

**TOWN OF HAYDEN, COLORADO**

Financial Statements

December 31, 2009

## TOWN OF HAYDEN, COLORADO

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2177 Kovan Drive, Suite 211  
P.O. Box 261241  
Steamboat Springs, CO 80427  
970-870-1761 phone  
970-870-1762 fax



Independent Auditor's Report

The Honorable Mayor and Town Council  
Town of Hayden, Colorado

We have audited the accompanying basic 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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Town's 2008 financial statements and, in our report dated April 2, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado at December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 2-11 and budgetary comparison schedules on pages 32-33 are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining statements for non-major governmental funds, budgetary comparison schedules, and Local Highway Finance Report on pages 34-42 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Catterson &amp; Company, P.C.".

Steamboat Springs, Colorado  
May 20, 2010

**Town of Hayden, Colorado  
Management's Discussion and Analysis  
December 31, 2009**

**Purpose**

The Town of Hayden's Management's Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues.
2. Provide an overview of the Town's financial activity.
3. Identify changes in the Town's financial position.
4. Identify any material deviation from the budget.
5. Identify individual fund issues or concerns.
6. Focus on comparisons to prior year information

The MD&A is designed to focus on the report year's activities, resulting changes and currently known facts. Please read it in conjunction with the Town's Financial Statements beginning on Page      of that document.

**Introduction**

The Town of Hayden was incorporated in 1906 and in 2009 became a Home Rule Municipality. The type of government is Town Council-Mayor with the seven elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Manager and Finance Director are responsible for preparing the annual budget, which is adopted by the Council on or before December 15<sup>th</sup>. The Manager and Finance Director are responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains five funds, which are as follows:

- General Fund
- Enterprise Fund
- Conservation Trust Fund
- Development Fees Fund
- Capital Replacement Fund

Also included in the Town's financial statements are two component units which are as follows:

- The Hayden Public Library Fund
- The Hayden Heritage Center Fund

**Financial Information**

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The Town's annual audit is prepared by an accounting firm (Catterson & Company, P.C.) with the contents of the audit meeting the requirements set forth by the Colorado State Auditor's Office. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Council approves all major budgetary changes by passage of a Resolution amending the budget.

## **Financial Highlights**

The Town of Hayden's financial condition in 2009 weakened as the economy slowed down significantly and at a much faster pace than expected. The General Fund balance, and at year-end is \$90,558 compared to an ending fund balance in 2008 of \$1,530,778. The large decrease in fund balance is a result of \$1.3 million received from a lease-purchase agreement (long-term debt proceeds) for the construction of the new Police Station that was included in the 2008 fund balance and expended in 2009.

The Town's Enterprise Fund (Business-Type Activities) show an unrestricted net asset deficit of (\$656,614), which reflects capital expenditures and unexpected expenses. This further reflects a shortfall between tap fees and related capital expenditures. In short, during 2009, expenditures exceeded revenues; this was mainly due to extremely limited tap fee revenue and somewhat wetter spring limiting normal operating revenue and expenditures beyond normal operations including engineering costs associated with a 5 year wastewater permit and preparation for building a new water tank. (see Statement of Activities on pages 5 and 6 of this document).

During 2009, the operations of the Town of Hayden were funded primarily by tax generated revenue from the Town's 4% sales tax and by a 25.067 mill levy on the assessed value of property within the Town. Tax revenue from property tax was \$429,260, an 8% increase over 2008, due to increased valuations certified by the Routt County Assessor from \$24,482,711 in 2008 to \$30,143,462 in 2009 and as allowed by the 5.5% Statutory Property Tax Limit. Sales tax revenues were \$854,405, a \$254,252 (23%) decrease from 2008. Sales tax revenues were originally budgeted for \$1,125,000, which was a 10%, expected decrease from 2008. As 2009 progressed, three budget revisions were passed, reducing revenues and expenditures to reflect the sharp decline in sales tax revenues, with the final revision projected at \$853,770. Actual sales tax revenues for the year were \$854,405 which is the lowest amount collected since 2005.

The assets of the Town, including governmental and business-type activities, exceed its liabilities at the close of the 2009 fiscal year by \$18,427,024 (net assets). Of this amount, \$20,756 (unrestricted net assets) may be used to meet the Town's ongoing obligations to residents and creditors. \$579,390 is designated for specific activities, including Capital Replacement, Conservation Trust, Hayden Public Library, Hayden Heritage Center and Development Fees and \$143,000 is reserved for emergencies. The remaining is invested in capital assets.

At December 31, 2009, the Town's governmental funds reported combined ending fund balances of \$908,650 reflecting a decrease of \$1,373,479 from December 31, 2008. The large decrease in ending balance is the result of \$1.3 million in 2008 for the construction of a new police station, with large sums of that money spent in 2009.

## **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Hayden's financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The **statement of net assets** presents information on all the Town's assets and liabilities, with the difference between the two being reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Hayden's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused sick and vacation leave).

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hayden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

#### **Governmental Funds**

Most of the Town's basic services are reported in governmental funds, which focus on cash flows. The unrestricted balances left at year-end are available for spending in future years. The funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Hayden maintains two major governmental funds and four non-major governmental funds. Information is presented in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

#### **Proprietary Funds**

The Town's water, sewer and refuse services are reported in proprietary funds. They focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail.

### **Notes to the Financial Statement**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found immediately after the basic financial statements.

#### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town of Hayden's assets exceeded liabilities by \$18,427,024 at the close of 2009. This represents a slight 1% increase in net assets over 2008. Of this amount, \$20,75697,980 is unrestricted and is available to meet the Town's ongoing financial obligations.

### Statement of Net Assets

	Governmental Activities	Business-Type Activities	2009 Totals	2008 Totals
<b>Assets</b>				
Current and Other Assets	1,491,355	(558,073)	933,282	3,115,223
Capital Assets	13,249,325	7,242,657	20,491,982	18,898,699
<b>Total Assets</b>	<b>14,740,680</b>	<b>6,684,584</b>	<b>21,425,264</b>	<b>22,031,922</b>
<b>Liabilities</b>				
Current Liabilities	593,761	98,541	692,302	1,363,673
Non current Liabilities	1,310,416	995,522	2,305,938	2,414,392
<b>Total Liabilities</b>	<b>1,904,177</b>	<b>1,094,063</b>	<b>2,998,240</b>	<b>3,778,065</b>
<b>Net Assets</b>				
Invested in Capital, net of debt	11,938,909	6,247,135	18,186,044	16,484,307
Restricted for Emergencies	143,000		143,000	143,000
Restricted for Open Space and Parks	77,224		77,224	84,101
Unrestricted	677,370	(656,614)	20,756	1,542,449
<b>Total Net Assets</b>	<b>12,836,503</b>	<b>5,590,521</b>	<b>18,427,024</b>	<b>18,253,857</b>

The largest of the Town's net assets (92% of total net assets) reflects its investment in capital assets (land, buildings and systems, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. \$143,000 is reserved for emergency purposes and \$77,224 is restricted for open space and parks. The remaining balance of net assets of \$20,756 is unrestricted and may be used to meet the Town's ongoing obligations to residents, businesses and creditors.

### Statement of Activities

For 2009, total revenues for Governmental Activities exceeded expenses by \$688,705. This increase in net assets was nearly completely offset by the decrease of net assets for Business-type activities, which shows expenses exceeded revenues by \$515,538. The result is a very small change in net assets in 2009 for \$173,167.

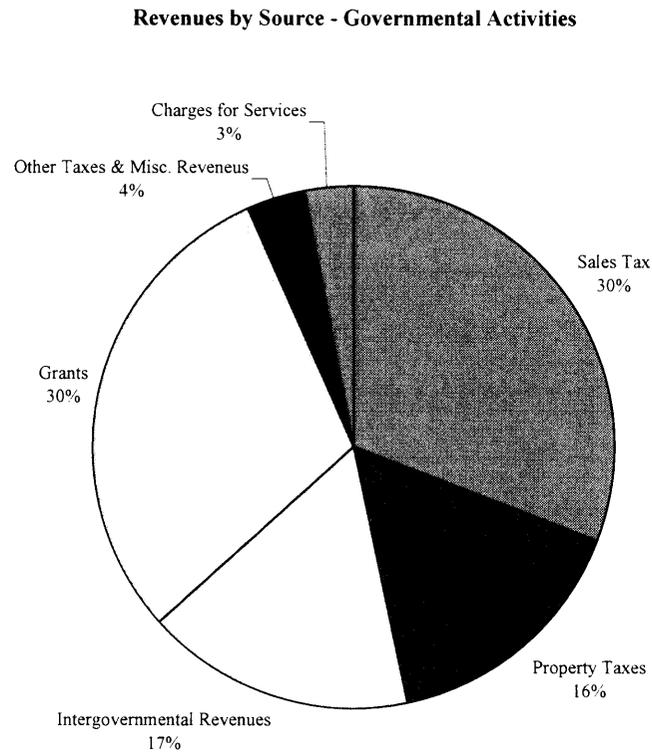
The following condensed table of changes in net assets illustrates changes in net assets for Governmental Activities and Business-type Activities for 2009.

