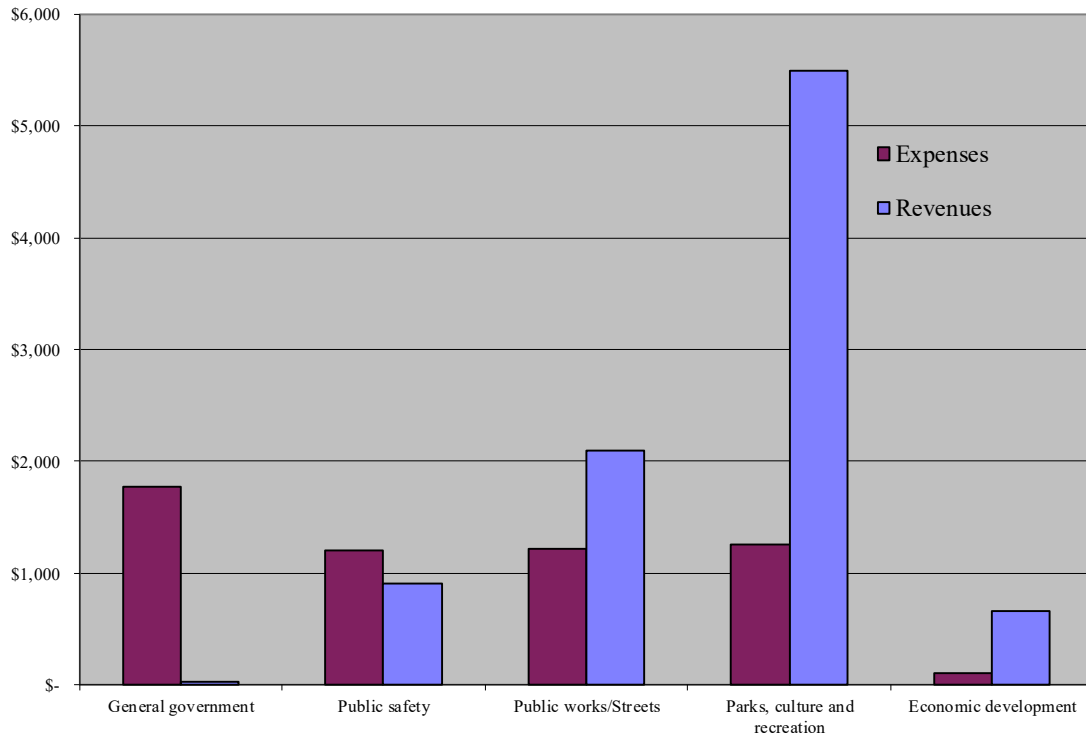
TOWN OF HAYDEN, COLORADO Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/23	12/31/22	12/31/23	12/31/22	12/31/23	12/31/22
Revenues:						
Program revenues:						
Charges for services	\$ 254,311	\$ 189,738	\$ 1,779,036	\$ 1,712,635	\$ 2,033,347	\$ 1,902,373
Operating grants and contributions	958,905	235,337	-	-	958,905	235,337
Capital grants and contributions	7,967,860	1,155,390	84,820	219,756	8,052,680	1,375,146
General revenues:						
Taxes	4,954,373	4,340,003	-	-	4,954,373	4,340,003
Investment earnings	86,702	25,559	-	-	86,702	25,559
Other revenue	664,386	161,922	-	-	664,386	161,922
Total revenues	<u>14,886,537</u>	<u>6,107,949</u>	<u>1,863,856</u>	<u>1,932,391</u>	<u>16,750,393</u>	<u>8,040,340</u>
Expenses:						
General government	1,772,419	961,495	-	-	1,772,419	961,495
Public safety	1,203,879	676,063	-	-	1,203,879	676,063
Public works/Streets	1,215,409	975,376	-	-	1,215,409	975,376
Parks, culture and recreation	1,251,212	1,429,588	-	-	1,251,212	1,429,588
Economic development	103,933	141,761	-	-	103,933	141,761
Interest on long-term debt	148,234	177,911	-	-	148,234	177,911
Water	-	-	1,345,457	1,253,645	1,345,457	1,253,645
Sewer	-	-	633,351	630,717	633,351	630,717
Refuse	-	-	315,350	278,343	315,350	278,343
Total expenses	<u>5,695,086</u>	<u>4,362,194</u>	<u>2,294,158</u>	<u>2,162,705</u>	<u>7,989,244</u>	<u>6,524,899</u>
Increase (Decrease) in net assets before transfers	9,191,451	1,745,755	(430,302)	(230,314)	8,761,149	1,515,441
Net position, beginning	12,169,819	10,424,064	12,917,999	13,247,679	25,087,818	23,671,743
Prior period adjustment	-	-	-	(99,366)	-	(99,366)
Net position, ending	<u>\$ 21,361,270</u>	<u>\$ 12,169,819</u>	<u>\$ 12,487,697</u>	<u>\$ 12,917,999</u>	<u>\$ 33,848,967</u>	<u>\$ 25,087,818</u>

Total resources available during the year to finance governmental operations were \$27.1 million consisting of Net position at January 1, 2023 of \$12.2 million, program revenues of \$9,181,076 and General Revenues of \$5,705,461. Total Governmental Activity expenses, including depreciation of \$624,183 were \$5,695,086; thus Governmental Net Position was increased by \$9,191,451 to \$21,361,270. The most significant reason for the increase is due to grants received during the year.

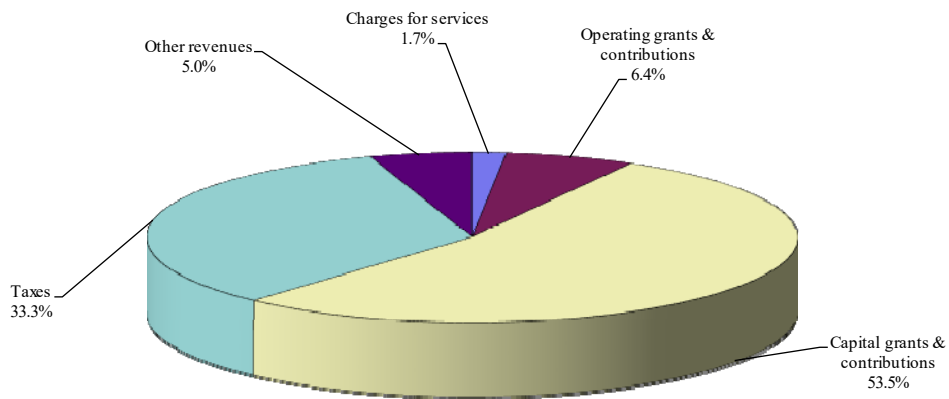
The following graph compares program expenses to program revenues (charges for services and grants):

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 1.7% and 59.9% of the Town's total governmental revenues for the current year. Shortfalls are made up by taxes and other revenues.

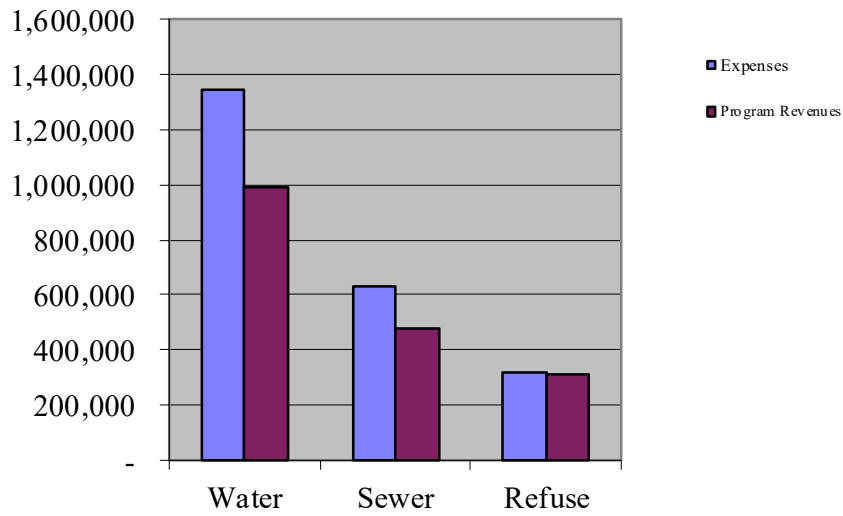
Revenue By Source - Governmental Activities



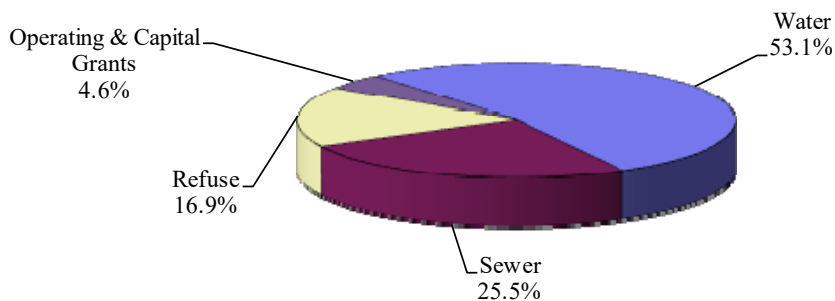
Business Type Activities

Net position of the Business Type activities at December 31, 2023, as reflected in the Statement of Net Position was \$12,487,697. The cost of providing all Proprietary (Business Type) activities this year was \$2,294,158. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$1,779,036 and there was \$84,820 subsidized by capital grants and contributions. The Net Position decreased by \$430,302.

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 \$2,550,932 which is an increase of \$1,506,113 in comparison with the prior year. The increase is mainly due to an increase in intergovernmental revenues from the prior year. Unassigned fund balance of \$991,457, which is available for spending at the government's discretion is approximately 38.9% of the total fund balance. \$50,593 is committed for future capital outlay and \$633 for economic development. The assigned fund balance is \$302,010 for debt services, \$24,550 for parks and recreation, \$67,370 for capital outlay and \$348,137 for other assigned. 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) \$408,804, debt services \$261,924, and parks and recreation \$95,454.

The Town has three major governmental funds.

The General Fund, which is the primary operating fund for the Town reported unassigned fund balance of \$991,457. 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 25% and total fund balance represents 37% of total General fund expenditures. The fund balance of the Town's General fund increased by \$922,157 for the year ended December 31, 2023. General fund revenues increased by \$1,529,528 compared to the prior year. The increase was mainly due to an increase in intergovernmental revenue of \$811,569.

The Capital Improvements Fund had an ending fund balance at December 31, 2023 of \$67,370. This was an increase of \$67,370. The increase was attributable to grant revenues that exceeded expenditures.

The Debt service Fund had a fund balance of \$563,934 at December 31, 2023. \$261,924 is restricted for debt services and \$302,010 is assigned 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, 2023 and 2022 for the Town's enterprise fund (Water-Sewer-Refuse) are as follows:

	2023	2022
Unrestricted net position	\$ 216,809	\$ 138,010
Total net position	12,487,697	12,917,999
Change in net position	(430,302)	(230,314)

The main reason for the decrease in net position was due to a decrease in grants received compared to the prior year as well as an increase in water expenses. The proprietary fund unrestricted balance at December 31, 2023 equals 9.56% of the annual operating expenses.

Budgetary Highlights

General fund revenues of \$5,160,841 were less than budgeted revenues of \$5,578,706 by \$417,865. Actual expenditures of \$3,925,126 were less than budgeted expenditures by \$841,121.

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 2023, net capital assets of the government activities totaled \$23.7 million and the net capital assets of the business-type activities totaled \$13.8 million. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 6 to the financial statements for additional details.)