**Statement of Activities**

	Governmental Activities	Business-Type Activities	2009 Totals	2008 Totals
<b>Revenues</b>				
Program Revenues:				
Charges for Services	80,635	763,288	843,923	1,097,113
Operating Grants & Contributions	9,237	0	9,237	67,378
Capital Grants & Contributions	814,182	16,320	830,502	4,077,708
General Revenues:				
Taxes	1,353,511	0	1,353,511	1,547,849
Intergovernmental Revenues	464,834	0	464,834	405,177
Interest	36,312	0	36,312	55,112
Sale of Capital Assets	(86,444)	0	(86,444)	(2,100)
Transfer of Capital Assets	0	0	0	-
Transfers	4,167	(4,167)		-
<b>Total Revenues</b>	<b>2,676,434</b>	<b>775,441</b>	<b>3,451,875</b>	<b>7,248,237</b>
<b>Expenses</b>				
General Government	432,528		432,528	764,652
Public Safety	693,545		693,545	678,753
Public Works	539,922		539,922	482,878
Parks & Recreation	232,573		232,573	339,610
Economic Development	8,739		8,739	5,843
Interest on Long-Term Debt	80,422		80,422	11,353
Water		732,432	732,432	678,780
Sewer		432,293	432,293	457,112
Refuse		126,254	126,254	122,429
<b>Total Expenses</b>	<b>1,987,729</b>	<b>1,290,979</b>	<b>3,278,708</b>	<b>3,541,410</b>
<b>Change in Net Assets</b>	<b>688,705</b>	<b>(515,538)</b>	<b>173,167</b>	<b>3,706,827</b>
Net Assets, Beginning	12,147,798	6,106,059	18,253,857	14,547,030
Net Assets, End of Year	12,836,503	5,590,521	18,427,024	18,253,857

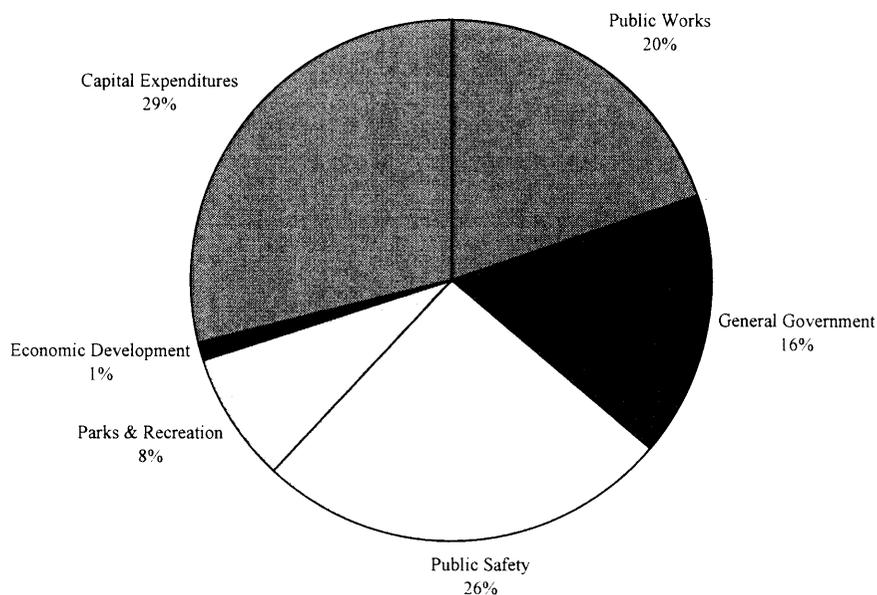
As previously noted, governmental activities are principally supported by taxes, intergovernmental revenues, grant funding and charges for services. These revenues support General Government activities, including Administration, Planning, Data Processing, Economic Development and Town Board, Public Safety, Public Works, including Streets, Mosquito Control, and Parks and Recreation.

The following two charts illustrate the Governmental Activities revenues and expenses.



Grant revenues, comprising 30% of total revenues, consisted of Energy Impact Funds for the reconstruction/widening of Poplar Street. Intergovernmental revenues include motor vehicle use tax, highway user tax, town road and bridge levy, severance tax and mineral lease. Property taxes increase in proportion to increased assessed valuations, annexations and new construction of property within the Town and are subject to 5.5% limit imposed by State statute, limiting revenue that the Town can receive from the previous year's growth. Sales tax represents 30% of total revenues, although due to current economic conditions, the dollar amount declined in 2009 from 2008, as previously noted.

### Expenses by Function - Governmental Activities



In 2009, 29% of the Town's resources were spent on capital expenditures, which are expenditures used for the acquisition or construction of major capital facilities. These expenditures were for the reconstruction/widening of Poplar Street, one of the most widely traveled streets within the Town.

General government expenditures include the cost of Administration, Planning, Airport Contributions, Legislative, Building and Plant, Data Processing, Judicial, Executive and Other. Expenditures in this category decreased 43% due to tight budget controls, mandatory furlough days, and the Council decision to hold off contributions for operations at the Routt County Regional Airport until the economic conditions improved.

Public Safety total expenditures held relatively constant, increasing just \$14,792 (decrease of \$61,634 per page 6???) from 2008. Expenditures include the continued presence of officers to provide airport security at the Yampa Valley Regional Airport, and the annual lease-purchase payment obligation for the newly built police station.

Public Works Streets Department showed an increase in expenditures from 2008, due to the repayment to the Capital Replacement Fund for \$54,000 for the purchase of a new dump truck in 2008. Efforts were continued on routine maintenance of existing roads and seasonal snowplowing. All other operating costs remained flat from 2008.

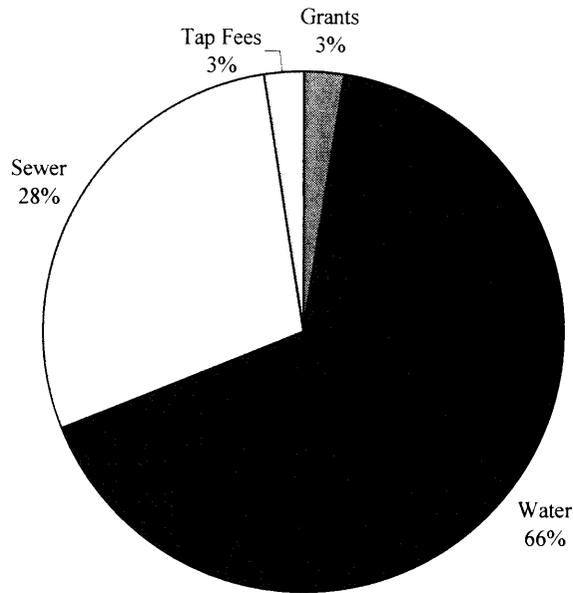
Parks and Recreation's expenditures decreased significantly in 2009 as the economic conditions forced sever budget cuts in this department. Two full-time positions were reduced to part-time, reducing wages and benefits.

Reductions in almost every expenditure category from the original 2009 budget became necessary as revenues particularly sales tax and use tax were much less than anticipated as the economy weakened significantly from the highest levels in 2008. Reductions in every department including staffing levels within were required to balance the budget in this fund in 2009.

## Business-type Activities

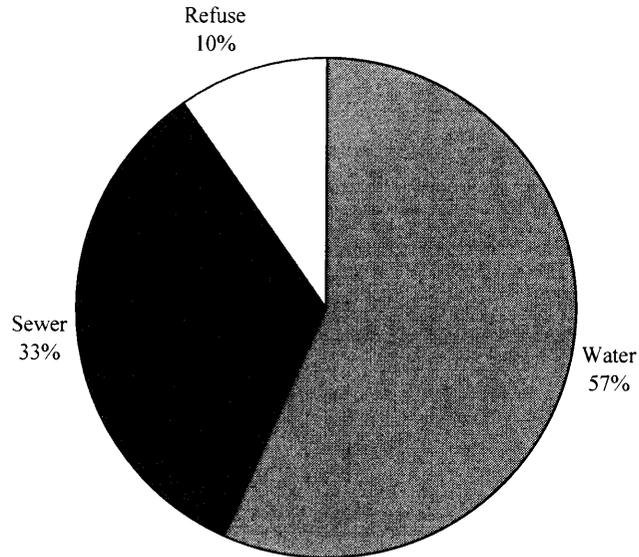
The following two charts illustrate the Business-type Activities revenues and expenses.

Revenues by Source - Business-type Activities



In 2009, water user rates were again raised 5% in order to balance revenues with ever-increasing operating expenses. Tap fees, otherwise known as plant investment fees, dropped even more than in 2008 as economic conditions further slowed residential, commercial and industrial development. In October base rates were also raised 20% as well as increasing tap fees 25% to help slow a worsening deficit in this fund.

### Expenses by Source - Business-type Activities



Water and sewer expenditures increased again in 2009, mainly due to engineering costs to complete the Town's five year wastewater permit as well as an attempt to receive Recovery Act money for construction of a needed second water tank near the airport in addition to standard operational costs.

### THE TOWN'S FUNDS

The Town of Hayden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year end. The unreserved fund balance serves as a useful measure of a government's net resources available for spending at year end.

The individual major funds are discussed below.

*General Fund.* The General fund is the chief operating fund of the Town of Hayden. It accounts for all general services provided by the Town, excluding utilities.

*Capital Replacement Fund.* The Capital Replacement Fund accounts for general government capital projects and outlays. It is primarily financed by transfers from other Town Funds.

*Proprietary Funds.* The Town's Water, Sewer and Refuse funds are used to account for those operations that are financed and operated in a manner similar to private business, in that fees are charged to external users for goods and services.

## **DEBT ADMINISTRATION**

At December 31, 2009, the Town had outstanding debt of \$995,522 for business-type activities that included water treatment plant improvements and infrastructure installation and improvements. If carried until maturity in 2022, principle and interest payments will be \$1,282,342. In 2008, the Town entered into a lease-purchase agreement with Alpine Bank for \$1,300,000 for the construction of a new police station. The balance for this governmental activities debt requirement is \$1,266,000. If carried until maturity in 2028, principal and interest will be \$2,180,719.

## **SUMMARY OF FINANCIAL CONDITION**

The Town of Hayden continues to maintain a strong financial position (not sure you can say "strong" for GF) in the general fund but has a weaker position due to continued lower revenues and extra expenses in the enterprise fund effectively draining resources off of the general fund reserve to maintain operations. Financial trends turned downward at the end of 2008 and continued to worsen in 2009. This will require a careful approach to any project and will continue to require a tight budget until a better financial projection can be seen.

In 2009, the Town did not complete revisions to the 5 year Capital Improvement Plan for all departments as extremely limited budgets only allowed completion of projects started in 2008 and future capital projects will be completed as a better position in the enterprise fund allows. This plan has assisted in budgeting, long-term capital infrastructure planning and continues to assist us in a proactive approach to addressing needs. The Town will continue to use this as a major tool in development of its annual budget and has resulted in thinking about the financial condition of the Town years in advance.

The Planning Department continued to see some revenue generated by development applications; this was limited in 2009 and is expected to continue to be limited for some time to come. The Use Tax passed by the voters in November 2007 did not produce a lot of revenue in 2009; an adjustment to valuations and future construction on hold due to the economy should bring more revenue in future years.

The Parks and Recreation Department continued to change and add and absorb community programs. 2009 brought the completion of construction of a new park building at Dry Creek Park. During the cuts in June of 2009 reductions in winter maintenance staff was required; however summer maintenance staff will continue to be a priority to maintain what has been built in the past couple of years.

Throughout 2009, the Town experienced continued slow growth, but continues to see interest in Hayden from commercial/industrial developers. Adoption of an incentive program may help lift Hayden's commercial and industrial development faster providing a larger future base to work from. This trend is in line with our Comprehensive Plan to balance our residential growth with this type of tax base and local jobs. As we look to 2010 and beyond, the Town will be finding more ways to finance growing demands, this should be made easier by the adoption of a Home Rule Charter in July that allowed for the voters to consider and pass a vehicle rental tax and lodging tax that are expected to provide addition revenue in the general fund and eventually get the Town back on to completing capital projects. Once again, for the reasons demonstrated in this report, the Town is in a good financial position to face those anticipated challenges, however needs to continue to address the enterprise fund deficit until tap fees are generated to pay off the significant debt that has accumulated.

## **REQUESTS FOR INFORMATION**

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

**TOWN OF HAYDEN, COLORADO**  
**Statement of Net Assets**  
**December 31, 2009**  
(with summarized financial information as of December 31, 2008)

	2009			2008 Total
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 890,258	\$ (830,050)	\$ 60,208	\$ 1,678,549
Restricted cash	35,000	-	35,000	467,136
Due from other governments	62,121	-	62,121	313,642
Accounts receivable	9,976	78,977	88,953	61,896
Property tax receivable	494,000	-	494,000	453,000
Cash reserve	-	193,000	193,000	159,000
Capital assets, net of accumulated depreciation	13,249,325	7,242,657	20,491,982	18,898,699
<b>Total assets</b>	<b>14,740,680</b>	<b>6,684,584</b>	<b>21,425,264</b>	<b>22,031,922</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	53,705	22,949	76,654	315,518
Accrued interest payable	11,056	9,875	20,931	22,020
Retainage payable	-	-	-	42,532
Customer deposits	-	65,717	65,717	63,467
Letter of credit proceeds	35,000	-	35,000	467,136
Deferred revenue	494,000	-	494,000	453,000
Noncurrent liabilities:				
Due within one year	36,000	73,897	109,897	104,742
Due in more than one year	1,274,416	921,625	2,196,041	2,309,650
<b>Total liabilities</b>	<b>1,904,177</b>	<b>1,094,063</b>	<b>2,998,240</b>	<b>3,778,065</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	11,938,909	6,247,135	18,186,044	16,484,307
Restricted for:				
Emergencies	143,000	-	143,000	143,000
Open space and parks	77,224	-	77,224	84,101
Unrestricted	677,370	(656,614)	20,756	1,542,449
<b>Total net assets</b>	<b>\$ 12,836,503</b>	<b>\$ 5,590,521</b>	<b>\$ 18,427,024</b>	<b>\$ 18,253,857</b>

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**  
**(with summarized financial information for the year ended December 31, 2008)**

2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			2008 Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 432,528	\$ 56,516	\$ 9,237	\$ 40,500	\$ (326,275)	\$ -	\$ (427,244)
Public safety	693,545	-	-	-	(693,545)	-	366,629
Public works	539,922	-	-	652,500	112,578	-	456,820
Parks	165,998	-	-	121,182	(44,816)	-	46,864
Recreation	66,575	24,119	-	-	(42,456)	-	(103,518)
Economic development	8,739	-	-	-	(8,739)	-	(5,843)
Interest on general long-term debt	80,422	-	-	-	(80,422)	-	(11,353)
Total governmental activities	1,987,729	80,635	9,237	814,182	(1,083,675)	-	322,355
<b>Business-type activities:</b>							
Water	732,432	446,099	-	12,400	-	(273,933)	988,301
Sewer	432,293	190,935	-	3,920	-	(237,438)	390,133
Refuse	126,254	126,254	-	-	-	-	-
Total business-type activities	1,290,979	763,288	-	16,320	-	(511,371)	1,378,434
Total primary government	\$ 3,278,708	\$ 843,923	\$ 9,237	\$ 830,502	(1,083,675)	(511,371)	1,700,789
<b>General revenues:</b>							
Taxes:							
Sales tax					854,405	-	1,108,657
General property tax					429,260	-	383,176
Building materials use tax					9,014	-	-
Franchise tax					55,536	-	50,989
Cigarette tax					5,296	-	5,027
Intergovernmental					464,834	-	405,177
Interest					36,312	-	55,112
Gain (loss) on sale or retirement of capital assets					(86,444)	-	(2,100)
Transfers					4,167	(4,167)	-
Total general revenues and transfers					1,772,380	(4,167)	2,006,038
Change in net assets					688,705	(515,538)	3,706,827
Net assets, beginning of year					12,147,798	6,106,059	14,547,030
Net assets, end of year					\$ 12,836,503	\$ 5,590,521	\$ 18,253,857

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

**TOWN OF HAYDEN, COLORADO**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2009**

(with summarized financial information as of December 31, 2008)

	General	Capital Replacement	Other Governmental Funds	2009 Total Governmental Funds	2008 Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 72,166	\$ 431,361	\$ 386,731	\$ 890,258	\$ 2,243,451
Restricted cash	35,000	-	-	35,000	467,136
Due from other governments	62,121	-	-	62,121	313,642
Accounts receivable	9,976	-	-	9,976	-
Property tax receivable	494,000	-	-	494,000	453,000
<b>Total assets</b>	<b>\$ 673,263</b>	<b>\$ 431,361</b>	<b>\$ 386,731</b>	<b>\$ 1,491,355</b>	<b>\$ 3,477,229</b>
<b>Liabilities and fund balance:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 53,705	\$ -	\$ -	\$ 53,705	\$ 274,964
Letter of credit proceeds	35,000	-	-	35,000	467,136
Deferred revenue	494,000	-	-	494,000	453,000
<b>Total liabilities</b>	<b>582,705</b>	<b>-</b>	<b>-</b>	<b>582,705</b>	<b>1,195,100</b>
<b>Fund balance:</b>					
Reserved for:					
Emergencies	143,000	-	-	143,000	143,000
Open space and parks	-	-	77,224	77,224	84,101
Unreserved:					
General fund	(52,442)	-	-	(52,442)	1,387,778
Capital replacement fund	-	431,361	-	431,361	368,215
Special revenue funds	-	-	309,507	309,507	299,035
<b>Total fund balances</b>	<b>90,558</b>	<b>431,361</b>	<b>386,731</b>	<b>908,650</b>	<b>2,282,129</b>
<b>Total liabilities and fund balance</b>	<b>\$ 673,263</b>	<b>\$ 431,361</b>	<b>\$ 386,731</b>	<b>\$ 1,491,355</b>	<b>\$ 3,477,229</b>