Debt

At year-end, the Town had \$5.2 million in governmental type debt, and \$1.8 million in proprietary debt. During 2023, the Town's total debt decreased by \$628,521 as a result of payments made on debts. Debt per capita based on an estimated population of 2,000 is \$3,507.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town budget for the fiscal year 2024, 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 2022 to 2023 did not change except our intention shifted from providing the "existing level of service" to "providing an excellent level of service".

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

TOWN OF HAYDEN, COLORADO
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,472,222	\$ 148,933	\$ 2,621,155
Receivables (net of allowance)	4,640,666	153,940	4,794,606
Prepaid expenses	90	-	90
Restricted assets:			
Cash and cash equivalents	-	420,891	420,891
Capital assets (net of accumulated depreciation and amortization):			
Land	2,991,958	340,273	3,332,231
Construction in progress	9,281,733	-	9,281,733
Buildings	1,767,694	-	1,767,694
System improvements	-	13,159,636	13,159,636
Furniture, equipment & vehicles	482,028	36,118	518,146
Right-to-use leased equipment	329,705	217,925	547,630
Infrastructure/roads	8,862,390	-	8,862,390
Total assets	<u>30,828,486</u>	<u>14,477,716</u>	<u>45,306,202</u>
Liabilities			
Accounts payable and other current liabilities	1,939,897	123,194	2,063,091
Interest payable	16,073	2,791	18,864
Retainage payable	-	22,466	22,466
Unearned revenue	500,000	-	500,000
Noncurrent liabilities:			
Due within one year	761,345	263,721	1,025,066
Due in more than one year	4,411,820	1,577,847	5,989,667
Total liabilities	<u>7,629,135</u>	<u>1,990,019</u>	<u>9,619,154</u>
Deferred Inflows of Resources			
Deferred revenue - property taxes	<u>1,838,081</u>	<u>-</u>	<u>1,838,081</u>
Net Position			
Net investment in capital assets	18,798,344	12,035,888	30,834,232
Restricted for:			
Emergencies	408,804	-	408,804
Parks and recreation	95,454	-	95,454
Debt service	261,924	-	261,924
Operations and maintenance	-	235,000	235,000
Unrestricted	<u>1,796,744</u>	<u>216,809</u>	<u>2,013,553</u>
Total Net Position	<u>\$ 21,361,270</u>	<u>\$ 12,487,697</u>	<u>\$ 33,848,967</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, 2023

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	\$ 1,772,419	\$ 29,471	\$ -	\$ -	\$ (1,742,948)	\$ -	\$ (1,742,948)
Public safety	1,203,879	53,002	857,539	-	(293,338)	-	(293,338)
Public works/Streets	1,215,409	-	61,381	2,032,905	878,877	-	878,877
Parks, culture and recreation	1,251,212	171,838	28,593	5,285,948	4,235,167	-	4,235,167
Economic development	103,933	-	11,392	649,007	556,466	-	556,466
Interest on long-term debt	148,234	-	-	-	(148,234)	-	(148,234)
Total governmental activities	5,695,086	254,311	958,905	7,967,860	3,485,990	-	3,485,990
Business-type activities:							
Water	1,345,457	989,185	-	46,908	-	(309,364)	(309,364)
Sewer	633,351	475,360	-	37,912	-	(120,079)	(120,079)
Refuse	315,350	314,491	-	-	-	(859)	(859)
Total business-type activities	2,294,158	1,779,036	-	84,820	-	(430,302)	(430,302)
Total Primary Government	7,989,244	2,033,347	958,905	8,052,680	3,485,990	(430,302)	3,055,688
General Revenues:							
Taxes:							
Property tax					1,301,502	-	1,301,502
Sales tax					2,637,169	-	2,637,169
Vehicle rental tax					341,142	-	341,142
Other taxes					587,504	-	587,504
Franchise tax					87,056	-	87,056
Unrestricted investment earnings					86,702	-	86,702
Miscellaneous					664,386	-	664,386
Total general revenues & transfers					5,705,461	-	5,705,461
Change in net position					9,191,451	(430,302)	8,761,149
Net position - beginning					12,169,819	12,917,999	25,087,818
Net position - ending					\$ 21,361,270	\$ 12,487,697	\$ 33,848,967

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

TOWN OF HAYDEN, COLORADO
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Capital Improvements Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,058,288	\$ 386,206	\$ 561,828	\$ 465,900	\$ 2,472,222
Receivables, net:					
Property taxes receivable	1,146,446	-	706,286	-	1,852,732
Accounts receivable	48,241	-	-	-	48,241
Other receivable	370,653	1,889,375	-	10,000	2,270,028
Intergovernmental	378,566	-	2,107	88,992	469,665
Due from other funds	52,820	-	-	-	52,820
Prepaid items	90	-	-	-	90
Total assets	<u>\$ 3,055,104</u>	<u>\$ 2,275,581</u>	<u>\$ 1,270,221</u>	<u>\$ 564,892</u>	<u>\$ 7,165,798</u>
Liabilities					
Accounts payable	\$ 206,261	\$ 1,139,459	\$ -	\$ 43,298	\$ 1,389,018
Accrued wages and benefits	201,488	-	-	-	201,488
Accrued liabilities	15,321	-	-	-	15,321
Retainage payable	-	284,684	-	-	284,684
Deposits payable	49,386	-	-	-	49,386
Due to other funds	-	-	-	52,820	52,820
Unearned revenue	-	500,000	-	-	500,000
Total liabilities	<u>472,456</u>	<u>1,924,143</u>	<u>-</u>	<u>96,118</u>	<u>2,492,717</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	1,131,794	-	706,287	-	1,838,081
Unavailable revenue - grants	-	284,068	-	-	284,068
Total deferred inflows of resources	<u>1,131,794</u>	<u>284,068</u>	<u>706,287</u>	<u>-</u>	<u>2,122,149</u>
Fund Balances					
Restricted for:					
Parks and recreation	-	-	-	95,454	95,454
Debt services	-	-	261,924	-	261,924
Emergencies	408,804	-	-	-	408,804
Committed to:					
Capital outlay	50,593	-	-	-	50,593
Economic development	-	-	-	633	633
Assigned to:					
Parks and recreation	-	-	-	24,550	24,550
Capital outlay	-	67,370	-	-	67,370
Debt services	-	-	302,010	-	302,010
Other	-	-	-	348,137	348,137
Unassigned	991,457	-	-	-	991,457
Total fund balances	<u>1,450,854</u>	<u>67,370</u>	<u>563,934</u>	<u>468,774</u>	<u>2,550,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,055,104</u>	<u>\$ 2,275,581</u>	<u>\$ 1,270,221</u>	<u>\$ 564,892</u>	<u>\$ 7,165,798</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, 2023

Total fund balances - governmental funds \$ 2,550,932

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	33,211,412	
Accumulated depreciation and amortization	<u>(9,495,904)</u>	
		23,715,508

Deferred inflows of resources represent amount that are not available to pay for current expenditures and, therefore, are not reported in the governmental funds.

284,068

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

Leases payable	(350,116)	
Notes payable	(590,661)	
General obligation bond	(2,404,500)	
Sales Tax bond	(1,571,887)	
Interest payable	(16,073)	
Compensated absences	<u>(256,001)</u>	
		(5,189,238)

Total net position - governmental activities

\$ 21,361,270

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, 2023

REVENUES	General Fund	Capital Improvements Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
Taxes	\$ 3,650,739	\$ -	\$ 508,714	\$ 530,235	\$ 4,689,688
Licenses and permits	20,064	-	-	-	20,064
Intergovernmental	1,156,031	7,654,292	-	63,965	8,874,288
Fines and forfeitures	53,002	-	-	-	53,002
Charges for services	13,423	-	-	171,414	184,837
Interest revenue	85,543	-	1,159	-	86,702
Other revenues	182,039	10	-	511,839	693,888
Total Revenues	<u>5,160,841</u>	<u>7,654,302</u>	<u>509,873</u>	<u>1,277,453</u>	<u>14,602,469</u>
EXPENDITURES					
Current:					
General government	1,552,869	-	9,512	178,702	1,741,083
Public safety	1,025,175	-	-	-	1,025,175
Public works/streets	832,486	-	-	-	832,486
Parks, culture and recreation	332,412	-	-	831,120	1,163,532
Economic development	-	-	-	103,878	103,878
Capital outlay	-	7,586,932	-	-	7,586,932
Debt Service:					
Principal	151,302	-	298,360	43,194	492,856
Interest and fiscal charges	30,882	-	114,794	4,738	150,414
Total Expenditures	<u>3,925,126</u>	<u>7,586,932</u>	<u>422,666</u>	<u>1,161,632</u>	<u>13,096,356</u>
Excess of Revenues Over (Under) Expenditures	1,235,715	67,370	87,207	115,821	1,506,113
Other Financing Sources (Uses):					
Transfers in	-	-	102,010	313,558	415,568
Transfers out	(313,558)	-	-	(102,010)	(415,568)
Total Other Financing Sources (Uses)	<u>(313,558)</u>	<u>-</u>	<u>102,010</u>	<u>211,548</u>	<u>-</u>
Net change in fund balances	922,157	67,370	189,217	327,369	1,506,113
Fund balances, beginning of year	<u>528,697</u>	<u>-</u>	<u>374,717</u>	<u>141,405</u>	<u>1,044,819</u>
Fund balances, end of year	<u>\$ 1,450,854</u>	<u>\$ 67,370</u>	<u>\$ 563,934</u>	<u>\$ 468,774</u>	<u>\$ 2,550,932</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, 2023

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

Net change in fund balances - total governmental funds	\$ 1,506,113
<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	7,532,988
Depreciation and amortization expense	<u>(624,183)</u>
	6,908,805
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	284,068
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.	492,856
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.	2,180
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(2,571)</u>
Change in net position of governmental activities	<u><u>\$ 9,191,451</u></u>

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

TOWN OF HAYDEN, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2023

	Water-Sewer- Refuse
Assets	
Current Assets:	
Cash	\$ 148,933
Receivables (net of allowance)	153,940
Total current assets	302,873
Noncurrent assets:	
Restricted cash and investments	420,891
Land	340,273
Utility systems and improvements	25,728,071
Machinery, equipment and vehicles	418,326
Right-to-use leased equipment	318,505
Accumulated depreciation and amortization	(13,051,223)
Total noncurrent assets	14,174,843
Total Assets	\$ 14,477,716
Liabilities	
Current Liabilities:	
Accounts payable	\$ 43,629
Customer deposits	79,565
Retainage payable	22,466
Interest payable	2,791
Loans payable - current	95,526
Leases payable - current	44,691
Compensated absences - current	123,504
Total current liabilities	412,172
Noncurrent liabilities:	
Long-term debt (net of current portion):	
Loans payable	1,391,600
Leases payable	186,247
Total noncurrent liabilities	1,577,847
Total liabilities	1,990,019
Net Position	
Net investment in capital assets	12,035,888
Restricted operations and maintenance reserve	235,000
Unrestricted	216,809
Total net position	\$ 12,487,697

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, 2023

	Water-Sewer- Refuse
Operating Revenues	
Charges for services:	
Water	\$ 979,967
Sewer	475,360
Refuse	314,491
Other revenues	9,218
Total operating revenues	1,779,036
Operating Expenses	
Water	741,887
Sewer	501,547
Refuse	315,350
Depreciation and amortization	708,423
Total operating expenses	2,267,207
Operating income (loss)	(488,171)
Non-Operating Revenues (Expenses)	
Interest expense and fiscal charges	(26,951)
Connection and tap fees	84,820
Total non-operating revenue (expense)	57,869
Change in net position	(430,302)
Net position, beginning of year	12,917,999
Net position, end of year	\$ 12,487,697