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**December 31, 2009**

Governmental funds total fund balance		\$	908,650
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the governmental funds:</p>			
Cost of capital assets		\$	16,558,835
Less accumulated depreciation			<u>(3,309,510)</u>
			13,249,325
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This is the amount of long-term liabilities not currently payable.</p>			
			(1,310,416)
<p>Interest payable on debt is not recorded in the fund financial statements but rather recognized as an expenditure when due. This is the accrued interest on debt that has been incurred but not yet due.</p>			
			<u>(11,056)</u>
Governmental activities net assets		\$	<u><u>12,836,503</u></u>

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2009**  
(with summarized financial information for the year ended December 31, 2008)

	General	Capital Replacement	Other Governmental Funds	2009 Total Governmental Funds	2008 Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 1,353,511	\$ -	\$ -	\$ 1,353,511	\$ 1,547,849
Intergovernmental	418,177	-	46,657	464,834	405,177
Licenses, permits and fees	8,894	-	-	8,894	8,250
Charges for services	6,898	-	-	6,898	24,597
Fines and forfeitures	30,917	-	-	30,917	12,383
Grants	734,000	-	-	734,000	1,558,473
Recreation programs	24,119	-	-	24,119	31,153
Interest	29,532	1,736	5,044	36,312	49,743
Other	2,993	-	19,651	22,644	295,778
<b>Total revenues</b>	<b>2,609,041</b>	<b>1,736</b>	<b>71,352</b>	<b>2,682,129</b>	<b>3,933,403</b>
<b>Expenditures:</b>					
General government:					
Administration	279,488	-	-	279,488	296,238
Planning	2,656	-	-	2,656	11,670
Airport	12,163	-	-	12,163	66,928
Legislative	31,202	-	-	31,202	31,290
Building	22,972	-	-	22,972	29,702
Other	24,676	-	42,757	67,433	307,167
Public safety	591,748	-	-	591,748	653,382
Economic development	8,739	-	-	8,739	5,843
Public works:					
Streets	258,765	-	-	258,765	413,152
Mosquito control	19,686	-	-	19,686	23,787
Parks	120,722	-	-	120,722	166,147
Recreation	66,575	-	-	66,575	134,671
Capital expenditures	2,437,400	507	25,000	2,462,907	2,115,214
Debt service:					
Principal	34,000	-	-	34,000	-
Interest	80,719	-	-	80,719	-
<b>Total expenditures</b>	<b>3,991,511</b>	<b>507</b>	<b>67,757</b>	<b>4,059,775</b>	<b>4,255,191</b>
Excess (deficiency) of revenues over expenditures	(1,382,470)	1,229	3,595	(1,377,646)	(321,788)
<b>Other financing sources (uses):</b>					
Long-term debt proceeds	-	-	-	-	1,300,000
Transfers in	-	61,917	-	61,917	135,500
Transfers out	(57,750)	-	-	(57,750)	(113,500)
<b>Total other financing sources (used)</b>	<b>(57,750)</b>	<b>61,917</b>	<b>-</b>	<b>4,167</b>	<b>1,322,000</b>
<b>Net change in fund balances</b>	<b>(1,440,220)</b>	<b>63,146</b>	<b>3,595</b>	<b>(1,373,479)</b>	<b>1,000,212</b>
Fund balances, beginning of year	1,530,778	368,215	383,136	2,282,129	1,281,917
<b>Fund balances, end of year</b>	<b>\$ 90,558</b>	<b>\$ 431,361</b>	<b>\$ 386,731</b>	<b>\$ 908,650</b>	<b>\$ 2,282,129</b>

The accompany notes are an integral part of these 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, 2009**

Net change in fund balances - governmental funds \$ (1,373,479)

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

Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost is allocated over the estimated useful lives of the assets as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 2,405,766	
Depreciation	<u>(417,871)</u>	1,987,895

Noncurrent liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. This is the change in the amount of compensated absences not currently payable. 3,722

Repayment of principal on noncurrent liabilities is reported as an expenditure in the governmental funds but reduces noncurrent liabilities in the statement of net assets. 34,000

Interest payable on debt is not recorded in the fund financial statements but rather recognized as an expenditure when due. This is the change in accrued interest on debt that has been incurred but not yet due. 297

Payment of retainage liabilities accumulated in prior years is recorded as an expenditure in the governmental funds then paid but reduces retainage liabilities in the statement of net assets. 42,532

Capital assets donated from developers is reported under capital grants and contributions in the statement of activities. However, donated capital assets are not reported as revenues in the governmental funds. 80,182

The disposal or transfer of capital assets used in governmental activities is not reported as an expenditure in the governmental funds. However, in the statement of activities, the difference between proceeds from the sale and the net carrying value of the capital assets upon disposal or transfer is reported as a gain or loss under general revenues. (86,444)

Change in net assets of governmental activities \$ 688,705

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Proprietary (Enterprise) Fund**  
**Balance Sheet**  
**December 31, 2009**  
(with summarized financial information as of December 31, 2008)

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current assets:		
Accounts receivable	\$ 78,977	\$ 61,896
Total current assets	<u>78,977</u>	<u>61,896</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	7,242,657	7,631,007
Restricted cash	<u>193,000</u>	<u>159,000</u>
Total noncurrent assets	<u>7,435,657</u>	<u>7,790,007</u>
Total assets	<u>7,514,634</u>	<u>7,851,903</u>
<b>Liabilities:</b>		
Current liabilities:		
Deficiency in pooled cash	830,050	564,902
Accounts payable and accrued expenses	22,949	40,554
Accrued interest payable	9,875	10,667
Customer deposits	65,717	63,467
Current portion of long-term debt	<u>73,897</u>	<u>70,742</u>
Total current liabilities	1,002,488	750,332
Noncurrent liabilities:		
Long-term debt	<u>921,625</u>	<u>995,512</u>
Total liabilities	<u>1,924,113</u>	<u>1,745,844</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	6,247,135	6,564,753
Unrestricted (deficit)	<u>(656,614)</u>	<u>(458,694)</u>
Total net assets	<u>\$ 5,590,521</u>	<u>\$ 6,106,059</u>

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Proprietary (Enterprise) Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2009**  
**(with summarized financial information for the year ended December 31, 2008)**

	2009	2008
<b>Operating revenues:</b>		
Charges for services:		
Water	\$ 432,156	\$ 430,762
Sewer	185,240	182,024
Refuse	126,254	122,429
Other	19,638	30,715
Total operating revenues	763,288	765,930
<b>Operating expenses:</b>		
Water	450,150	393,636
Sewer	269,763	308,679
Refuse	126,254	122,429
Other	-	-
Depreciation	399,778	385,480
Total operating expenses	1,245,945	1,210,224
Operating income (loss)	(482,657)	(444,294)
<b>Non-operating revenues (expenses):</b>		
Grants	-	40,200
Interest income	-	5,369
Interest expense	(45,034)	(48,097)
Total non-operating revenues (expenses)	(45,034)	(2,528)
Net income (loss) before contributions and transfers	(527,691)	(446,822)
Capital assets contributed by developers	-	1,726,999
Net capital assets transferred in	-	720
Plant investment fees:		
Water	12,400	69,084
Sewer	3,920	34,542
Transfers in	-	-
Transfers out	(4,167)	(22,000)
Net income (loss)	(515,538)	1,362,523
Net assets, beginning of year	6,106,059	4,743,536
Net assets, end of year	\$ 5,590,521	\$ 6,106,059

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Proprietary (Enterprise) Fund**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**  
(with summarized financial information for the year ended December 31, 2008)

	2009	2008
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 748,457	\$ 768,407
Cash payments to vendors for goods and services	(641,155)	(670,580)
Cash payments to employees for services	(222,617)	(203,879)
Net cash provided (used) by operating activities	(115,315)	(106,052)
<b>Cash flows from non-capital financing activities:</b>		
Transfers from (to) other funds, net	(4,167)	(22,000)
Net cash provided by non-capital financing activities	(4,167)	(22,000)
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from grants	-	40,200
Capital contributed by customers (plant investment fees)	16,320	103,626
Acquisition of capital assets	(11,428)	(331,334)
Principal payments	(70,732)	(67,704)
Interest paid on debt	(45,826)	(48,853)
Net cash provided (used) by capital and related financing activities	(111,666)	(304,065)
<b>Cash flows from investing activities:</b>		
Interest income	-	5,369
Transfer to restricted cash	(34,000)	(40,000)
Net cash provided (used) by investing activities	(34,000)	(34,631)
Net change in cash and cash equivalents	(265,148)	(466,748)
Cash and cash equivalents (overdraft), beginning of year	(564,902)	(98,154)
Cash and cash equivalents (overdraft), end of year	\$ (830,050)	\$ (564,902)
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (482,657)	\$ (444,294)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	399,778	385,480
(Increase) decrease in:		
Accounts receivable	(17,081)	(2,273)
(Decrease) increase in:		
Accounts payable and accrued expenses	(17,605)	(49,715)
Customer deposits	2,250	4,750
Net cash provided (used) by operating activities	\$ (115,315)	\$ (106,052)

The accompany notes are an integral part of these financial statements.

**TOWN OF HAYDEN, COLORADO**

**Notes to Financial Statements**

**December 31, 2009**

**(with summarized financial information as of and for the year ended December 31, 2008)**

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

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 Councilmembers and one Mayor elected at-large. The Town provides general government, public safety, public works, water, sewer, parks and recreation services for the Town's residents.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing US GAAP for state and local governments through its pronouncements. The more significant accounting policies established by US GAAP used by the Town are discussed below.

*Reporting Entity*

The reporting entity consists of (a) the primary government, i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval of the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

As required by US GAAP, the accompanying financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. There are two blended component units reported in the Town's financial statements, the Hayden Public Library and the Hayden Heritage Center. These organizations serve all citizens of the Town and are governed by Boards appointed by the Town Council.

*Basis of Presentation*

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Government-wide Financial Statements

The government-wide financial statements report on information of all of the nonfiduciary activities of the Town and its component units. For the most part, the effect of interfund activity has been removed from these statements. The Town's primary activities are categorized as either governmental or business-type.

The government-wide statement of activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The governmental functions are also supported by general revenues (e.g., taxes, interest). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. Program revenues are directly associated with the governmental function or business-type activity.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2009**  
(with summarized financial information as of and for the year ended December 31, 2008)

**Note 1: Summary of Significant Accounting Policies (continued)**

*Basis of Presentation (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 Town, except those required to be accounted for in another fund.

The *Capital Replacement Fund* accounts for general government capital projects and expenditures. It is financed primarily by transfers from the Town's other funds.

The Town reports the following major proprietary or business-type fund:

The *Enterprise Fund* accounts for the activities of the water, sewer and refuse utilities of the Town that are provided to its residents. The major sources of revenue are from user fees, which are used for operations, and from tap fees, which are used for capital improvements.

*Measurement Focus and Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are followed by the Town to the extent that those standards do not conflict with or contradict guidance by GASB.

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 fund's principal ongoing operations. Operating expenses 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

*Assets, Liabilities and Net Assets*

Cash and Investments

The Town pools cash resources of its various funds in order to facilitate the management of cash. The balance in pooled cash accounts is available to meet current operating requirements. Whenever possible, cash in excess of current requirements is invested to enhance investment capabilities and maximize investment income.

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, certificates of deposit with maturities less than one year and investments stated at fair value, excluding restricted cash balances.

Accounts Receivable

The Town considers all receivables to be fully collectible at December 31, 2009 and 2008. Therefore, no allowance for uncollectible accounts has been established.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2009**  
(with summarized financial information as of and for the year ended December 31, 2008)

**Note 1: Summary of Significant Accounting Policies (continued)**

Capital Assets

Capital assets include property, equipment, vehicles, and infrastructure assets. Capital assets are defined by the Town as assets with an initial cost of \$3,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Infrastructure assets contributed to the Town are recorded at estimated fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and systems	15-40
Equipment and vehicles	3-10
Infrastructure	10-50

Letter of Credit Proceeds

In 2008 the Town was the beneficiary of \$502,000 proceeds from an irrevocable standby letter of credit. The funds are restricted for use in the completion of infrastructure associated with a development within the Town. The Town has recorded a liability of \$35,000 at December 31, 2009 for the remaining proceeds to be spent on the development's infrastructure.

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.

Amounts of accumulated compensated absences that have been incurred are reported in the governmental activities column in the government-wide financial statements. Accumulated compensated absences of the proprietary fund are recorded as an expense and liability of that fund as the benefits accrue to employees.

*Property Taxes*

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the Town on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred revenue as property taxes are assessed in one year as a lien on the property, but not collected by the Town until the subsequent year.

*Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Comparative Financial Statements*

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Town's audited financial statements for the year ended December 31, 2008, from which the summarized information was derived.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2009**

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 2: Stewardship, Compliance and Accountability**

*Budgetary Information*

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. All annual appropriations lapse at year end.

The Town conforms 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.
- Public hearings are conducted by the Town 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 expenditures must be approved by the Town Council.
- All appropriations lapse at the end of each fiscal year.

The Town adopted the following supplemental appropriations during 2009:

- Aggregate General Fund revenue appropriations were decreased by \$860,758 due to significant reductions in sales tax, building material use tax and various other sources that could not have been reasonably foreseen at the time of adoption of the original budget.
- Aggregate General Fund expenditure appropriations were increased by \$308,780; General Fund current expenditure appropriations were decreased by \$943,711 due to the unanticipated decrease in revenues while General Fund capital expenditure appropriations were increased by \$1,252,491 for completion of several projects partially funded by capital lease and grants.
- Enterprise Fund revenue appropriations were decreased by \$265,347 primarily due to the unanticipated reduction in plant investment fees collected and Enterprise Fund expenditure appropriations were decreased by \$49,001 due to this unexpected shortfall in revenues.

*Compliance*

The Town had no expenditures in excess of final appropriations in any fund during 2009.

*TABOR Amendment*

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill 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.

**TOWN OF HAYDEN, COLORADO**

**Notes to Financial Statements**

**December 31, 2009**

**(with summarized financial information as of and for the year ended December 31, 2008)**

**Note 2: Stewardship, Compliance and Accountability (continued)**

*TABOR Amendment (continued)*

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has reserved \$143,000 of the December 31, 2009 fund balance in the General Fund for this purpose. The Town's unreserved General Fund deficit of \$52,442 does not represent emergency reserve spending as the Town's capital replacement unreserved fund balance of \$431,361 is only designated by the Town Council for capital expenditures.

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 restrictions of TABOR.

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

**Note 3: Detailed Notes on All Funds**

*Cash and Investments*

In order to facilitate the recording of cash transactions and maximize earnings on investments, the Town has combined the cash and investments and maintains accountability for each fund's equity in the pooled cash and investments. Investment earnings are prorated among the contributing funds based upon each fund's respective percentage to the total amount of pooled cash and investments.

*Deposits*

The carrying amount of the Town's deposits at December 31, 2009 and 2008 was \$274,709 and \$2,281,720, respectively and bank balances were \$371,523 and \$2,512,074, respectively. Of the bank balances, \$250,000 and \$290,922 at December 31, 2009 and 2008, respectively was covered by federal deposit insurance and \$121,523 and \$2,221,152, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The 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. PDPA allows the institution to create a single collateral pool for all public funds. The collateral 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 equal or exceed 102% of the aggregate uninsured deposits.

*Investments*

At December 31, 2009 and 2008, the Town had \$8,412 and \$8,772, respectively, invested in the Colorado Government Liquid Trust (COLOTRUST) PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with CRS, Title 24, Article 75, Part 7. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+'s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment advisor for COLOTRUST PLUS+ is Colorado Investor Services Corporation (CISC), a Denver, Colorado based investment advisor and a wholly owned subsidiary of MBIA Asset Management. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. COLOTRUST+ portfolio invests in U.S. Treasury Securities, Federal Instrumentality Securities, Agency Securities, Repurchase Agreements, Tri-Party Repurchase Agreements, Collateralized Bank Deposits, and the highest rated Commercial Paper. The PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2009**

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 3: Detailed Notes on All Funds (continued)**

*Investments (continued)*

The Town's investments are subject to interest rate, credit risk, and concentration of credit risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town currently invests only in investment pools which may be redeemed at any time.

*Cash Reserve*

The Town is required by the Colorado Water Resources and Power Development Authority (CWRPDA) to maintain a reserve for maintenance and repair equal to three months' operating expense of the Town's water and sewer enterprise activities. The Town has reserved \$193,000 at December 31, 2009 for this purpose.