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, 2023

	Water-Sewer- Refuse
Cash Flows From Operating Activities:	
Cash received from customers, service fees	\$ 1,760,517
Cash received from customers, other	10,832
Cash paid to suppliers	(832,417)
Cash paid to employees	(748,333)
Net cash flows from operating activities	190,599
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	(38,660)
Principal paid on long-term debt	(138,235)
Interest paid	(26,951)
Connection and tap fees	84,820
Net cash flows from capital and related financing activities	(119,026)
Net change in cash and cash equivalents	71,573
Cash and cash equivalents, beginning of year	498,251
Cash and Cash Equivalents, End of Year	\$ 569,824
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income/(loss)	\$ (488,171)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:	
Depreciation/amortization	708,423
Changes in operating assets and liabilities:	
(Increase)/decrease in receivables	(9,301)
Increase/(decrease) in payables	(2,367)
Increase/(decrease) in accrued liabilities & deposits	(19,599)
Increase/(decrease) in deposits	1,614
Net cash flows from operating activities	\$ 190,599

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of Significant Accounting Policies

Description of Government-Wide Financial Statements

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

Reporting Entity

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

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

Basis of Presentation – Government-Wide Financial Statements

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

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

Basis of Presentation – Fund Financial Statements

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of Significant Accounting Policies, Continued

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major enterprise fund:

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

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

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through 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, 2023

Note 1. Summary of Significant Accounting Policies, Continued

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

Cash and cash equivalents

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

Receivables and Payables

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

Inventories

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

Capital Assets

Capital assets are tangible and intangible 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 (except for intangible right-to-use lease assets). 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
Right-to-use leased equipment	3 to 10 years
Infrastructure - Streets and sidewalks	10 to 50 years

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items, 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. The item, *unavailable revenue – grants*, is reported in the governmental funds balance sheet. 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, 2023

Note 1. Summary of Significant Accounting Policies, Continued

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

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

Leases and Subscription-Based Information Technology Arrangements

Lessee: The Town is a lessee for a noncancellable lease of solar panels. The Town recognizes a lease liability asset (lease asset) in the government-wide and fund financial statements. The Town recognizes lease liabilities with an initial, individual value of \$2,500 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of Significant Accounting Policies, Continued

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.

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.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of Significant Accounting Policies, Continued

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.

New Pronouncements

For the year ended December 31, 2023, the Town implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Town had no SBITAs during the year ended December 31, 2023 that required reporting under GASB statement No. 96.

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

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

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 3. Stewardship, Compliance, and Accountability

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

Budgets and Budgetary Accounting

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

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

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

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

Expenditures over Appropriations

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Council. The Council by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents. There were three funds, the capital improvements fund, the debt service fund, and the recreation fund, which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2023.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 3. Stewardship, Compliance, and Accountability, Continued

Tax, Spending and Debt Limitations

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

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

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has reserved \$408,804 of the December 31, 2023 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 65 for compliance with debt covenants.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 4. Deposits and Investments

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

Cash on hand	\$ 400
Cash in bank	3,031,883
Colorado Trust	<u>9,763</u>
Total cash and investments	<u><u>\$ 3,042,046</u></u>
Cash and cash equivalents	\$ 2,621,155
Restricted cash	<u>420,891</u>
	<u><u>\$ 3,042,046</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, 2023 cash on hand was \$400 and the carrying amount of the Town's deposits was \$3,031,883. As of December 31, 2023 the bank balance of the Town's deposits was \$3,118,425 of which \$250,000 was insured by federal depository insurance and \$2,868,425 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, 2023 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, 2023

Note 4. Deposits and Investments, Continued

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

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

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

As of December 31, 2023 the Town had \$9,763 invested in the COLOTRUST with a fair market value of \$9,763 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, 2023

Note 5. Restricted Assets

A summary of restricted assets of the Town at December 31, 2023 is as follows:

Operation and maintenance reserves	\$ 341,326
Customer deposits	<u>79,565</u>
	<u>\$ 420,891</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, 2023.

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TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 6. Capital Assets

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

Governmental Activities:	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital assets, not being depreciated:				
Land	\$ 2,991,958	\$ -	\$ -	\$ 2,991,958
Construction in progress	4,517,743	7,579,991	(2,816,001)	9,281,733
Total capital assets, not being depreciated	<u>7,509,701</u>	<u>7,579,991</u>	<u>(2,816,001)</u>	<u>12,273,691</u>
Capital assets, being depreciated/amortized:				
Buildings	3,215,263	-	-	3,215,263
Furniture, equipment & vehicles	2,349,688	39,729	-	2,389,417
Right-to-use leased equipment	481,877	-	-	481,877
Infrastructure	12,121,895	2,729,269	-	14,851,164
Total capital assets, being depreciated/amortized	<u>18,168,723</u>	<u>2,768,998</u>	<u>-</u>	<u>20,937,721</u>
Less accumulated depreciation/amortization for:				
Buildings	(1,367,739)	(79,830)	-	(1,447,569)
Furniture, equipment & vehicles	(1,759,622)	(147,767)	-	(1,907,389)
Right-to-use leased equipment	(76,086)	(76,086)	-	(152,172)
Infrastructure	(5,668,274)	(320,500)	-	(5,988,774)
Total accumulated depreciation/amortization	<u>(8,871,721)</u>	<u>(624,183)</u>	<u>-</u>	<u>(9,495,904)</u>
Total capital assets, being depreciated, net	<u>9,297,002</u>	<u>2,144,815</u>	<u>-</u>	<u>11,441,817</u>
Governmental activities capital assets, net	<u>\$ 16,806,703</u>	<u>\$ 9,724,806</u>	<u>\$ (2,816,001)</u>	<u>\$ 23,715,508</u>

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

Governmental Activities:	
General government	\$ 30,416
Public safety	184,637
Public works/streets	313,683
Parks & recreation	95,447
Total depreciation/amortization expense - governmental activities	<u>\$ 624,183</u>

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 6. Capital Assets, Continued

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

Business Type Activities:	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Capital assets not being depreciated:				
Land and water rights	\$ 340,273	\$ -	\$ -	\$ 340,273
Total capital assets, not being depreciated	<u>340,273</u>	<u>-</u>	<u>-</u>	<u>340,273</u>
Capital assets being depreciated/amortized:				
Utility system and improvements	25,698,920	29,151	-	25,728,071
Equipment & vehicles	394,498	31,936	(8,108)	418,326
Right-to-use leased equipment	318,505	-	-	318,505
Total capital assets, being depreciated/amortized	<u>26,411,923</u>	<u>61,087</u>	<u>(8,108)</u>	<u>26,464,902</u>
Less accumulated depreciation/amortization for:				
Utility system and improvements	(11,918,127)	(650,308)	-	(12,568,435)
Equipment & vehicles	(382,491)	(7,825)	8,108	(382,208)
Right-to-use leased equipment	<u>(50,290)</u>	<u>(50,290)</u>	<u>-</u>	<u>(100,580)</u>
Total accumulated depreciation/amortization	<u>(12,350,908)</u>	<u>(708,423)</u>	<u>8,108</u>	<u>(13,051,223)</u>
Total capital assets, being depreciated, net	<u>14,061,015</u>	<u>(647,336)</u>	<u>-</u>	<u>13,413,679</u>
Business-type activities capital assets, net	<u>\$ 14,401,288</u>	<u>\$ (647,336)</u>	<u>\$ -</u>	<u>\$ 13,753,952</u>

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

Business-Type Activities:	
Water	581,690
Sewer	126,733
Total depreciation/amortization expense - business-type activities	<u>\$ 708,423</u>

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended December 31, 2023:

	Balance 12/31/22	Additions	Retirements	Balance 12/31/23	Current Portion
Governmental Activities:					
General Obligation 2018 Bond	\$ 2,634,500	\$ -	\$ (230,000)	\$ 2,404,500	\$ 235,000
Sales Tax Bond Series 2021	1,640,248	-	(68,361)	1,571,887	70,693
Notes from direct borrowings:					
Finance Purchase-Alpine Bank	565,500	-	(85,500)	480,000	88,500
Finance Purchase-Zions Bank	153,204	-	(42,543)	110,661	43,536
Leases payable	416,568		(66,452)	350,116	67,615
Compensated absences	253,430	165,831	(163,260)	256,001	256,001
Total Governmental activity	<u>\$ 5,663,450</u>	<u>\$ 165,831</u>	<u>\$ (656,116)</u>	<u>\$ 5,173,165</u>	<u>\$ 761,345</u>
Long-term liabilities					
Business-Type Activities:					
Notes from direct borrowings:					
CWRPDA (2012)	\$ 258,841	\$ -	\$ (21,260)	\$ 237,581	\$ 21,688
CWRPDA (2014)	472,121	-	(33,599)	438,522	34,275
CRWPDA (2021) *	849,999		(38,976)	811,023	39,563
Total notes from direct borrowings	<u>1,580,961</u>	<u>-</u>	<u>(93,835)</u>	<u>1,487,126</u>	<u>95,526</u>
Leases payable	275,338	-	(44,400)	230,938	44,691
Compensated absences	123,504	81,300	(81,300)	123,504	123,504
Total Business-type activity	<u>\$ 1,979,803</u>	<u>\$ 81,300</u>	<u>\$ (219,535)</u>	<u>\$ 1,841,568</u>	<u>\$ 263,721</u>
Long-term liabilities					

The Town had no unused line of credits as of December 31, 2022.

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TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 7. Long-Term Debt, Continued

The following is a listing of Bonds and Loans and Notes Payable outstanding as of December 31, 2023:

Bonds Payable

General Obligation Bonds

General Obligation Bonds Series 2018, original issue \$3,700,000, secured by ad valorem taxes, bearing interest at 3.07%, due in semi-annual principal and interest installments ranging from \$306,836-\$311,619, maturing December 1, 2032. This bond was approved in January 2018 for water improvements. \$ 2,404,500

Sales Tax Bonds

Sales Tax Bonds Series 2021, original issue \$1,777,007, secured by revenue derived from the imposition of sales taxes, bearing interest at a fixed rate of 1.92% through 2035 and then 2.31% variable rate through 2040, due in semi-annual principal and interest installments ranging from \$120,811-\$101,000, maturing December 1, 2040. This bond was approved in January 2021 for the town recreation center. 1,571,887

Total Bonds Payable \$ 3,976,387

Loans and Notes Payable:

Governmental Activities:

Direct borrowings:

Note payable to Alpine Bank, secured by police station land, bearing interest at 4.0%, due in semi-annual principal and interest installments ranging from \$106,060-\$107,270, maturing November 10, 2028. This loan was approved in November 2008 for construction of a new police station. \$ 480,000

Note payable to Zions Bank, secured by equipment, bearing interest at 2.32%, due in semi-annual principal and interest installments of \$45,854, maturing June 1, 2026. This loan was approved in June 2020 for purchase of a road grader. 110,661

Total Governmental Loans and Notes Payable 590,661
(continued)

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 7. Long-Term Debt, Continued

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. 237,581

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. 438,522

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 1.5%, due in semi-annual principal installments of \$25,790.30, Maturing November 1, 2041. This loan was approved in June 2021 with a maximum principal balance of \$872,400 for Drinking Water Revolving fund. 811,023

Total Business-Type Loans and Notes Payable 1,487,126

Total Loans and Notes Payable \$ 2,077,787

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 7. Long-Term Debt, Continued

Debt service maturities are as follows:

Years ending June 30:	<u>Business-Type Activities</u>		<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	<u>Notes from Direct Borrowings</u>		<u>Bonds</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 95,526	\$ 25,261	\$ 305,693	\$ 106,171	\$ 132,036	\$ 20,648
2025	97,246	23,541	318,081	97,599	137,052	16,043
2026	98,998	21,789	325,524	88,674	118,072	11,273
2027	100,783	20,004	338,025	79,549	99,500	7,150
2028	102,600	18,187	345,585	70,069	104,000	3,130
2029	104,450	16,337	358,204	60,386	-	-
2030	106,335	14,452	370,885	50,346	-	-
2031	108,254	12,533	378,628	39,948	-	-
2032	110,208	10,579	390,934	29,343	-	-
2033	112,198	8,589	94,305	18,378	-	-
2034	87,762	6,693	97,242	16,567	-	-
2035	67,856	5,161	100,248	14,700	-	-
2036	47,334	4,247	103,322	12,775	-	-
2037	48,046	3,534	106,870	10,388	-	-
2038	48,770	2,811	110,511	7,920	-	-
2039	49,504	2,076	114,248	5,367	-	-
2040	50,250	1,331	118,083	2,728	-	-
2041	51,006	575	-	-	-	-
	<u>\$ 1,487,126</u>	<u>\$ 197,126</u>	<u>\$ 3,976,387</u>	<u>\$ 710,906</u>	<u>\$ 590,661</u>	<u>\$ 58,244</u>

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 8. Leases

Lease Payable

During fiscal year 2022, the Town fully commenced a seven-year lease agreement as lessee for the use of solar panels at various locations. An initial lease liability was recorded in the amount of \$481,877 for governmental funds and \$318,505 for the business-type fund. As of December 31, 2023, the value of the lease liability for governmental funds was \$350,116 and \$230,938 for the business-type fund. The Town is required to make annual principal and interest payments of \$73,742 and \$48,741, respectively. The leases have an interest rate of 1.75%. The equipment has a seven-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$481,877 and \$318,505, respectively, and had accumulated amortization of \$152,172 and \$100,580, respectively.