*Capital Assets*

Capital asset activity for the year ended December 31, 2009 is summarized below:

	December 31, 2008 Balance	Additions	Retirements	December 31, 2009 Balance
<b>Governmental activities:</b>				
Land and land improvements	\$ 1,669,338	\$ 376,340	\$ -	\$ 2,045,678
Other capital assets:				
Buildings	1,923,603	1,223,737	-	3,147,340
Equipment and vehicles	1,167,278	64,789	-	1,232,067
Infrastructure	9,581,007	821,083	(268,340)	10,133,750
Total other capital assets at cost	<u>12,671,888</u>	<u>2,109,609</u>	<u>(268,340)</u>	<u>14,513,157</u>
Less accumulated depreciation for:				
Buildings	(263,513)	(76,540)	-	(340,053)
Equipment and vehicles	(654,807)	(118,687)	-	(773,494)
Infrastructure	(2,155,216)	(222,643)	181,896	(2,195,963)
Total accumulated depreciation	<u>(3,073,536)</u>	<u>(417,870)</u>	<u>181,896</u>	<u>(3,309,510)</u>
Other capital assets, net	<u>9,598,352</u>	<u>1,691,739</u>	<u>(86,444)</u>	<u>11,203,647</u>
Governmental activities capital assets, net	<u>\$ 11,267,690</u>	<u>\$ 2,068,079</u>	<u>\$ (86,444)</u>	<u>\$ 13,249,325</u>
<b>Business-type activities:</b>				
Land	\$ 340,274	\$ -	\$ -	\$ 340,274
Other capital assets:				
Buildings and systems	13,448,107	8,018	-	13,456,125
Equipment and vehicles	251,552	3,410	-	254,962
Total other capital assets at cost	<u>13,699,659</u>	<u>11,428</u>	<u>-</u>	<u>13,711,087</u>
Less accumulated depreciation for:				
Buildings and systems	(6,309,676)	(364,831)	-	(6,674,507)
Equipment and vehicles	(99,250)	(34,947)	-	(134,197)
Total accumulated depreciation	<u>(6,408,926)</u>	<u>(399,778)</u>	<u>-</u>	<u>(6,808,704)</u>
Other capital assets, net	<u>7,290,733</u>	<u>(388,350)</u>	<u>-</u>	<u>6,902,383</u>
Business-type activities capital assets, net	<u>\$ 7,631,007</u>	<u>\$ (388,350)</u>	<u>\$ -</u>	<u>\$ 7,242,657</u>

**TOWN OF HAYDEN, COLORADO**

**Notes to Financial Statements**

**December 31, 2009**

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 3: Detailed Notes on All Funds (continued)**

*Capital Assets (continued)*

Capital asset activity for the year ended December 31, 2008 is summarized below:

	December 31, 2007 <u>Balance</u>	Additions	Retirements	December 31, 2008 <u>Balance</u>
<b>Governmental activities:</b>				
Land and land improvements	\$ 1,371,775	\$ 297,563	\$ -	\$ 1,669,338
Other capital assets:				
Buildings	892,900	1,030,703	-	1,923,603
Equipment and vehicles	1,078,873	196,354	(107,949)	1,167,278
Infrastructure	8,055,578	1,525,429	-	9,581,007
Total other capital assets at cost	<u>10,027,351</u>	<u>2,752,486</u>	<u>(107,949)</u>	<u>12,671,888</u>
Less accumulated depreciation for:				
Buildings	(241,190)	(22,323)	-	(263,513)
Equipment and vehicles	(637,577)	(122,359)	105,129	(654,807)
Infrastructure	(1,949,348)	(205,868)	-	(2,155,216)
Total accumulated depreciation	<u>(2,828,115)</u>	<u>(350,550)</u>	<u>105,129</u>	<u>(3,073,536)</u>
Other capital assets, net	<u>7,199,236</u>	<u>2,401,936</u>	<u>(2,820)</u>	<u>9,598,352</u>
Governmental activities capital assets, net	<u>\$ 8,571,011</u>	<u>\$ 2,699,499</u>	<u>\$ (2,820)</u>	<u>\$ 11,267,690</u>
<b>Business-type activities:</b>				
Land	\$ 340,274	\$ -	\$ -	\$ 340,274
Other capital assets:				
Buildings and systems	11,587,803	1,860,304	-	13,448,107
Equipment and vehicles	66,395	208,932	(23,775)	251,552
Total other capital assets at cost	<u>11,654,198</u>	<u>2,069,236</u>	<u>(23,775)</u>	<u>13,699,659</u>
Less accumulated depreciation for:				
Buildings and systems	(5,945,046)	(364,630)	-	(6,309,676)
Equipment and vehicles	(66,395)	(20,850)	(12,005)	(99,250)
Total accumulated depreciation	<u>(6,011,441)</u>	<u>(385,480)</u>	<u>(12,005)</u>	<u>(6,408,926)</u>
Other capital assets, net	<u>5,642,757</u>	<u>1,683,756</u>	<u>(35,780)</u>	<u>7,290,733</u>
Business-type activities capital assets, net	<u>\$ 5,983,031</u>	<u>\$ 1,683,756</u>	<u>\$ (35,780)</u>	<u>\$ 7,631,007</u>

The Town recorded the following additions to capital assets during 2009, estimated at fair value, that were contributed from developers and grantors:

<b>Governmental activities:</b>	
Land	\$ 40,500
Infrastructure	<u>39,682</u>
	<u>\$ 80,182</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2009**

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 3: Detailed Notes on All Funds (continued)**

*Capital Assets (continued)*

Depreciation expense was charged to functions of the Town as follows during 2009 and 2008:

	2009	2008
<b>Governmental activities:</b>		
General government	\$ 23,430	\$ 26,459
Public safety	89,176	40,900
Public works	261,471	251,461
Parks and recreation	43,794	31,730
Total depreciation expense - governmental activities	\$ 417,871	\$ 350,550
<b>Business-type activities:</b>		
Water	\$ 237,248	\$ 237,047
Sewer	162,530	148,433
Total depreciation expense - business-type activities	\$ 399,778	\$ 385,480

*Noncurrent Liabilities*

The Town has the following long-term debt outstanding for governmental activities at December 31, 2009:

Alpine Bank Lease-Purchase Agreement

The Town entered into a \$1,300,000 lease-purchase agreement with Alpine Bank dated September 1, 2008. The lease requires semi-annual installments of varying amounts on May 10 and November 10 including interest at 6.25% through maturity on November 19, 2028 subject to annual appropriation by the Town. Proceeds of the note are being used for construction of a new police station. The lease is secured by an interest in the land on which the police station was constructed.

The Town has the following long-term debt outstanding for business-type activities at December 31, 2009:

CWRPDA Loan

The Town entered into a \$1,000,000 loan agreement dated April 30, 2002. The note is payable in semi-annual installments of \$36,658 on May 1 and November 1 including interest at 4.00% through maturity on November 1, 2022. Proceeds of the note were used for water treatment plant improvements.

State of Colorado Loan (2002)

The Town entered into a \$200,000 loan agreement with the Department of Local Affairs dated August 30, 2002. The note is payable in annual installments of \$16,049 on September 1 including interest at 5.00% through maturity on September 1, 2022. Proceeds of the note were used for water treatment plant improvements.

State of Colorado Loan (2005)

The Town entered into a \$120,000 loan agreement with the Department of Local Affairs dated September 1, 2005. The note is payable in annual installments of \$15,217 on September 1 including interest at 5.00% through maturity on September 1, 2014. Proceeds of the note were used for water treatment plant improvements.

**TOWN OF HAYDEN, COLORADO**

**Notes to Financial Statements**

**December 31, 2009**

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 3: Detailed Notes on All Funds (continued)**

*Noncurrent Liabilities (continued)*

State of Colorado Loan (2007)

The Town entered into a \$148,000 loan agreement with the Department of Local Affairs dated March 26, 2007. The note is payable in annual installments of \$18,528 on September 1 including interest at 5.00% through maturity on September 1, 2016. Proceeds of the note were used for water line replacements.

Long-term liability activity for the year ended December 31, 2009 was as follows:

	December 31, 2008 Balance	Additions	Reductions	December 31, 2009 Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Lease purchase obligation	\$ 1,300,000	\$ -	\$ (34,000)	\$ 1,266,000	\$ 36,000
Compensated absences	48,138	44,416	(48,138)	44,416	-
Governmental activities long-term liabilities	<u>\$ 1,348,138</u>	<u>\$ 44,416</u>	<u>\$ (82,138)</u>	<u>\$ 1,310,416</u>	<u>\$ 36,000</u>
<b>Business-type activities:</b>					
Notes payable:					
CWRPDA	\$ 710,411	\$ -	\$ (38,731)	\$ 671,680	\$ 40,296
State of Colorado (2002)	158,858	-	(8,106)	150,752	8,511
State of Colorado (2005)	77,236	-	(11,355)	65,881	11,923
State of Colorado (2007)	119,749	-	(12,540)	107,209	13,167
Business-type activities long-term liabilities	<u>\$ 1,066,254</u>	<u>\$ -</u>	<u>\$ (70,732)</u>	<u>\$ 995,522</u>	<u>\$ 73,897</u>

Long-term liability activity for the year ended December 31, 2008 was as follows:

	December 31, 2007 Balance	Additions	Reductions	December 31, 2008 Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Lease purchase obligation	\$ -	\$ 1,300,000	\$ -	\$ 1,300,000	\$ 34,000
Compensated absences	49,434	48,138	(49,434)	48,138	-
Governmental activities long-term liabilities	<u>\$ 49,434</u>	<u>\$ 1,348,138</u>	<u>\$ (49,434)</u>	<u>\$ 1,348,138</u>	<u>\$ 34,000</u>
<b>Business-type activities:</b>					
Notes payable:					
CWRPDA	\$ 747,638	\$ -	\$ (37,227)	\$ 710,411	\$ 38,741
State of Colorado (2002)	166,578	-	(7,720)	158,858	8,106
State of Colorado (2005)	88,050	-	(10,814)	77,236	11,355
State of Colorado (2007)	131,692	-	(11,943)	119,749	12,540
Business-type activities long-term liabilities	<u>\$ 1,133,958</u>	<u>\$ -</u>	<u>\$ (67,704)</u>	<u>\$ 1,066,254</u>	<u>\$ 70,742</u>

The CWRPDA loan agreement includes a rate covenant whereby the Town's Enterprise Fund water and sewer systems revenues, after meeting the operation and maintenance expenses of the systems, is required to be sufficient to cover 110% of the debt service coming due. The Town was not in compliance with the rate covenant for the year ended December 31, 2009 and is required to have a professional rate study performed.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2009**

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 3: Detailed Notes on All Funds (continued)**

*Noncurrent Liabilities (continued)*

Aggregate debt service requirements at December 31, 2009 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental activities:</b>			
2010	\$ 36,000	\$ 78,563	\$ 114,563
2011	39,000	76,281	115,281
2012	41,000	73,813	114,813
2013	43,000	71,219	114,219
2014	47,000	68,469	115,469
2015-2019	279,000	294,218	573,218
2020-2024	380,000	193,718	573,718
2025-2028	401,000	58,438	459,438
	<u>1,266,000</u>	<u>914,719</u>	<u>2,180,719</u>
Total governmental activities	<u>\$ 1,266,000</u>	<u>\$ 914,719</u>	<u>\$ 2,180,719</u>
<b>Business-type activities:</b>			
2010	\$ 73,897	\$ 42,661	\$ 116,558
2011	77,205	39,352	116,557
2012	80,662	35,895	116,557
2013	84,277	32,280	116,557
2014	88,054	28,504	116,558
2015-2019	360,733	90,384	451,117
2020-2022	230,694	17,744	248,438
	<u>995,522</u>	<u>286,820</u>	<u>1,282,342</u>
Total business-type activities	<u>\$ 995,522</u>	<u>\$ 286,820</u>	<u>\$ 1,282,342</u>

*Interfund Transfers*

The Town makes transfers between funds to allocate resources based upon the Town's adopted budgetary policies. The following transfers were made during 2009:

Transfer In (Out):

Capital Replacement Fund	\$ 61,917
General Fund	(57,750)
Enterprise Fund	<u>(4,167)</u>
Total	<u>\$ -</u>

TOWN OF HAYDEN, COLORADO

Notes to Financial Statements

December 31, 2009

(with summarized financial information as of and for the year ended December 31, 2008)

**Note 4: Other Information**

*Defined Compensation Plan*

Town employees may voluntarily contribute to a deferred compensation plan, an Internal Revenue Code Section 457 defined contribution plan administered by ICMA Retirement Corporation. The plan, available to all full-time employees, permits them 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 employees' wages. The Town's contributions to the plan were \$52,153 and \$53,791 during the years ended December 31, 2009 and 2008, respectively.

*Commitments*

As of December 31, 2009, the Town has been awarded a grant that has the following amount remaining to be earned by the Town in future years:

<u>Grantor</u>	<u>Purpose</u>	<u>Remaining Grant Funds</u>
<i>Governmental Activities:</i>		
Colorado Department of Transportation	Sidewalk extension	\$ 445,021
Total		<u>\$ 445,021</u>

*Risk Management*

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. These risks are funded through participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA is an independent public entity risk pool whose general objectives are to provide member municipalities' defined property and liability and/or workers' compensation coverage through joint self insurance and excess insurance. It 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 during 2009 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.

**TOWN OF HAYDEN, COLORADO**  
**General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Sales tax	\$ 1,125,000	\$ 853,770	\$ 854,405	\$ 635
General property tax	453,915	453,915	429,260	(24,655)
Building materials use tax	100,000	10,000	9,014	(986)
Franchise tax	55,000	55,000	55,536	536
Cigarette tax	4,700	4,700	5,296	596
Intergovernmental:				
Airport security reimbursement	115,330	71,630	79,487	7,857
Highway users	45,255	45,255	50,352	5,097
Specific ownership	30,000	30,000	29,185	(815)
Severance	37,500	214,901	214,901	-
Mineral lease	40,750	27,222	27,222	-
Motor vehicle registration	7,500	7,500	7,496	(4)
Road and bridge	10,000	10,000	9,534	(466)
Licenses, permits and fees	7,605	8,769	8,894	125
Charges for services	37,625	9,080	6,898	(2,182)
Fines and forfeitures	18,250	13,725	30,917	17,192
Grants	635,000	990,650	734,000	(256,650)
Recreation programs	29,000	24,000	24,119	119
Interest	10,000	4,275	29,532	25,257
Other	14,800	10,500	2,993	(7,507)
<b>Total revenues</b>	<b>2,777,230</b>	<b>2,844,892</b>	<b>2,609,041</b>	<b>(235,851)</b>
<b>Expenditures:</b>				
General government:				
Administration	327,440	277,725	279,488	(1,763)
Planning	12,000	5,750	2,656	3,094
Airport	50,163	12,163	12,163	-
Legislative	33,275	31,075	31,202	(127)
Building	47,895	22,745	22,972	(227)
Other	27,830	23,420	24,676	(1,256)
Public safety	744,415	590,100	591,748	(1,648)
Economic development	7,100	8,508	8,739	(231)
Public works:				
Streets	343,600	259,763	258,765	998
Mosquito control	29,390	23,745	19,686	4,059
Parks	156,875	123,659	120,722	2,937
Recreation	99,550	67,419	66,575	844
Capital expenditures	1,808,400	2,595,891	2,437,400	158,491
Debt service:				
Principal	34,000	34,000	34,000	-
Interest	81,000	81,000	80,719	281
Contingency	22,500	-	-	-
<b>Total expenditures</b>	<b>3,825,433</b>	<b>4,156,963</b>	<b>3,991,511</b>	<b>165,452</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,048,203)</b>	<b>(1,312,071)</b>	<b>(1,382,470)</b>	<b>(70,399)</b>
<b>Other financing sources (uses):</b>				
Long-term debt proceeds	928,420	-	-	-
Transfers in	205,000	205,000	-	(205,000)
Transfers out	(80,500)	(57,750)	(57,750)	-
<b>Total other financing sources (uses)</b>	<b>1,052,920</b>	<b>147,250</b>	<b>(57,750)</b>	<b>(205,000)</b>
<b>Net change in fund balance</b>	<b>\$ 4,717</b>	<b>\$ (1,164,821)</b>	<b>(1,440,220)</b>	<b>\$ (275,399)</b>
Fund balance, beginning of year			1,530,778	
Fund balance, end of the year			<u>\$ 90,558</u>	

**TOWN OF HAYDEN, COLORADO**  
**Capital Replacement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 5,000	\$ 1,736	\$ (3,264)
Total revenues	<u>5,000</u>	<u>1,736</u>	<u>(3,264)</u>
<b>Expenditures:</b>			
Capital expenditures	59,000	507	58,493
Total expenditures	<u>59,000</u>	<u>507</u>	<u>58,493</u>
<b>Other financing sources:</b>			
Transfers in	105,500	61,917	(43,583)
Total other financing sources	<u>105,500</u>	<u>61,917</u>	<u>(43,583)</u>
Net change in fund balance	<u>\$ 51,500</u>	63,146	<u>\$ 11,646</u>
Fund balance, beginning of year		<u>368,215</u>	
Fund balance, end of year		<u>\$ 431,361</u>	

**TOWN OF HAYDEN, COLORADO**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**

December 31, 2009

(with summarized financial information as of December 31, 2008)

	Conservation Trust Fund	Hayden Public Library	Hayden Heritage Center	Development Fees	2009 Total	2008 Total
<b>Assets:</b>						
Cash and cash equivalents	\$ 77,224	\$ 144,072	\$ 47,680	\$ 117,755	\$ 386,731	\$ 383,136
Total assets	<u>77,224</u>	<u>144,072</u>	<u>47,680</u>	<u>117,755</u>	<u>386,731</u>	<u>383,136</u>
<b>Fund balance:</b>						
Unreserved	77,224	144,072	47,680	117,755	386,731	383,136
Total fund balance	<u>\$ 77,224</u>	<u>\$ 144,072</u>	<u>\$ 47,680</u>	<u>\$ 117,755</u>	<u>\$ 386,731</u>	<u>\$ 383,136</u>