The future principal and interest lease payments as of December 31, 2023, were as follows:

December 31,	Governmental Leases Payable		Business-Type Leases Payable	
	Principal	Interest	Principal	Interest
2024	\$ 67,615	\$ 6,127	\$ 44,691	\$ 4,050
2025	68,798	4,944	45,473	3,268
2026	70,002	3,740	46,269	2,472
2027	71,227	2,515	47,079	1,662
2028	72,474	1,268	47,426	838
Totals	<u>\$ 350,116</u>	<u>\$ 18,594</u>	<u>\$ 230,938</u>	<u>\$ 12,290</u>

Note 9. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the year ending December 31, 2023 are as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 52,820	\$ -
Non-Major Funds	-	52,820
	<u>\$ 52,820</u>	<u>\$ 52,820</u>

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 9. Interfund Receivables, Payables and Transfers, Continued

Interfund transfers for the year ended December 31, 2023 are as follows:

<u>Transfers Out:</u>	Transfers In				<u>Total</u>
	Non-Major				
	Debt Service Fund	Economic Development Fund	Recreation Fund	Climate Action Fund	
General Fund	\$ -	\$ 62,986	\$ 249,072	\$ 1,500	\$ 313,558
Non-Major Funds					
Recreation Fund	102,010	-	-	-	102,010
	\$ 102,010	\$ 62,986	\$ 249,072	\$ 1,500	\$ 415,568

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 10. 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 \$106,811 during the year ended December 31, 2023.

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 11. Risk Management

Public Entity Risk Pool

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

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

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

The purposes of CIRSA are to provide members defined liability and property coverage's and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

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

CIRSA is financed by annual contributions and interest earnings on the contributions. The contributions are used, in part, to establish loss funds from which member claims and associated costs are paid. Excess reinsurance coverage is also purchased. Certain surplus funds are used to the benefit of members and may include reductions in future contributions. Although none have occurred to date, additional member contributions may be required if necessary. The Town's contribution to CIRSA for insurance coverage is reported as an expenditure in the General fund. The Town is unaware of any excess losses which may have been incurred by CIRSA and there have been no settled claims which exceed insurance coverage in any of the last three years. The Town's share of surplus contributions held by CIRSA at December 31, 2012 was \$65,295. The Town's share of the surplus as of December 31, 2023 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, 2023

Note 12. Contingencies and Commitments

Litigation

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

Grants

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

Yamcolo Reservoir Storage Agreement

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

Stagecoach Reservoir Water Allotment Contract

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

Note 13. Local Taxes on Aviation Fuel

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

TOWN OF HAYDEN, COLORADO
Notes to the Financial Statements
December 31, 2023

Note 13. Local Taxes on Aviation Fuel, Continued

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

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, 2023

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Taxes:				
Sales tax	\$ 1,900,260	\$ 2,200,260	\$ 2,106,934	\$ (93,326)
Property tax	766,346	766,346	792,788	26,442
Vehicle rental tax	307,893	307,893	341,142	33,249
Other taxes	83,571	333,571	322,819	(10,752)
Franchise tax	81,645	81,645	87,056	5,411
Total Taxes	<u>3,139,715</u>	<u>3,689,715</u>	<u>3,650,739</u>	<u>(38,976)</u>
Licenses, Permits and Fees:				
Licenses, permits and fees	4,700	4,700	10,902	6,202
Building permits	4,000	4,000	9,162	5,162
Total Licenses, Permits and Fees	<u>8,700</u>	<u>8,700</u>	<u>20,064</u>	<u>11,364</u>
Intergovernmental:				
Highway users tax	70,951	70,951	61,381	(9,570)
Severance tax	86,326	141,481	143,910	2,429
Other	74,918	74,918	93,201	18,283
Grant revenues	378,000	1,178,000	857,539	(320,461)
Total Intergovernmental	<u>610,195</u>	<u>1,465,350</u>	<u>1,156,031</u>	<u>(309,319)</u>
Fines and Forfeitures:				
Fines and forfeitures	6,780	56,780	53,002	(3,778)
Total Fines and Forfeitures	<u>6,780</u>	<u>56,780</u>	<u>53,002</u>	<u>(3,778)</u>
Charges for Services:				
Recreation programs and events	-	-	424	424
Other charges	12,711	12,711	12,999	288
Total Charges for Services	<u>12,711</u>	<u>12,711</u>	<u>13,423</u>	<u>712</u>
Interest:				
Interest revenue	12,240	112,240	85,543	(26,697)
Total Interest	<u>12,240</u>	<u>112,240</u>	<u>85,543</u>	<u>(26,697)</u>
Other Revenues:				
Sale of capital assets	10,000	10,000	-	(10,000)
Miscellaneous revenue	23,210	223,210	182,039	(41,171)
Total Other Revenues	<u>33,210</u>	<u>233,210</u>	<u>182,039</u>	<u>(51,171)</u>
TOTAL REVENUES	<u>3,823,551</u>	<u>5,578,706</u>	<u>5,160,841</u>	<u>(417,865)</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, 2023

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government:				
Administrative:				
Salaries and wages	\$ 226,000	\$ 226,000	\$ 208,418	\$ 17,582
Benefits	167,803	167,803	108,476	59,327
Services, supplies and other	187,527	1,387,527	924,529	462,998
Total administration	<u>581,330</u>	<u>1,781,330</u>	<u>1,241,423</u>	<u>539,907</u>
Legislative:				
Salaries and wages	9,300	9,300	9,000	300
Benefits	41,047	41,047	35,511	5,536
Treasurer fees	15,327	15,327	16,855	(1,528)
Services, supplies and other	32,400	32,400	26,699	5,701
Total legislation	<u>98,074</u>	<u>98,074</u>	<u>88,065</u>	<u>10,009</u>
Building department	25,684	25,684	27,418	(1,734)
Data processing department	26,000	46,000	37,013	8,987
Judicial department	10,367	10,367	11,111	(744)
Planning department	67,533	127,533	119,367	8,166
Equipment repair and replacement	88,000	30,000	21,974	8,026
Elections department	-	-	6,498	(6,498)
Total General Government	<u>896,988</u>	<u>2,118,988</u>	<u>1,552,869</u>	<u>566,119</u>
Public Safety:				
Police department:				
Salaries and wages	678,317	678,317	610,152	68,165
Benefits	280,827	280,827	203,025	77,802
Services, supplies and other	175,837	215,837	211,998	3,839
Total Public Safety	<u>1,134,981</u>	<u>1,174,981</u>	<u>1,025,175</u>	<u>149,806</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Works:				
Streets department:				
Salaries and wages	\$ 320,110	\$ 320,110	\$ 314,651	\$ 5,459
Benefits	141,875	141,875	108,415	33,460
Services, supplies and other	317,001	404,264	393,892	10,372
Total streets department	<u>778,986</u>	<u>866,249</u>	<u>816,958</u>	<u>49,291</u>
Mosquito control:				
Services, supplies and other	20,000	20,000	15,528	4,472
Total mosquito control	<u>20,000</u>	<u>20,000</u>	<u>15,528</u>	<u>4,472</u>
 Total Public Works	 <u>798,986</u>	 <u>886,249</u>	 <u>832,486</u>	 <u>53,763</u>
Parks, Culture and Recreation:				
Parks:				
Salaries and wages	145,387	145,387	118,372	27,015
Benefits	90,293	90,293	55,581	34,712
Services, supplies and other	155,579	155,579	158,459	(2,880)
Total Parks	<u>391,259</u>	<u>391,259</u>	<u>332,412</u>	<u>58,847</u>
 Total Parks, Culture & Recreation	 <u>391,259</u>	 <u>391,259</u>	 <u>332,412</u>	 <u>58,847</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Debt Service:				
Principal	125,888	163,888	151,302	12,586
Interest	30,882	30,882	30,882	-
Total Debt Service	<u>156,770</u>	<u>194,770</u>	<u>182,184</u>	<u>12,586</u>
TOTAL EXPENDITURES	<u>3,378,984</u>	<u>4,766,247</u>	<u>3,925,126</u>	<u>841,121</u>
Excess of Revenues Over (Under) Expenditures	<u>444,567</u>	<u>812,459</u>	<u>1,235,715</u>	<u>423,256</u>
Other Financing Sources (Uses):				
Transfer out	(777,459)	(777,459)	(313,558)	463,901
Total Other Financing Sources (Uses)	<u>(777,459)</u>	<u>(777,459)</u>	<u>(313,558)</u>	<u>463,901</u>
Net change in fund balance	(332,892)	35,000	922,157	887,157
Fund balance, beginning of year	<u>528,697</u>	<u>528,697</u>	<u>528,697</u>	<u>-</u>
Fund balance, end of year	<u>\$ 195,805</u>	<u>\$ 563,697</u>	<u>\$ 1,450,854</u>	<u>\$ 887,157</u>

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FOLLOWING FUNDS:

Major Capital Projects Fund

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

Major Debt Service Fund

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

Nonmajor Special Revenue Funds

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

- The **Conservation Trust Fund** is used to account for State of Colorado lottery funds to be used for parks and recreation services and capital improvement.
- The **Economic Development Fund** is used to account for economic developments and improvements.
- The **Recreation Fund** is used to account for recreational activities related to the town's recreational center.
- The **Climate Action Fund** is a fund that was required out of an IGA with all governments in Routt County to work on climate change and the Town is the fiscal agent within the IGA.
- The **Opioid Settlement Fund** is a fund that was required out of an IGA with all governments in Northwest Colorado as a result of the Opioid settlement from the State of Colorado and is designated for work to combat the Opioid Crisis and the Town is the fiscal agent within the IGA.

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenue:				
Grants	\$ 12,227,632	\$ 7,433,000	\$ 7,654,292	\$ 221,292
Other revenue	-	-	10	10
Total revenue	<u>12,227,632</u>	<u>7,433,000</u>	<u>7,654,302</u>	<u>221,302</u>
EXPENDITURES:				
Capital outlay	<u>14,931,859</u>	<u>7,433,000</u>	<u>7,586,932</u>	<u>(153,932)</u>
Total Expenditures	<u>14,931,859</u>	<u>7,433,000</u>	<u>7,586,932</u>	<u>(153,932)</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,704,227)</u>	<u>-</u>	<u>67,370</u>	<u>67,370</u>
Other Financing Sources (Uses):				
Transfers in	<u>2,508,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(196,227)	-	67,370	67,370
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (196,227)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 67,370</u></u>	<u><u>\$ 67,370</u></u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 501,369	\$ 532,333	\$ 508,714	\$ (23,619)
Interest income	1,000	1,000	1,159	159
Total revenue	<u>502,369</u>	<u>533,333</u>	<u>509,873</u>	<u>(23,460)</u>
EXPENDITURES:				
General government:				
Bank fees	<u>9,471</u>	<u>9,471</u>	<u>9,512</u>	<u>(41)</u>
Debt Service:				
Principal	298,360	298,360	298,360	-
Interest	80,895	80,895	114,794	(33,899)
Bond issuance costs	33,650	33,650	-	33,650
Total Debt Service	<u>412,905</u>	<u>412,905</u>	<u>413,154</u>	<u>(249)</u>
Total Expenditures	<u>422,376</u>	<u>422,376</u>	<u>422,666</u>	<u>(290)</u>
Excess of Revenues Over (Under) Expenditures	<u>79,993</u>	<u>110,957</u>	<u>87,207</u>	<u>(23,750)</u>
Other Financing Sources (Uses):				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>102,010</u>	<u>2,010</u>
Net change in fund balance	179,993	210,957	189,217	(21,740)
Fund balance, beginning of year	<u>374,717</u>	<u>374,717</u>	<u>374,717</u>	-
Fund balance, end of year	<u>\$ 554,710</u>	<u>\$ 585,674</u>	<u>\$ 563,934</u>	<u>\$ (21,740)</u>

TOWN OF HAYDEN, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Recreation Fund	Economic Development Fund	Conservation Trust Fund	Climate Action Fund	Opioid Settlement Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 89,940	\$ 13,151	\$ 362,809	\$ 465,900
Other receivable	-	10,000	-	-	-	10,000
Due from other governments	88,992	-	-	-	-	88,992
Total Assets	\$ 88,992	\$ 10,000	\$ 89,940	\$ 13,151	\$ 362,809	\$ 564,892
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 13,604	\$ 1,871	\$ -	\$ 8,026	\$ 19,797	\$ 43,298
Due to other funds	45,324	7,496	-	-	-	52,820
Total Liabilities	58,928	9,367	-	8,026	19,797	96,118
Fund Balance:						
Restricted for:						
Parks and recreation	5,514	-	89,940	-	-	95,454
Committed to:						
Economic development	-	633	-	-	-	633
Assigned to:						
Parks and recreation	24,550	-	-	-	-	24,550
Other	-	-	-	5,125	343,012	348,137
Total fund balances	30,064	633	89,940	5,125	343,012	468,774
Total Liabilities and Fund Balances	\$ 88,992	\$ 10,000	\$ 89,940	\$ 13,151	\$ 362,809	\$ 564,892

TOWN OF HAYDEN, COLORADO
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

REVENUES:	Recreation Fund	Economic Development Fund	Conservation Trust Fund	Climate Action Fund	Opioid Settlement Fund	Total
Taxes	\$ 530,235	\$ -	\$ -	\$ -	\$ -	\$ 530,235
Intergovernmental	25,000	11,392	27,573	-	-	63,965
Charges for services	171,414	-	-	-	-	171,414
Other revenues	8,014	29,500	-	158,430	315,895	511,839
Total Revenues	734,663	40,892	27,573	158,430	315,895	1,277,453
EXPENDITURES:						
General government	-	-	-	158,905	19,797	178,702
Recreation programs and operations	831,120	-	-	-	-	831,120
Economic development	-	103,878	-	-	-	103,878
Debt service:						
Principal	43,194	-	-	-	-	43,194
Interest and fiscal charges	4,738	-	-	-	-	4,738
Total Expenditures	879,052	103,878	-	158,905	19,797	1,161,632
Excess of Revenues Over (Under) Expenditures	(144,389)	(62,986)	27,573	(475)	296,098	115,821
Other Financing Sources (Uses):						
Transfers in:	249,072	62,986	-	1,500	-	313,558
Transfers out:	(102,010)	-	-	-	-	(102,010)
Total Other Financing Sources (Uses):	147,062	62,986	-	1,500	-	211,548
Net change in fund balances	2,673	-	27,573	1,025	296,098	327,369
Fund balances, beginning of year	27,391	633	62,367	4,100	46,914	141,405
Fund balances, end of year	<u>\$ 30,064</u>	<u>\$ 633</u>	<u>\$ 89,940</u>	<u>\$ 5,125</u>	<u>\$ 343,012</u>	<u>\$ 468,774</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue:				
State lottery	\$ 24,698	\$ 24,698	\$ 27,573	\$ 2,875
Grants	30,000	525,052	-	(525,052)
Interest income	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Total revenue	<u>54,948</u>	<u>550,000</u>	<u>27,573</u>	<u>(522,427)</u>
EXPENDITURES:				
Parks, culture and recreation:				
Capital outlay	<u>20,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>20,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	34,948	500,000	27,573	(472,427)
Fund balance, beginning of year	<u>62,367</u>	<u>62,367</u>	<u>62,367</u>	<u>-</u>
Fund balance, end of year	<u>\$ 132,263</u>	<u>\$ 1,062,367</u>	<u>\$ 89,940</u>	<u>\$ (472,427)</u>

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Economic Development Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue	\$ 220,000	\$ 13,200	\$ 11,392	\$ (1,808)
Other revenue	42,800	42,800	29,500	(13,300)
Total revenue	<u>262,800</u>	<u>56,000</u>	<u>40,892</u>	<u>(15,108)</u>
EXPENDITURES:				
Economic development:				
Salaries	18,657	18,657	25,423	(6,766)
Employee benefits	3,508	3,508	3,873	(365)
Services, supplies, and other	74,070	74,070	74,582	(512)
Capital outlay	220,000	13,765	-	13,765
Total Expenditures	<u>316,235</u>	<u>110,000</u>	<u>103,878</u>	<u>6,122</u>
Excess of Revenues Over (Under) Expenditures	<u>(53,435)</u>	<u>(54,000)</u>	<u>(62,986)</u>	<u>(8,986)</u>
Other Financing Sources (Uses):				
Transfers in	54,000	54,000	62,986	8,986
Net change in fund balance	565	-	-	-
Fund balance, beginning of year	<u>633</u>	<u>633</u>	<u>633</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,763</u></u>	<u><u>\$ 633</u></u>	<u><u>\$ 633</u></u>	<u><u>\$ -</u></u>

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Recreation Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 460,691	\$ 460,691	\$ 530,235	\$ 69,544
Intergovernmental revenue	85,000	85,000	25,000	(60,000)
Charges for Services	189,124	189,124	171,414	(17,710)
Other Revenue	100	100	8,014	7,914
Total revenue	<u>734,915</u>	<u>734,915</u>	<u>734,663</u>	<u>(252)</u>
EXPENDITURES:				
Parks, culture and recreation:				
Salaries	363,151	363,151	388,770	(25,619)
Employee benefits	203,475	203,475	199,403	4,072
Services, supplies, and other	240,306	240,306	242,947	(2,641)
Total parks, culture and recreation	<u>806,932</u>	<u>806,932</u>	<u>831,120</u>	<u>(24,188)</u>
Debt Service:				
Principal	43,194	43,194	43,194	-
Interest	4,738	4,738	4,738	-
Total Debt Service	<u>47,932</u>	<u>47,932</u>	<u>47,932</u>	<u>-</u>
Total Expenditures	<u>854,864</u>	<u>854,864</u>	<u>879,052</u>	<u>(24,188)</u>
Excess of Revenues Over (Under) Expenditures	<u>(119,949)</u>	<u>(119,949)</u>	<u>(144,389)</u>	<u>(24,440)</u>
Other Financing Sources (Uses):				
Transfers in	221,959	221,959	249,072	27,113
Transfers out	(102,010)	(102,010)	(102,010)	-
Total Other Financing Sources (Uses)	<u>119,949</u>	<u>119,949</u>	<u>147,062</u>	<u>27,113</u>
Net change in fund balance	-	-	2,673	2,673
Fund balance, beginning of year	<u>27,391</u>	<u>27,391</u>	<u>27,391</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,391</u>	<u>\$ 27,391</u>	<u>\$ 30,064</u>	<u>\$ 2,673</u>

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Climate Action Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Other revenue	\$ 180,800	\$ 180,800	\$ 158,430	\$ (22,370)
Total revenue	<u>180,800</u>	<u>180,800</u>	<u>158,430</u>	<u>(22,370)</u>
EXPENDITURES:				
General government:				
Services, supplies, and other	166,916	166,916	158,905	8,011
Capital outlay	<u>11,934</u>	<u>11,934</u>	<u>-</u>	<u>11,934</u>
Total Expenditures	<u>178,850</u>	<u>178,850</u>	<u>158,905</u>	<u>19,945</u>
Excess of Revenues Over (Under) Expenditures	<u>1,950</u>	<u>1,950</u>	<u>(475)</u>	<u>(2,425)</u>
Other Financing Sources (Uses):				
Transfers in	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Net change in fund balance	3,450	3,450	1,025	(2,425)
Fund balance, beginning of year	<u>4,100</u>	<u>4,100</u>	<u>4,100</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,550</u></u>	<u><u>\$ 7,550</u></u>	<u><u>\$ 5,125</u></u>	<u><u>\$ (2,425)</u></u>

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Opioid Settlement Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Other revenue	\$ 120,350	\$ 400,000	\$ 315,895	\$ (84,105)
Total revenue	<u>120,350</u>	<u>400,000</u>	<u>315,895</u>	<u>(84,105)</u>
EXPENDITURES:				
General government:				
Services, supplies, and other	54,200	110,000	19,797	90,203
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	<u>104,200</u>	<u>160,000</u>	<u>19,797</u>	<u>140,203</u>
Net change in fund balance	16,150	240,000	296,098	56,098
Fund balance, beginning of year	<u>46,914</u>	<u>46,914</u>	<u>46,914</u>	<u>-</u>
Fund balance, end of year	<u>\$ 63,064</u>	<u>\$ 286,914</u>	<u>\$ 343,012</u>	<u>\$ 56,098</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services:				
Water	\$ 980,985	\$ 980,985	\$ 979,967	\$ (1,018)
Sewer	483,869	483,869	475,360	(8,509)
Refuse	298,200	298,200	314,491	16,291
Other revenues	6,100	6,100	9,218	3,118
Total Revenues	<u>1,769,154</u>	<u>1,769,154</u>	<u>1,779,036</u>	<u>9,882</u>
Expenses				
Water:				
Operating water	334,694	334,694	288,621	46,073
Water treatment plant	124,880	124,880	111,793	13,087
Golden meadows	17,700	17,700	13,474	4,226
Hospital hill	13,050	13,050	15,770	(2,720)
Seneca hill	9,962	9,962	9,632	330
Meters	33,399	33,399	64,051	(30,652)
Water rights	62,579	62,579	55,604	6,975
Water distribution	40,000	40,000	24,024	15,976
Administration water	165,434	165,434	158,918	6,516
Sewer:				
Operating sewer	247,746	247,746	259,286	(11,540)
Sewer treatment plant	121,141	121,141	67,579	53,562
Washington street	3,754	3,754	5,964	(2,210)
Sewer collection system	8,600	8,600	10,853	(2,253)
Lift stations	17,360	17,360	17,954	(594)
Administration sewer	165,007	165,007	139,911	25,096
Refuse Collection	298,200	298,200	315,350	(17,150)
Total Expenses	<u>1,663,506</u>	<u>1,663,506</u>	<u>1,558,784</u>	<u>104,722</u>
Operating Income(loss) excluding depreciation	<u>105,648</u>	<u>105,648</u>	<u>220,252</u>	<u>114,604</u>
Non-operating Revenues (Expenses)				
Interest income	1,000	1,000	-	(1,000)
Connection and tap fees	617,266	617,266	84,820	(532,446)
Total Non-Operating Revenue (Expense)	<u>618,266</u>	<u>618,266</u>	<u>84,820</u>	<u>(533,446)</u>
Income(loss) before contributions, transfers and capital and related financing activities	<u>\$ 723,914</u>	<u>\$ 723,914</u>	<u>\$ 305,072</u>	<u>\$ (418,842)</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Contributions, Transfers and Capital and Related Financing Activities:				
Capital outlay	\$ (78,000)	\$ (78,000)	\$ (38,660)	\$ 39,340
Debt service	(120,787)	(120,787)	(165,186)	(44,399)
Total Contributions, transfers and capital and related financing activities	(198,787)	(198,787)	(203,846)	(5,059)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	525,127	525,127	101,226	(423,901)
Reconciliation to net income:				
Depreciation			(708,423)	
Capital outlay			38,660	
Debt principal payments			138,235	
US GAAP basis net income (loss)			(430,302)	
Net position, beginning of year			12,917,999	
Net position, end of year			<u>\$ 12,487,697</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, 2023, 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 2023 Gross Revenue Requirement

Total Gross Revenue requirement	\$	1,452,837
Total water fund revenues, excluding capital grants	\$	1,549,365
Excess (deficiency) of gross revenues	\$	96,528
2023 Actual coverage ratio of CWRPDA debt service		243%

- **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.

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Hayden, CO			
		YEAR ENDING : December 31, 2023			
This Information From The Records Of Town of Hayden, Colorado:		Prepared By:	Andrea Salazar		
		Phone:	970-276-3741		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local	B. Local	C. Receipts from	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					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	400,608		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	69,960		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	48,729		
2. General fund appropriations	647,177	b. Snow and ice removal	50,760		
3. Other local imposts (from page 2)	55,607	c. Other	0		
4. Miscellaneous local receipts (from page 2)	49,312	d. Total (a. through c.)	99,489		
5. Transfers from toll facilities		4. General administration & miscellaneous	52,665		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	139,153		
a. Bonds - Original Issues		6. Total (1 through 5)	761,875		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	752,096	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	0		
C. Receipts from State government		2. Notes:			
(from page 2)	128,990	a. Interest			
D. Receipts from Federal Government		b. Redemption			
(from page 2)	0	c. Total (a. + b.)	0		
E. Total receipts (A.7 + B + C + D)		3. Total (1.c + 2.c)	0		
	881,086	C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)			
			761,875		
IV. LOCAL HIGHWAY DEBT STATUS					
		Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)					0
1. Bonds (Refunding Portion)					
B. Notes (Total)					0
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	266,002	881,086	761,875	385,213	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 31, 2023

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	49,312
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	55,607	g. Other Misc. Receipts	
6. Total (1. through 5.)	55,607	h. Other	
c. Total (a. + b.)	55,607	i. Total (a. through h.)	49,312
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	61,381	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 Registrations	7,609	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)	60,000	f. Other Federal	
f. Total (a. through e.)	67,609	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	128,990	3. Total (1. + 2.g)	0
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL	OFF NATIONAL	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	22,121		22,121
b. Engineering Costs	91,783	286,690	378,473
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		14	14
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	14	14
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	113,904	286,704	400,608
		(Carry forward to page 1)	

Notes and Comments:

FORM FHWA-536 (Rev.1-05)

PREVIOUS EDITIONS OBSOLETE

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

The Honorable Mayor and Town Council
Town of Hayden, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 6, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the findings and recommendations letter dated July 6, 2024 as items 2021-001 Segregation of Duties, and item 2023-001 Grant Accounting that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

HintonBurdick, PLLC

St. George, Utah

July 6, 2024

**Findings and Recommendations
For the Year Ended December 31, 2023**

The Honorable Mayor and
Town Council
Hayden, Colorado

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the Town for their administrative achievements and oversight of the Town’s accounting and budget system. During our audit of the funds of the Town of Hayden for the year ended December 31, 2023 we noted a few areas that may need corrective action in order for the Town to be in compliance with laws and regulations and we found a few circumstances that, if improved, would strengthen the Town’s accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None noted.

Significant Deficiencies:

2021-001 Segregation of Duties

Criteria: An effective internal control structure, including adequate segregation of duties, should be implemented in order to properly safeguard Town assets.

Condition: The Town’s cash receipts cycle lacks a complete segregation of duties. The same individuals, who receive cash from customers, could prepare the deposits for the bank and record receipts in the accounting system. Also, there does not appear to be any oversight or review process to document the authorization of accounts receivable write offs. Other controls such as, bank reconciliation preparation by the Town’s independent CPA and budget to actual report reviews by the Council mitigate these weaknesses such that they are not deemed to be a material weakness. We choose to mention proper segregation in order to remind management of its importance until such time as the Town can fully segregate custody of assets and recording functions. For example, those who have access to cash should be segregated from recording cash receipts.

Cause: The size of the Town’s administrative staff prohibits the complete segregation of duties within its accounting function.

Effect: A material misstatement, due to fraud or error, may not be prevented or detected in a timely manner. Without proper segregation of duties and documentation of approval of write offs, improper accounting, deposit and disposition of the Town's funds could be possible. We choose to mention proper segregation in order to remind management of its importance until such time as the Town can fully segregate custody of assets and recording functions.

Recommendations: The Town Council and management should consider ways that segregation of duties can be improved within the accounting and administrative functions as the Town continues to grow and additional staff are considered necessary. We anticipate that involvement from the Town's independent CPA will further mitigate segregation issues. We also recommend that management establish procedures for documenting approval and review for utility accounts receivable write offs.

2023-001

Grant Accounting

Criteria: Revenues and expenses for the Town's significant projects that are funded by grants should meet the cutoff, completeness, and accuracy assertions. Grant revenues should be recorded and matched up in the same period as the underlying grant expenses. Grant revenues and the related expenses should also be recorded in the same fund.

Condition: Several significant audit adjustments to the Town's grant projects were required that were not initially identified by the Town's internal control. Please see the auditor adjustments provided to management, specifically adjustments 10, 14, 15, 16, 17, and 18.

Cause: Procedures and controls over grant projects were not properly designed and implemented to prevent significant misstatements. Also, the expansion of the Town's grant funded projects contributed to the complexity of the Town's accounting in the fiscal period.

Effect: The Town's financial statements would not have been fairly stated in all material respects without the audit adjustments for the grant projects.

Recommendation: We recommend that management carefully review the audit adjustments and then design and implement controls to properly identify and record significant adjustments to the grant projects prior to the annual audit.

We also recommend the accounting for grant revenues and expenses in the capital project fund be adjusted to ensure that grant revenues and expenses are complete, accurate, and a proper cutoff of grant revenues and expenses is achieved. Comingling multiple projects in a singular general ledger account is not advised unless there is a subsidiary detail that can ensure the completeness, accuracy, and cutoff of each project's revenues and expenses.

COMPLIANCE AND OTHER MATTERS:

Compliance:

2021-003

Budgetary Compliance

Criteria: Appropriations are made by fund or spending agency (e.g., department) within a fund at the discretion of the governing body. (Section 29-1-108(2), C.R.S.) The Town's Budgets are set at the fund level and not the department level. No spending agency may

expend or contract to expend any money in excess of the amount appropriated in the resolution/ordinance.

Condition: The schedule of revenues, expenditures and changes in fund balance – budget-and-actual reports for the capital improvements fund, debt service fund, and recreation fund report the Town over expended the approved budgets.

Cause: The Town did not design and implement controls to ensure that expenditures were limited to the approved appropriations in the final budget.

Effect: The Town did not comply with State code Section 29-1-108(2), C.R.S.

Recommendation: We recommend that the Town design and implement controls to ensure that expenditures are limited to the approved budget for any given fiscal year.

Other Matters:

None noted.

This report is intended solely for the information and use of the Town Council, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the Town this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

HintonBurdick, PLLC

St. George, Utah

July 6, 2024

**Other Items Communicated to Management
For the Year Ended December 31, 2023**

Mathew Mendisco, Town Manager
Andrea Salazar, Finance Manager
Town of Hayden, Colorado

The following are findings and recommendations that have not been included with our findings and recommendations letter since they are only related to suggestions for improvements to accounting functions or they may be deemed to be less significant and/or management is aware of the findings and are working on resolutions.

2023-002 Budgeted Transfers

We noted during our test work that budgeted transfers in did not match up with budgeted transfers out. Transfers in should be equal to transfers out in the approved budget.

Recommendation

We recommend that the Town design and implement controls to ensure that budgeted transfers in equal budgeted transfers out in future budgets.

2021-005 Stale Checks

We noted the bank reconciliations listed several stale checks, which were over a year old.

Recommendation

We recommend that the Town void and re-issue the checks to the proper recipients or the Town should submit the funds to unclaimed property so that stale checks are cleared from the reconciliation.

Sincerely,

HintonBurdick, PLLC
St. George, Utah
July 6, 2024

TOWN OF HAYDEN, COLORADO
SINGLE AUDIT ACT REPORT
YEAR ENDED DECEMBER 31, 2023

DRAFT

TOWN OF HAYDEN, COLORADO

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**Independent Auditor’s 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 Board
Town of Hayden, Colorado

We have audited, 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, 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 (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Town’s basic financial statements and have issued our report thereon dated July 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) as a basis for designing 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’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town’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 have not been identified. We did identify certain deficiencies in internal control, described in the findings and recommendations letter dated July 6, 2024 as items 2021-001 Segregation of Duties, and item 2023-001 Grant Accounting that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

HintonBurdick, PLLC
St. George, Utah
July 6, 2024

**Independent Auditor’s Report on Compliance for
Each Major Federal Program and Report on Internal Control over
Compliance in Accordance with the Uniform Guidance**

The Honorable Mayor and Town Board
Town of Hayden, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Hayden, Colorado’s (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town’s major federal programs for the year ended December 31, 2023. The Town’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated July 6, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

HintonBurdick, PLLC

HintonBurdick, PLLC
St. George, Utah
July 6, 2024

TOWN OF HAYDEN, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.251	Economic Development Initiative
20.205	Highway Planning and Construction
21.027	Covid-19 ARPA State & Local Fiscal Relief Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

TOWN OF HAYDEN, COLORADO
Schedule of Findings and Questioned Costs, Continued
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None noted.

Significant Deficiencies:

2021-001 Segregation of Duties

Criteria: An effective internal control structure, including adequate segregation of duties, should be implemented in order to properly safeguard Town assets.

Condition: The Town's cash receipts cycle lacks a complete segregation of duties. The same individuals, who receive cash from customers, could prepare the deposits for the bank and record receipts in the accounting system. Also, there does not appear to be any oversight or review process to document the authorization of accounts receivable write offs. Other controls such as, bank reconciliation preparation by the Town's independent CPA and budget to actual report reviews by the Council mitigate these weaknesses such that they are not deemed to be a material weakness. We choose to mention proper segregation in order to remind management of its importance until such time as the Town can fully segregate custody of assets and recording functions. For example, those who have access to cash should be segregated from recording cash receipts.

Cause: The size of the Town's administrative staff prohibits the complete segregation of duties within its accounting function.

Effect: A material misstatement, due to fraud or error, may not be prevented or detected in a timely manner. Without proper segregation of duties and documentation of approval of write offs, improper accounting, deposit and disposition of the Town's funds could be possible. We choose to mention proper segregation in order to remind management of its importance until such time as the Town can fully segregate custody of assets and recording functions.

Recommendations: The Town Council and management should consider ways that segregation of duties can be improved within the accounting and administrative functions as the Town continues to grow and additional staff are considered necessary. We anticipate that involvement from the Town's independent CPA will further mitigate segregation issues. We also recommend that management establish procedures for documenting approval and review for utility accounts receivable write offs.

TOWN OF HAYDEN, COLORADO
Schedule of Findings and Questioned Costs, Continued
For the Year Ended December 31, 2023

Section II - Financial Statement Findings, continued

2023-001 Grant Accounting

Criteria: Revenues and expenses for the Town’s significant projects that are funded by grants should meet the cutoff, completeness, and accuracy assertions. Grant revenues should be recorded and matched up in the same period as the underlying grant expenses. Grant revenues and the related expenses should also be recorded in the same fund.

Condition: Several significant audit adjustments to the Town’s grant projects were required that were not initially identified by the Town’s internal control. Please see the auditor adjustments provided to management, specifically adjustments 10, 14, 15, 16, 17, and 18.

Cause: Procedures and controls over grant projects were not properly designed and implemented to prevent significant misstatements. Also, the expansion of the Town’s grant funded projects contributed to the complexity of the Town’s accounting in the fiscal period.

Effect: The Town’s financial statements would not have been fairly stated in all material respects without the audit adjustments for the grant projects.

Recommendation: We recommend that management carefully review the audit adjustments and then design and implement controls to properly identify and record significant adjustments to the grant projects prior to the annual audit.

We also recommend the accounting for grant revenues and expenses in the capital project fund be adjusted to ensure that grant revenues and expenses are complete, accurate, and a proper cutoff of grant revenues and expenses is achieved. Comingling multiple projects in a singular general ledger account is not advised unless there is a subsidiary detail that can ensure the completeness, accuracy, and cutoff of each project’s revenues and expenses.

TOWN OF HAYDEN, COLORADO
Schedule of Findings and Questioned Costs, Continued
For the Year Ended December 31, 2023

Section II - Financial Statement Findings, continued

COMPLIANCE AND OTHER MATTERS:

Compliance:

2021-003 Budgetary Compliance

Criteria: Appropriations are made by fund or spending agency (e.g., department) within a fund at the discretion of the governing body. (Section 29-1-108(2), C.R.S.) The Town's Budgets are set at the fund level and not the department level. No spending agency may expend or contract to expend any money in excess of the amount appropriated in the resolution/ordinance.

Condition: The schedule of revenues, expenditures and changes in fund balance – budget-and-actual reports for the capital improvement fund, debt service fund, and recreation fund report the Town over expended the approved budgets.

Cause: The Town did not design and implement controls to ensure that expenditures were limited to the approved appropriations in the final budget.

Effect: The Town did not comply with State code Section 29-1-108(2), C.R.S.

Recommendation: We recommend that the Town design and implement controls to ensure that expenditures are limited to the approved budget for any given fiscal year.

2021-002

Other Matters:

None noted

TOWN OF HAYDEN, COLORADO
Schedule of Findings and Questioned Costs, Continued
For the Year Ended December 31, 2023

Section III - Federal Award Findings and Questioned Costs

INTERNAL CONTROL OVER FEDERAL AWARDS:

None noted

COMPLIANCE:

None noted



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended December 31, 2023

Finding 2021-001

Significant Deficiency, Segregation of Duties

Summary of Prior Audit Finding: The Town's cash receipts cycle lacks a complete segregation of duties and there is no oversight or review process to document the authorization of accounts receivable write offs.

Finding Report Year: 2022

Status: In process.

Finding 2021-002

Significant Deficiency, Year End Accounting and Financial Statement Controls

Summary of Prior Audit Finding: A number of significant adjustments to the Town's financial statements were required that were not initially identified by the Town's internal control.

Finding Report Year: 2022

Status: Corrective Action Taken

Finding 2021-003

Other Matter, Budgetary Compliance

Summary of Prior Audit Finding: The schedule of revenues, expenditures and changes in fund balance budget-and-actual reports for the general fund, debt service fund, and recreation fund report the Town over expended the approved budget

Finding Report Year: 2022

Status: In process.

TOWN OF HAYDEN, COLORADO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Housing and Urban Development				
Economic Development Initiative	14.251		\$ 2,850,948	\$ -
Total U.S. Department of Housing and Urban Development			<u>2,850,948</u>	<u>-</u>
U.S. Department of the Interior				
Passed through Colorado Department of Local Affairs:				
Minerals Leasing Act	15.437	CTGG1 NLAA2022*3609	265,000	-
Total U.S. Department of Justice			<u>265,000</u>	<u>-</u>
U.S. Department of Transportation				
Passed through Colorado Department of Transportation:				
Highway Planning and Construction Cluster	20.205	23-HA3-XC-00163	750,000	-
Total U.S. Department of Transportation			<u>750,000</u>	<u>-</u>
U.S. Department of Treasury				
Covid-19 ARPA State and Local Fiscal Recovery Funds	21.027		248,711	
Pass through Colorado Department of Transportation				
Covid-19 ARPA State and Local Fiscal Recovery Funds	21.027	23-HA3-XC-00163	965,610	-
Total U.S. Department of Treasury			<u>1,214,321</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 5,080,269</u>	<u>\$ -</u>

The accompanying notes are integral part of the schedule of expenditures of federal awards.

TOWN OF HAYDEN, COLORADO
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

NOTE 1. Summary of Significant Accounting Policies and Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Town of Hayden, Colorado (the Town) under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2. Indirect Cost Rate

The Town did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended December 31, 2023.

Expenditures of federal awards have been reported in the funds as follows:

Governmental-Type Activities:

General fund	\$ 248,711
Capital improvement fund	4,831,558
	<hr/> <u>\$ 5,080,269</u>

The accompanying notes are integral part of the schedule of expenditures of federal awards.



**CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2023**

**Finding 2021-001
Significant Deficiency, Segregation of Duties**

Person(s) Responsible: Mathew Mendisco, Town Manager

Anticipated Completion Date: 12/31/2024

Corrective Action Plan: The Town will work with the outsourced accounting assistance to implement review of cash receipts and write offs.

**Finding 2023-001
Significant Deficiency, Grant Accounting**

Person(s) Responsible: Mathew Mendisco, Town Manager

Anticipated Completion Date: 12/31/2024

Corrective Action Plan: The Town will work with the outsourced accounting assistance and the personnel responsible for grants to implement regular reviews and reconciliations of grant activities.

**Finding 2021-003
Other Matter, Budgetary Compliance**

Person(s) Responsible: Mathew Mendisco, Town Manager

Anticipated Completion Date: 12/31/2024

Corrective Action Plan: The Town will review year to date expenditures and projections by fund and propose amendments as necessary prior to year-end.

Memorandum of Understanding

City of Craig

SSRC

Hayden

This Memorandum of Understanding (MOU), dated _____, 2024 between Moffat County, City of Craig, Routt County, City of Steamboat Springs, Town of Hayden, Town of Oak Creek, Town of Yampa, and Steamboat Ski & Resort Corporation (collectively the “Entities” and individually an “Entity”) sets forth the terms and understanding between the Entities to establish the Formation Committee of the Yampa Valley Regional Transportation Authority (RTA).

Background

An RTA feasibility study for the Yampa Valley, funded by a grant from CDOT and overseen by Routt County, City of Steamboat Springs, and the City of Craig, was completed in March 2024. The purpose of the study was to develop a current needs assessment for transportation in the Yampa Valley; establish transit/transportation projects and their costs; and identify and quantify possible funding mechanisms for an RTA. The final study also identified next steps for the formation of the RTA. With the completion of the study, a joint meeting was held to gauge interest in forming the RTA and determine next steps. At that meeting, it was decided that a committee would be formed, with representation from each jurisdiction, for the purpose of guiding the decision-making process on taxation rates, ballot year, ballot language, voter outreach, and the drafting of the intergovernmental agreement (IGA).

Formalizing the RTA Committee through this MOU will provide a temporary mechanism for the Entities’ coordination in order to direct funds and oversee additional research needed for RTA formation, coordinate with local and state stakeholders, and productively negotiate an IGA, funding mechanism, and ballot language. The MOU is intended to serve as the Entities’ guiding document until such time that an IGA is formalized by the Entities for the purposes outlined in this MOU.

Structure

The Committee shall consist of one representative of each of the Entities. Each Entity may designate a primary representative and alternates representative(s) in its discretion which shall be limited to elected officials, full-time staff persons, or a representative designated by an Entity participating in this MOU.

Purpose

The Committee members will serve as representatives for the communities within the proposed RTA district as well as liaisons for relevant local and state stakeholders to support the creation and development of the RTA.

This work will be accomplished, generally, by:

- Communicating regularly with each Entity to ensure alignment through the RTA formation process; and
- Coordinating efforts to ensure equitable representation of all communities within the RTA district.

In the short term, through this MOU, the Entities will:

- Engage and direct a consultant to support the RTA formation process
- Identify the RTA district boundary

- Draft an IGA for review of all with signatures from all Entities and jurisdictions included in the RTA district
- Support community engagement throughout the RTA formation process; and
- Develop ballot language for the RTA district formation and its funding.

The Committee can form and designate participants in additional committees to support the development and outreach necessary to form an RTA.

Accountability and Reporting

The Committee will be a consensus-based body that strives for robust representation from each Entity. The Committee will be responsible for Entity coordination and for tracking outputs and outcomes of the RTA formation efforts.

Funding

This MOU does not constitute a financial investment or commitment by any of the Entities.

Legal Obligation

This MOU is a statement of intentions to facilitate coordination among parties and shall not be construed to create and shall not create any financial or other obligations or liabilities for any party to this MOU.

Duration

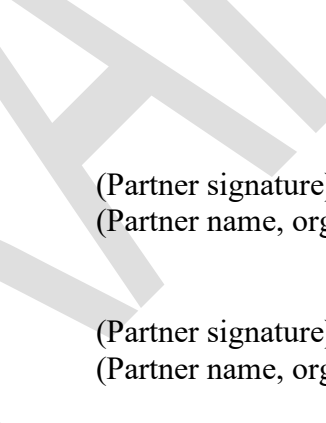
This MOU shall become effective upon signature by the authorized officials from Moffat County, City of Craig, Routt County, City of Steamboat Springs, Town of Hayden, Town of Oak Creek, Town of Yampa, and Steamboat Ski & Resort Corporation, and will remain in effect until an IGA and RTA Board is established to accomplish these purposes outlined in this MOU.

Contact Information

Partner name City of Craig
 Partner representative Randy Looper
 Position City Councilman
 Address 300 W. 4th Street, Craig, CO 81625
 Telephone 970-629-0654
 Fax
 E-mail rlooper@cityofcraig.org

Partner name City of Craig
 Partner representative Chris Nichols
 Position Mayor
 Address 300 W. 4th Street, Craig, CO 81625
 Telephone 970-846-1815
 Fax
 E-mail cnichols@cityofcraig.org

Date:



(Partner signature)

(Partner name, organization, position)

Date:

(Partner signature)

(Partner name, organization, position)

**YAMPA VALLEY REGIONAL TRANSPORTATION AUTHORITY
FORMATION
COST SHARE AGREEMENT**

THIS YAMPA VALLEY REGIONAL TRANSPORTATION AUTHORITY (RTA) FORMATION COST SHARE AGREEMENT (this “Agreement”) is made to be effective as of the ___ day of July, 2024 by and between the City of Steamboat Springs, a Colorado home rule municipality, Routt County, the Town of Hayden (Town), The City of Craig, and Steamboat Ski & Resort Corporation, a Delaware corporation (“SSRC”). The entities listed above are also sometimes referred to herein individually as a party and collectively as the parties.

RECITALS

WHEREAS, The City of Steamboat Springs intends to contract with a consultant to support the formation of an RTA supporting regional transportation within the Yampa Valley. In addition, the City of Steamboat Springs intends to contract with a law firm to create the necessary legal documentation for an RTA, including an Intergovernmental Agreement (IGA) between the participating jurisdictions within the Yampa Valley. The RFQ and RFP for the services defined above are provided as attachments hereto as Exhibit A (the “RFQ for Regional Transportation Authority Formation Support and Exhibit B (RFP for Legal Support of the Yampa Valley RTA Formation”);

WHEREAS, The City of Steamboat Springs has agreed to bear one hundred percent (100%) of the original cost of the contracts for both RTA formation consulting and legal support.

WHEREAS, Routt County has agreed to contribute no more than \$75,000 of the cost of the contracts being borne by the City of Steamboat Springs;

WHEREAS, the City of Craig has agreed to contribute no more than \$30,000 of the cost of the contracts being borne by the City of Steamboat Springs;

WHEREAS, the Town of Hayden has agreed to contribute no more than \$20,000 of the cost of the contracts being borne by the City of Steamboat Springs;

WHEREAS, SSRC has agreed to contribute no more than \$25,000 of the cost of the contracts being borne by the City of Steamboat Springs;

NOW THEREFORE, in consideration of the foregoing, and the mutual promises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. COST SHARE BY CITY. The City hereby agrees to contribute no more than \$75,000 of the total actual cost of the contracts for both RTA formation consulting and legal support. The anticipated total cost of the contracts for both RTA formation consulting and legal support are not to exceed \$250,000. Each of the participating entities shall provide the City of Steamboat Springs with their total agreed upon contribution by September 20, 2024. The City of Steamboat Springs

will act as the fiscal agent for the project and will provide all participating entities a monthly financial report.

2. TERM; SURVIVAL. The term of this Agreement shall commence as of the date upon which all necessary parties shall have signed and specified the effective date of the contracts for the RTA Formation consultant and the legal support and shall terminate upon the completion of these two contracts. Neither party hereto shall have the right to terminate this Agreement prior to the termination of the contracts except in the event of material breach by a party to this Agreement, in which event each party shall have the right to pursue all remedies available at law or in equity. Obligations of the parties under this Agreement that must survive such termination in order to give full force and effect to the intent of the parties as provided herein shall so survive.

3. ADDITIONAL COSTS. While the parties do not anticipate any additional costs arising from the RTA Formation and legal support consultants, it is recognized that additional costs may arise. In the event of additional costs are identified through the consulting work, the parties shall meet and negotiate in good faith to determine how the costs should equitably be borne by the parties.

4. INDEMNIFICATION. The City of Steamboat Springs shall indemnify, defend and hold the Parties, their directors, officers, employees, agents and representatives harmless from and against any and all claims for loss, damage, claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) arising out of the contracts and resulting from the grossly negligent acts or omissions of the City of Steamboat Springs or its contractors or subcontractors. This provision shall survive the expiration or termination of this Agreement and does not extend to claims caused by the gross negligence or willful misconduct of the Parties.

5. THIRD PARTY BENEFICIARIES. Except in connection with indemnification, nothing in this Agreement shall confer any rights or liabilities upon any person or entity that is not a party to this Agreement.

6. GOVERNMENTAL IMMUNITY. Liability for claims for injuries to persons or property arising from the negligence of the City of Steamboat Springs, Routt County, City of Craig, and Town of Hayden, their departments, boards, commissions, committees, offices, employees, and officials shall be controlled and limited by the provisions of the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S. No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of the immunities, rights, benefits, protections, or other provisions, contained in the statute.

7. RELATIONSHIP OF THE PARTIES. The parties to this Agreement are not and shall not be construed to be partners, joint venturers or agents of one another with respect to any activities associated with this Agreement.

8. MISCELLANEOUS.

(a) If any clause or provision of this Agreement shall be held to be invalid in whole or in part, then the remaining clauses and provisions, or portions thereof, shall nevertheless be and remain in full force and effect.

- (b) No amendment, alteration, modification of or addition to this Agreement shall be binding on the parties unless set forth in writing and signed by each of the parties.
- (c) The captions of each section are added as a matter of convenience only and shall be considered of no effect in the construction of any provision of this Agreement.
- (d) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Colorado, without regard to conflicts of laws principles.
- (e) This Agreement shall be binding upon, and shall inure to the benefit of, each of the parties and their respective successors and assigns.
- (f) Each of the parties hereby represents and warrants to the other party that it has the express authority and power to enter into this Agreement and that the individuals executing this Agreement on behalf of said party have the unqualified authorization and authority to execute this Agreement and bind said party to the terms hereof.
- (g) In any judicial proceedings with respect to this Agreement, the substantially prevailing party or parties shall be entitled to court costs and reasonable attorneys' fees and disbursements incurred by such party or parties in connection with such legal proceedings.
- (h) This Agreement, including all exhibits hereto, is intended as the complete integration of all understandings between the parties related to the matters set forth herein.
- (i) This Agreement may be executed in any number of counterparts, any or all of which may contain the signatures of less than all of the parties, and all of which shall be construed together as but a single instrument and shall be binding on the parties as though originally executed on one originally executed document.
- (j) Any notice or other communication required or permitted pursuant to this Agreement shall be in writing and shall be directed to the parties at their addresses set forth below or such other address as may subsequently be specified by written notice to the other parties. Notices shall be effective upon the earlier of actual receipt, three (3) business days after being deposited in the United States mail, certified, return receipt requested, one (1) business day after deposit for overnight delivery with a nationally recognized carrier or if via email upon confirmation of receipt. Subject to change as provided above, the addresses of the parties for purposes of this Agreement are:

If to City of Steamboat Springs:

City of Steamboat Springs
Attn: City Manager
124 10th Street
PO Box 775088
Steamboat Springs, CO 80477

Email: GSuiter@steamboatsprings.net

If to Routt County:

Routt County
Attn: County Manager
522 Lincoln Avenue
Suite #30
Steamboat Springs, CO 80487
Email: jharrington@co.routt.co.us

If to City of Craig:

City of Craig
Attn: City Manager
300 W 4th Street
Craig, CO 81625
Email:

If to Town of Hayden:

Town of Hayden
Attn: Town Manager
178 W. Jefferson Avenue
Hayden, CO 81639
Email: mathew.mendisisco@haydencolorado.org

If to SSRC:

Steamboat Ski & Resort Corporation
Attn: President
2305 Mt. Werner Circle
Steamboat Springs, CO 80487
Email: rperlman@steamboat.com

IN WITNESS WHEREOF, the parties have executed this RTA Formation Cost Share Agreement as of the day and year first above written.

CITY OF STEAMBOAT SPRINGS

By: _____
Gary Suiter, City Manager

ATTEST:

Julie Franklin, CMC
City Clerk

ROUTT COUNTY

By: _____

Jay Harrington, County Manager

ATTEST:

Jenny Thomas
County Clerk & Recorder

CITY OF CRAIG

By: _____

Peter Brixius, City Manager

ATTEST:

Liz White
City Clerk

TOWN OF HAYDEN

By: _____

Mathew Mendisco, Town Manager

ATTEST:

Sharon Johnson
Town Clerk

Witness my hand and official seal.
My commission expires:

NOTARY PUBLIC

STATE OF COLORADO)
) ss.
COUNTY OF ROUTT)

Subscribed to and sworn to before me this _____ day of _____, 2024 by
Mathew Mendisco, as Town Manager of the Town of Hayden.
Witness my hand and official seal.
My commission expires:

NOTARY PUBLIC

STATE OF COLORADO)
) ss.
COUNTY OF ROUTT)

Subscribed to and sworn to before me this _____ day of _____, 2024 by
Dave Hunter, President of the Steamboat Ski and Resort Corporation.
Witness my hand and official seal.
My commission expires:

NOTARY PUBLIC

EXHIBIT A

[on following pages]

DRAFT



CAP Collaborative Energy Efficiency and Conservation Block Grant Opportunity

Paul Bony

Energy and Transportation Director
Yampa Valley Sustainability Council

Request to Hayden Town Council

The CAP Collaborative Board is requesting that Hayden Town Council approve the Town of Hayden acting as fiscal agent of the CAP Collaborative to submit as lead applicant the Energy Efficiency and Conservation Block Grant grant on behalf of the CAP Collaborative.

Colorado Energy Office and Local Governments for Sustainability: Colorado Energy Efficiency and Conservation Block Grant - Due August 9

Program information

- DOE block grant to assist local governments in CO with staff capacity or **regional collaboration technical support** to enable projects and programs that reduce GHG emissions and *implement projects that align with climate goals*
- \$1.8 million grant funding available
- Applications submitted by **partnerships (e.g. Routt County CAP Collaborative) will be prioritized**
- **No funding match required.**

Eligibility

- Local government entities - jurisdictions that did not receive EECBG formula funding through DOE
- Councils of governments or non-profit organizations applying on behalf of a local government or partnership

Colorado Energy Efficiency and Conservation Block Grant

Town of Hayden lead applicant responsibilities

- As fiscal agent for the CAP Collaborative, submit grant as the lead applicant on behalf of the CAP Collaborative
- Distribution of funding among members of the partnership and/or to nonprofit or association subcontractors
 - Add line item to existing services performed by YVSC for the Collaborative

YVSC (Program Management Entity for the CAP Collaborative) responsibilities

- Grant writing services
- If grant awarded,
 - YVSC will manage any subcontractors performing this work
 - Draft reporting requirements as defined by the DOE
 - Management of all reporting, engagement, and communication with the Colorado Energy Office on behalf of the partnership

Colorado Energy Efficiency and Conservation Block Grant

Grant terms: 1-3 years

Funding details:

- Staff capacity limited to a maximum of \$80,000 per year or \$240,000 total over three years, whichever is greater.
- Maximum one-time award for regional collaboration cannot exceed \$1 million.
- **For technical support, provide a time estimate of the initiatives they intend to complete, and the CEO can then calculate a budget to award.**
- Reimbursements will be monthly.
- **No match required.**

Application deadline August 9th. Award announcements August 26.

CAP Collaborative Board approved scope of work

The CAP Collaborative Board voted unanimously on 7/12/24 to approve application for a Colorado Energy Office Energy Efficiency and Conservation Block Grant to retain technical consultant services to support Climate Action Plan implementation.

Grant activities/timeline

Year 1: Develop a strategic action plan that will meet the 2050 CAP energy efficiency and beneficial electrification goals for existing residential, commercial and industrial buildings and bring plan back to CAP governments for approval.

Years 2-3: Technical support to implement the plan when adopted.



THANK YOU
Questions & Discussion

Colorado Energy Office and Local Governments for Sustainability: Energy Efficiency and Conservation Block Grant (EECBG)

Request to Town of Hayden: The CAP Collaborative Board is requesting that Hayden Town Council approve the Town of Hayden acting as fiscal agent of the CAP Collaborative to submit as lead applicant the Energy Efficiency and Conservation Block Grant grant on behalf of the CAP Collaborative.

Program information:

The Colorado EECBG program is a U.S. Department of Energy block grant to assist local governments in Colorado with staff capacity and regional collaboration support to enable projects and programs that reduce greenhouse gas emissions and implement projects that align with climate goals.

- \$1.8 million grant funding available.
- Applications submitted by partnerships (e.g. Routt County CAP Collaborative) will be prioritized
- No funding match required.
- [Energy Efficiency and Conservation Block Grant | Colorado Energy Office](#)

Eligibility:

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Resources

- 1) [Colorado Energy Efficiency and Conservation Block Grant \(EECBG\) program guidance document](#)
- 2) [EECBG application](#)