**TOWN OF HAYDEN, COLORADO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2009**  
**(with summarized financial information for the year ended December 31, 2008)**

	Conservation Trust Fund	Hayden Public Library	Hayden Heritage Center	Development Fees	2009 Total	2008 Total
<b>Revenues:</b>						
Intergovernmental	\$ 17,507	-	\$ 29,150	-	\$ 46,657	\$ 46,547
Interest	616	2,966	589	873	5,044	18,279
Other	-	7,168	8,343	4,140	19,651	270,751
<b>Total revenues</b>	<b>18,123</b>	<b>10,134</b>	<b>38,082</b>	<b>5,013</b>	<b>71,352</b>	<b>335,577</b>
<b>Expenditures:</b>						
General government	-	9,403	33,354	-	42,757	283,946
Capital expenditures	25,000	-	-	-	25,000	89,544
<b>Total expenditures</b>	<b>25,000</b>	<b>9,403</b>	<b>33,354</b>	<b>-</b>	<b>67,757</b>	<b>373,490</b>
<b>Net change in fund balance</b>	<b>(6,877)</b>	<b>731</b>	<b>4,728</b>	<b>5,013</b>	<b>3,595</b>	<b>(37,913)</b>
<b>Fund balance, beginning of year</b>	<b>84,101</b>	<b>143,341</b>	<b>42,952</b>	<b>112,742</b>	<b>383,136</b>	<b>421,049</b>
<b>Fund balance, end of year</b>	<b>\$ 77,224</b>	<b>\$ 144,072</b>	<b>\$ 47,680</b>	<b>\$ 117,755</b>	<b>\$ 386,731</b>	<b>\$ 383,136</b>

**TOWN OF HAYDEN, COLORADO**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 18,000	\$ 17,507	\$ (493)
Interest	1,500	616	(884)
Total revenues	<u>19,500</u>	<u>18,123</u>	<u>(1,377)</u>
<b>Expenditures:</b>			
Capital expenditures	<u>45,000</u>	<u>25,000</u>	<u>20,000</u>
Total expenditures	<u>45,000</u>	<u>25,000</u>	<u>20,000</u>
Net change in fund balance	<u>\$ (25,500)</u>	<u>(6,877)</u>	<u>\$ 18,623</u>
Fund balance, beginning of year		<u>84,101</u>	
Fund balance, end of year		<u>\$ 77,224</u>	

**TOWN OF HAYDEN, COLORADO**  
**Hayden Public Library**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 3,500	\$ 2,966	\$ (534)
Other	7,500	7,168	(332)
Total revenues	<u>11,000</u>	<u>10,134</u>	<u>(866)</u>
<b>Expenditures:</b>			
Professional fees	1,000	-	1,000
General and administrative	9,200	9,403	(203)
Total expenditures	<u>10,200</u>	<u>9,403</u>	<u>797</u>
Net change in fund balance	<u>\$ 800</u>	731	<u>\$ (69)</u>
Fund balance, beginning of year		<u>143,341</u>	
Fund balance, end of year		<u>\$ 144,072</u>	

**TOWN OF HAYDEN, COLORADO**  
**Hayden Heritage Center**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 27,000	\$ 29,150	\$ 2,150
Interest	600	589	(11)
Other	13,210	8,343	(4,867)
Total revenues	<u>40,810</u>	<u>38,082</u>	<u>(2,728)</u>
<b>Expenditures:</b>			
Personnel services	25,000	22,527	2,473
Capital expenditures	15,000	-	15,000
Other	14,860	10,827	4,033
Total expenditures	<u>54,860</u>	<u>33,354</u>	<u>21,506</u>
Net change in fund balance	<u>\$ (14,050)</u>	4,728	<u>\$ 18,778</u>
Fund balance, beginning of year		<u>42,952</u>	
Fund balance, end of year		<u>\$ 47,680</u>	

**TOWN OF HAYDEN, COLORADO**  
**Development Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Development fees	\$ 15,700	\$ 4,140	\$ (11,560)
Interest	1,500	873	(627)
Total revenues	<u>17,200</u>	<u>5,013</u>	<u>(12,187)</u>
<b>Expenditures:</b>			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 17,200</u>	5,013	<u>\$ (12,187)</u>
Fund balance, beginning of year		<u>112,742</u>	
Fund balance, end of year		<u>\$ 117,755</u>	

**TOWN OF HAYDEN, COLORADO**  
**Enterprise Fund**  
**Schedule of Revenues, Expenditures and Changes in Net Assets**  
**Budget (Non-US GAAP Basis) and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Charges for services:				
Water	\$ 444,270	\$ 427,770	\$ 432,156	\$ 4,386
Sewer	187,860	184,505	185,240	735
Refuse	123,000	123,000	126,254	3,254
Plant investment fees:				
Water	171,000	12,400	12,400	-
Sewer	85,500	3,920	3,920	-
Interest	2,000	-	-	-
Other	19,350	16,038	19,638	3,600
<b>Total revenues</b>	<b>1,032,980</b>	<b>767,633</b>	<b>779,608</b>	<b>11,975</b>
<b>Expenditures:</b>				
Water:				
Operations	221,275	303,372	291,891	11,481
Water treatment plant	55,500	58,300	51,335	6,965
Golden meadows department	17,650	9,700	9,650	50
Hospital hill department	14,800	9,025	8,627	398
Meters department	16,850	8,350	7,890	460
Water rights department	18,800	30,255	30,254	1
Water distribution	13,000	21,500	13,430	8,070
Administration	44,490	44,490	37,073	7,417
Sewer:				
Operations	171,770	171,770	162,262	9,508
Sewer treatment plant	59,600	60,963	61,181	(218)
Washington street	2,900	2,200	1,655	545
Sewer collection system	84,000	2,060	2,090	(30)
Lift stations	8,300	6,150	5,775	375
Administration	44,490	44,490	36,800	7,690
Refuse contract	123,000	123,000	126,254	(3,254)
Capital expenditures	30,000	10,000	11,428	(1,428)
Debt service:				
Principal	70,732	70,732	70,732	-
Interest	45,825	43,457	45,034	(1,577)
Contingency	25,000	25,000	-	25,000
<b>Total expenditures</b>	<b>1,067,982</b>	<b>1,044,814</b>	<b>973,361</b>	<b>71,453</b>
Excess (deficiency) of revenues over expenditures	(35,002)	(277,181)	(193,753)	83,428
<b>Other financing sources (uses):</b>				
Transfers in	80,000	80,000	-	(80,000)
Transfers out	(30,000)	(4,167)	(4,167)	-
<b>Total other financing sources</b>	<b>50,000</b>	<b>75,833</b>	<b>(4,167)</b>	<b>(80,000)</b>
Excess of revenues and other financing sources over expenditures	<u>\$ 14,998</u>	<u>\$ (201,348)</u>	(197,920)	<u>\$ 3,428</u>
<b>Reconciliation to US GAAP basis:</b>				
Capitalized expenditures			11,428	
Debt principal payments			70,732	
Depreciation			(399,778)	
Net income - US GAAP basis			(515,538)	
Net assets, beginning of year			6,106,059	
Net assets, end of year			<u>\$ 5,590,521</u>	

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Town of Hayden
		YEAR ENDING : December 2009
This Information From The Records Of: Town of Hayden	Prepared By: Phone:	Lisa Dowling 9702763741

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

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

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	781,400
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	364,662
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	19,415
2. General fund appropriations	465,901	b. Snow and ice removal	32,993
3. Other local imposts (from page 2)	39,645	c. Other	0
4. Miscellaneous local receipts (from page 2)	16,411	d. Total (a. through c.)	52,408
5. Transfers from toll facilities	0	4. General administration & miscellaneous	10,718
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	73,281
a. Bonds - Original Issues	0	6. Total (1 through 5)	1,282,469
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	521,957	b. Redemption	0
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	710,348	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	1,232,305	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,282,469

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	0	0	0	0
1. Bonds (Refunding Portion)		0	0	
<b>B. Notes (Total)</b>	0	0	0	0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	257,174	1,232,305	1,282,469	207,010	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE:
	Colorado
	YEAR ENDING (mm/yy): December 2009

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	16,411
1. Sales Taxes	926	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	38,719	g. Other Misc. Receipts	0
6. Total (1. through 5.)	39,645	h. Other	0
c. Total (a. + b.)	39,645	i. Total (a. through h.)	16,411
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	50,352	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	7,496	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	652,500	e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	659,996	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	710,348	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	55,600	55,600
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	725,800	725,800
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	725,800	725,800
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	781,400	781,400
			(Carry forward to page 1)

Notes and Comments: