

**TOWN OF HAYDEN, COLORADO**

**Financial Statements**

**December 31, 2010**

**TOWN OF HAYDEN, COLORADO**

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**CATERSON**

Independent Auditor's Report

**& COMPANY, P.C.**  
Certified Public Accountants

The Honorable Mayor and Town Council  
Town of Hayden, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado (the Town), as of and for the year ended December 31, 2010, 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 opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Town's 2009 financial statements and, in our report dated May 20, 2010, 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

The General Fund budgetary schedule is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information in the table of contents, including combining and individual nonmajor fund financial statements, individual fund budgetary schedules, and Local Highway Finance Report 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 stated in all material respects in relation to the basic financial statements taken as a whole.

*Caterson & Company, P.C.*

Steamboat Springs, Colorado  
May 5, 2011

**Town of Hayden, Colorado  
Management's Discussion and Analysis  
December 31, 2010**

**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 14 of that document.

**Introduction**

The Town of Hayden was incorporated in 1906 as a Statutory Municipality and in 2009 became a Home Rule Municipality. The Town of Hayden Home Rule Charter was adopted on July 21, 2009 and serves as a local constitution for self-government. The type of government is Council-Manager 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 Council 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 is one component unit, the Hayden Public Library Fund. In 2010, it was determined that the Hayden Heritage Center Fund was not a component unit as defined by the Governmental Accounting Standards Board (GASB), and would longer be included in the Town's financial statements.

**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 and the General Fund balance at year-end was \$90,558. During the first quarter of 2010, expenditures further exceeded revenues, necessitating the Town to obtain a line of credit in the form of a Promissory Note at its primary financial institution, Mountain Valley Bank. On April 2, 2010, the Note was paid in full to the lender and the General Fund resumed self-sufficiency. As of December 31, 2010, the General Fund balance is \$300,095 (\$157,195 of this amount unassigned), after a significant transfer to the Enterprise Fund as described below.

At December 31, 2010 the Town's Enterprise Fund (Business-Type Activities) shows an unrestricted net asset balance of \$126,482, compared to a (\$656,614) deficit in 2009. This significant fund balance increase is the result of the passage of Resolution 2010-14 on December 9, 2010 forgiving balances due from the Enterprise Fund to the General Fund. In order to accomplish this large fund transfer, management's decision was to transfer the entire Capital Replacement Fund balance of \$431,361, with the remaining \$327,986 transferred from the General Fund. In addition, the Enterprise Fund achieved water and sewer net operating income of \$116,558, due largely to water plant investment (or tap) fee revenues. Furthermore, the Council passed Ordinance 637 on December 9, 2010 that would increase water and sewer base rates and metered user fees effective January 1, 2011 in efforts to continue Enterprise Fund solvency.

During 2010, 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. In order to avoid a permanent mill levy decrease, the mill levy was certified for 25.067 (the same mill levy since 2005) and 7.376mills were rebated to the taxes payers. Tax revenue from property tax was \$510,488, a 16% increase over 2009, although assessed valuation certified by the Routt County Assessor decreased from \$30,143,462 in 2009 to \$30,092,631 in 2010. The increase in revenues is due to \$682,850 of new construction, delinquent taxes paid from the prior year and that as allowed by the 5.5% Statutory Property Tax Limit. Sales tax revenues were \$835,072, a 2.5% (\$19,333) decrease from 2009. Sales tax revenues were budgeted for \$769,500, which was a 10%, expected decrease from 2009. The result is a positive variance of \$65,572. Total sales tax revenues generated in 2010 were the lowest amount collected since 2005.

Another revenue source to note is the Vehicle Rental Tax approved by the voters at the November 3, 2009 coordinated election that imposed a 3.5% tax on the rental price of vehicles, effective January 1, 2010. The original budget for this revenue was \$110,000 and the Town had actual revenues of \$128,663, a positive variance of \$18,663.

Grant & funding contributions in the General Fund for 2010 included:

- \$6,189 from Livewell for a Start Smart Program for preschoolers to teach skills for sport-specific programs, administered through the Town's Recreation programs;
- \$56,539 from the State of Colorado Energy Impact Assistance Program to complete the redesign and sidewalk portion of Poplar Street;
- \$403,370 from the State of Colorado Department of Transportation for an extensive sidewalk project using ARRA funds and other CDOT funds;
- \$9,063 from USDA for a hotel feasibility study; and
- \$4,000 from the USTA (US Tennis Association) and \$45,000 from GOCO (Great Outdoors Colorado) for resurfacing and fencing the Town's tennis court;
- \$45,000 from the City of Steamboat Springs for the completion of two baseball fields in Dry Creek Park;

for a total of \$569,161. There were no grants awarded for business-type activities.

The assets of the Town, including governmental and business-type activities, exceed its liabilities at the close of the 2010 fiscal year by \$19,467,697 (net assets). Of this amount, \$539,007 is unrestricted and may be used to meet the Town's future capital and operating expenses. \$210,485 is restricted and designated for specific activities, Conservation Trust Fund, Hayden Public Library, and Development Fees. \$143,000 is reserved for emergencies as contained in TABOR and is restricted. The remaining is invested in capital assets.

### 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. Modified accrual accounting records revenues when received and expenditures when incurred. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Hayden maintains one major governmental fund and three 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 operating income, changes in net assets, financial position and cash flow. Enterprise funds are the only type of proprietary fund maintained by the Town and used to account for each of the Town's utilities. Enterprise funds are referred to as business-type activities in the government-wide financial statements.

### **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 \$19,467,697 at the close of 2010. Of this amount, \$539,007 is unrestricted and available to meet the Town's future capital and operating expenses.

### Statement of Net Assets

	Governmental Activities	Business-Type Activities	2010 Totals	2009 Totals
<b>Assets</b>				
Current and Other Assets	1,264,752	217,324	1,482,076	885,602
Capital Assets	13,382,605	7,525,106	20,907,711	20,491,982
<b>Total Assets</b>	<b>14,647,357</b>	<b>7,742,430</b>	<b>22,389,787</b>	<b>21,337,584</b>
<b>Liabilities</b>				
Current Liabilities	641,742	90,842	732,584	692,302
Non current Liabilities	1,267,880	921,626	2,189,506	2,305,938
<b>Total Liabilities</b>	<b>1,909,622</b>	<b>1,012,468</b>	<b>2,922,090</b>	<b>2,998,240</b>
<b>Net Assets</b>				
Invested in Capital, net of debt	12,114,725	6,603,480	18,718,205	18,186,044
Restricted for Emergencies (TABOR)	143,000		143,000	143,000
Restricted for Open Space and Parks	67,485		67,485	77,224
Unrestricted	412,525	126,482	539,007	(26,924)
<b>Total Net Assets</b>	<b>12,737,735</b>	<b>6,729,962</b>	<b>19,467,697</b>	<b>18,379,344</b>

The largest of the Town's net assets (96% 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 as required by TABOR and \$67,484 restricted for open space and parks as accounted for in the Conservation Trust Fund. The remaining balance of net assets of \$539,007 is unrestricted and may be used to meet the Town's future capital and operating expenses.

### Statement of Activities

For 2010, total expenses for Governmental Activities exceeded revenues by \$51,088. However, included in the change in net assets is the transfer to the Enterprise Fund as noted in the Financial Highlights (see page 3). For Business-type Activities (i.e. the Enterprise Fund) revenues exceeded expenditures by \$380,094 plus the General Fund and Capital Replacement Fund transfer for \$759,347, resulting in a positive change in net assets for \$1,088,353.

The following condensed table of changes in net assets illustrates changes in net assets for Governmental Activities and Business-type Activities for 2010.

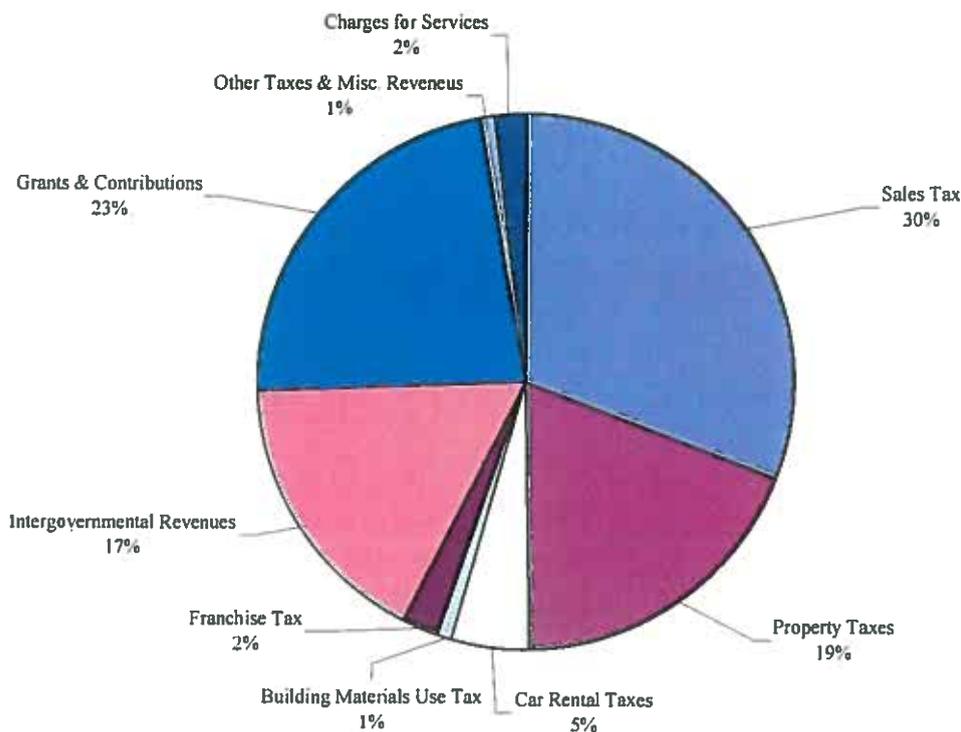
## Statement of Activities

	Governmental Activities	Business-Type Activities	2010 Totals	2009 Totals
<b>Revenues</b>				
<b>Program Revenues:</b>				
Charges for Services	51,624	776,647	828,271	843,923
Operating Grants & Contributions	15,251	0	15,251	9,237
Capital Grants & Contributions	598,910	746,774	1,345,684	830,502
<b>General Revenues:</b>				
Taxes	1,558,447	0	1,558,447	1,353,511
Intergovernmental Revenues	340,570	0	340,570	435,684
Interest	4,183	0	4,183	35,723
Sale of Capital Assets	0	0	0	(86,444)
Miscellaneous Income	16,172		16,172	
Transfer of Capital Assets	0	0	0	-
<b>Total Revenues</b>	<b>2,585,157</b>	<b>1,523,421</b>	<b>4,108,578</b>	<b>3,422,136</b>
<b>Expenses</b>				
General Government	409,938			407,517
Public Safety	631,757			693,545
Public Works	560,139			539,922
Parks & Recreation	185,111			232,573
Economic Development	11,704			8,739
Interest on Long-Term Debt	78,249			80,422
Water		612,981		732,432
Sewer		405,656		432,293
Refuse		124,690		126,254
<b>Total Expenses</b>	<b>1,876,898</b>	<b>1,143,327</b>	<b>3,020,225</b>	<b>3,253,697</b>
<b>Excess Revenues over Expenses</b>	<b>708,259</b>	<b>380,094</b>	<b>1,088,353</b>	<b>168,439</b>
<b>Transfers</b>	<b>(759,347)</b>	<b>759,347</b>	<b>0</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>(51,088)</b>	<b>1,139,441</b>	<b>1,088,353</b>	<b>168,439</b>
Net Assets, Beginning	12,788,823	5,590,521	18,379,344	18,210,905
Net Assets, End of Year	12,737,735	6,729,962	19,467,697	18,379,344

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.

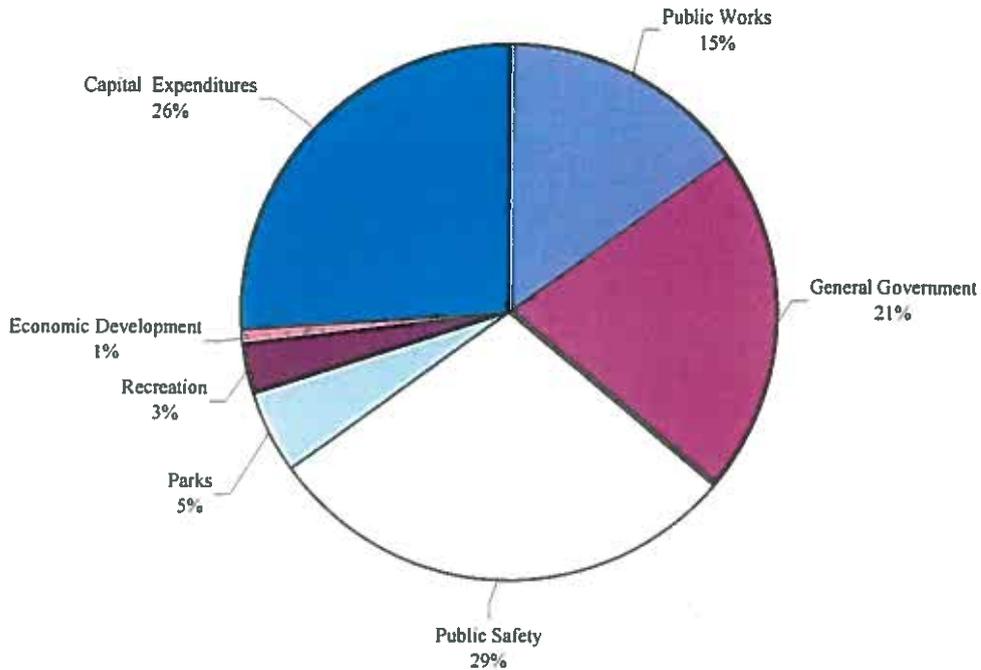
### Revenues by Source - Governmental Activities



Grant revenues, comprising 23% of total 2010 revenues, consisted of Energy Impact Funds for the reconstruction/widening of Poplar Street, ARRA and CDOT Funds for sidewalk construction, USDA funds for a hotel feasibility study, Livewell funds for the Start Smart program for preschoolers, and USTA and GOCO funds for a tennis court improvement project. Contributions include the donation of a lot on Walnut Street to the Town from Mr. Terry Hefty, valued at \$45,000. Intergovernmental revenues include specific ownership tax, town road and bridge levy and motor vehicle use tax, (collected and disbursed through Routt County) highway user tax, severance tax and mineral lease (collected and disbursed through the State). 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 and is the largest contributor to total revenues, although due to current economic conditions, the dollar amount declined in 2010 from 2009, as previously noted.

Two new revenue sources were approved at the November 3, 2009 election, effective January 1, 2010. A 3.5% Vehicle Rental Tax imposed on the rental price of vehicles brought in \$128,663 in revenues. An Accommodations Tax was also approved that imposed a 3.5% tax of the purchase of lodging in anticipation of a hotel being built within the Town's limits. This has yet to happen, and the revenues received for this tax were minimal (\$735).

## Expenses by Function - Governmental Activities



In 2010, 26% 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 sidewalks on Poplar Street, the completion of two ball fields at Dry Creek Park, the resurfacing and fencing of the 3<sup>rd</sup> Street Park tennis court and a 13 block sidewalk project that includes a three block section from South 3<sup>rd</sup> St. to South 6<sup>th</sup> St. along Highway 40, a six block section from Highway 40 to the Elementary School along Poplar St., and a four block section on South 3<sup>rd</sup> St. from the High School to the Elementary School.

General government expenditures include the cost of Administration, Planning, Airport Road Maintenance, Executive, Legislative, Judicial, Building, and Data Processing. Expenditures in this category increased slightly by 3% from 2009 due to unforeseen expenses associated with the loss and replacement of the Town Manager, including interim Town Manager services.

Public Safety expenditures decreased 8% from 2009 due to the completion of the new Police Station building and related expenses incurred in 2009. Also, controls were put in place so that officer scheduling minimized overtime costs.

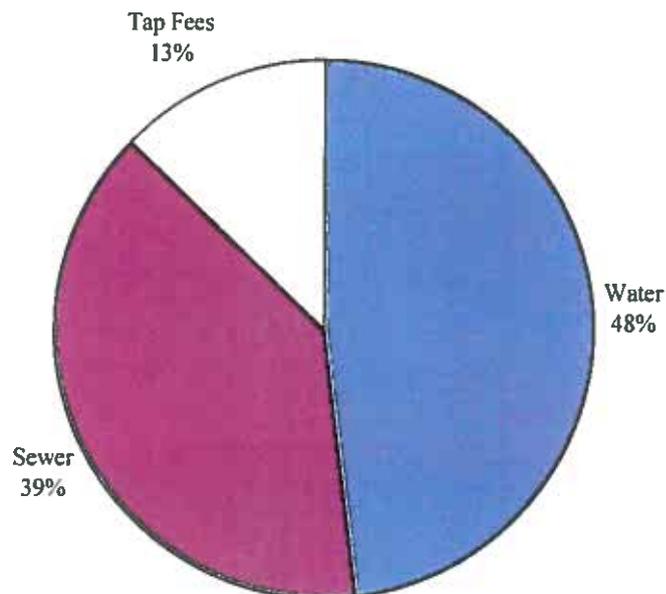
Public Works Department operating costs remained flat from 2009 as no capital projects were completed in 2010.

Parks and Recreation expenditures decreased 24% from 2009 as the economic conditions forced tight budgetary controls in this department, including a reduction in staff. No major projects or improvements were accomplished during 2010.

## Business-type Activities

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

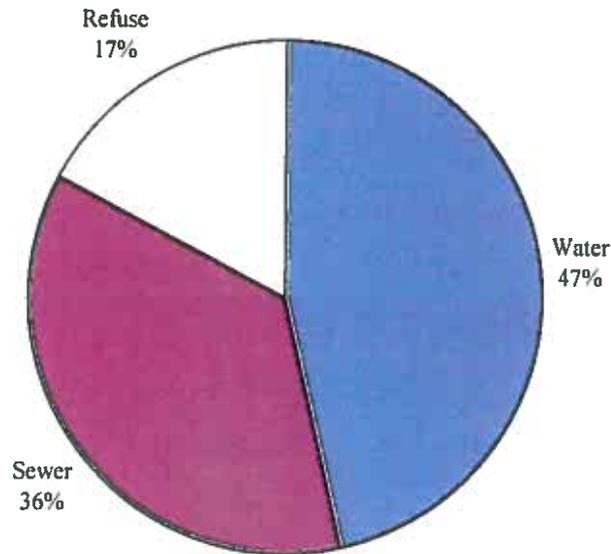
### Revenues by Source - Business-type Activities



During 2010, water and sewer user rates were not increased, even though the Town was faced with ever-increasing operating expenses and a deficit fund balance. Tap fees, otherwise known as plant investment fees, increased \$69,128 from 2009, due to five new homes constructed and an oversized meter and tap installed at the Yampa Valley Regional Airport for an expansion and remodel of the terminal building.

For the first time in recent years, the Town's Enterprise Fund achieved net operating income of \$116,558 which resulted in compliance with the rate covenant required in the Colorado Water Resource Power Development Authority (CWRPDA) loan agreement. Also, the Town Council passed an Ordinance in 2011 to increase water and sewer user charges in 2011 to ensure the fund remains solvent and no longer causes a draining effect on other Town funds.

## Expenses by Source - Business-type Activities



Water and sewer expenditures decreased in 2010 by 12% from costs incurred in 2009. The decreases were due to no capital projects or purchases incurred, operating costs being closely monitored and deferred maintenance.

### 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 (unrestricted fund balance) is shown at year end. The unrestricted fund balance serves as a useful measure of a government's net resources available for spending at year end.

The individual major funds are:

*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.

*Proprietary Funds.* The Town's Water, Sewer and Refuse funds (known as the Enterprise Fund) 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.

The individual nonmajor funds are:

*Capital Replacement Fund.* The Capital Replacement Fund accounts for general government capital projects and outlays. It has been primarily financed by transfers from other Town Funds. However, as previously noted, the balance has been depleted by a transfer to the Enterprise fund and a method for rebuilding this fund will be established in 2012.

*Conservation Trust Fund.* This fund is comprised of the Town's share of the State's lottery proceeds that is based on population. The funds are restricted and can be used for acquiring and maintaining parks, open space and recreational facilities. The funds are distributed and monitored through the Colorado Department of Local Affairs (DOLA).

*Development Fees.* This fund accounts for fees received from subdivision developments and earmarked for specific future expenditures. Fund balances are committed through subdivision improvements agreements between the Town and the developer and include Parks and Trails, Trail Connection, School Facility, Drainage Basin, and Traffic Impact fees (see page 34 in note 3 in the Notes to Financial Statements).

## **DEBT ADMINISTRATION**

At December 31, 2010, the Town had outstanding debt of \$921,626 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 \$1,165,784. 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 \$1,230,000. If carried until maturity in 2028, principal and interest will be \$2,066,156.

## **SUMMARY OF FINANCIAL CONDITION**

The Town of Hayden along with the rest of the Nation has been experiencing the downside of an economic recession. Among these experiences at the municipal level are a lack of new construction, a reduction in the value of property (structures and land), a reduction in State shared revenues such as Mineral Lease and Severance Tax dollars and grant funding through revolving loan funds for water, sanitary sewer and road programs.

In 2010 the Town experienced a cash flow problem when expenditures exceeded available fund balance and revenues. To overcome this situation the Town obtained a short term promissory note from Mountain Valley Bank which was repaid on April 2<sup>nd</sup>.

A contributing factor for the lack of fund balance has been the on-going contribution of funds from the General Fund to the Enterprise Fund. In late 2010 the Town addressed this financial problem by forgiving the \$759,347 debt due to the General Fund from the Enterprise Fund; and, by adoption of Ordinance 637 raising water and sewer base and metered rates to begin addressing the revenue shortfall. The Town will need to monitor the Enterprise Fund and set future rates as necessary to support the operations, maintenance and capital needs of the utilities. The rate increases included in Ordinance 637 are projected to provide increased revenues but still fall short of expected expenditures. This rate structure will not provide a sustainable utility and needs to be monitored.

In these challenging economic times it is important to maintain the Town's financial health. The Colorado Department of Local Affairs recommends the following:

#### Seven Steps to Maintain Financial Health

1. Verify Federal Deposit Insurance Corporation (FDIC) & Public Deposit Protection Act (PDPA) coverage on deposits and custodian accounts. *The Town has deposits at ColoTrust and Mountain Valley Bank. ColoTrust is a statutory trust designed to provide Colorado's local governments an opportunity to invest in short-term investments that provide maximum investment protection and liquidity. By agreement Mountain Valley Bank provides rates of return equal to or greater than those provided by ColoTrust, and the Town's assets are protected by FDIC and PDPA collateralization.*
2. Validate access to and liquidity of investments and assets. *Investments with ColoTrust and Mountain Valley Bank are available to the Town to pay current expenses and payroll.*
3. Review short and long-term financial obligations (letters of credit, certificates of participation, bonds, etc.). *The Town has debts totaling \$2,151,626. These debts are by four notes and one lease purchase agreement with pay-off dates running from 2014 – 2028. The Town will monitor opportunities to refinance these debts for taxpayer savings.*
4. Review sales and property tax revenue forecasts (state-collected sales tax). *Town staff reviews trends and payments for Sales Tax and Vehicle Rental Tax on a monthly basis.*
5. Validate expected intergovernmental transactions; both in-bound and out-bound (i.e. HUTF, Cigarette, Severance, Federal Mineral Lease, Forest Service, BLM PILT, etc.). *Town staff monitors and reports income projections, trends and legislative actions with the Council on a regular basis, through a monthly Treasurer's Report and legislative updates.*
6. Review reserve requirements including TABOR's 3% emergency reserve and other restricted reserves and loan or bond covenants(reminder: under TABOR's definitions (2)(c) "Emergency" excludes economic conditions, revenue shortfalls, or district salary or fringe benefit increases). *The Town has a fully funded TABOR emergency reserve of \$143,000. The Town contractually must maintain a loan reserve of \$193,000 for a CWRPDA loan. This reserve is fully funded. The Town should maintain fund balances in the General Fund and Enterprise Fund to ensure an ability to fund accounts payable, payroll, and cash flow through the year. A fund balance of 25% or three months reserve is considered healthy. At the 2010 year end the General Fund balance is equal to approximately 7.65% and an Enterprise Fund balance is equal to approximately 11.48%. In December 2010 the Town Council raised base and metered utility rates for water and sanitary sewer users to begin addressing the revenue short-fall in these utilities. The Town will monitor the Enterprise Funds revenues and expenditures to address future cash flow and increase the unrestricted (fund) balance.*
7. Develop a public communication plan that describes the local government's current financial condition and strategic steps being taken. *Each month the Treasurer presents a report to the Town Council describing the Town's financial condition and highlighting trends in revenues, expenses and cash flow.*

Using DOLA's financial health marks, the Town is in reasonably sound financial shape. Goals for the upcoming year(s) will be to grow the Town's fund balances, including monitoring the utility rates so the water and sanitary sewer rates financially support expenses.

**Financial Highlights for 2010 include:**

1. Resolution of cash flow issues by forgiving debt due from the Enterprise Fund to the General Fund.
2. Increasing water and sanitary sewer rates to partially address annual shortfalls of revenue to meet operating expenses.
3. Completion of large capital projects such as the reconstruction and widening of Poplar Street, sidewalk projects, funding a hotel feasibility study, improving the Town's tennis court.
4. Use of grant money to improve the Town's capital expenses and improve the Town's infrastructure. Grant funds comprised 23% of the General Funds-revenues and were from a variety of sources including: Energy Impact Funds, ARRA, CDOT, USDA, USTA, GOCO and LiveWell.
5. Adoption of a 3.5% Vehicle Rental Tax. These revenues helped to make up for lost revenues from the Town's 2% Use Tax. The Use Tax revenues were lost primarily due to the economic recession and its impact on the Town's continued development.

**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, 2010**  
(with summarized financial information as of December 31, 2009)

	2010			2009 Total
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 571,963	\$ -	\$ 571,963	\$ 12,528
Due from other governments	59,315	-	59,315	62,121
Accounts receivable	35,047	71,324	106,371	88,953
Grants receivable	34,093	-	34,093	-
Property tax receivable	532,000	-	532,000	494,000
Restricted cash reserve	32,334	146,000	178,334	228,000
Capital assets, net of accumulated depreciation	13,382,605	7,525,106	20,907,711	20,491,982
<b>Total assets</b>	<b>14,647,357</b>	<b>7,742,430</b>	<b>22,389,787</b>	<b>21,377,584</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	66,667	14,725	81,392	76,654
Accrued interest payable	10,741	9,047	19,788	20,931
Customer deposits	-	67,070	67,070	65,717
Letter of credit proceeds	32,334	-	32,334	35,000
Deferred revenue	532,000	-	532,000	494,000
<b>Noncurrent liabilities:</b>				
Due within one year	39,000	77,205	116,205	109,897
Due in more than one year	1,228,880	844,421	2,073,301	2,196,041
<b>Total liabilities</b>	<b>1,909,622</b>	<b>1,012,468</b>	<b>2,922,090</b>	<b>2,998,240</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	12,114,725	6,603,480	18,718,205	18,186,044
<b>Restricted for:</b>				
Emergencies	143,000	-	143,000	143,000
Open space and parks	67,485	-	67,485	77,224
Unrestricted	412,525	126,482	539,007	(26,924)
<b>Total net assets</b>	<b>\$ 12,737,735</b>	<b>\$ 6,729,962</b>	<b>\$ 19,467,697</b>	<b>\$ 18,379,344</b>

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

Statement of Activities

For the Year Ended December 31, 2010

(with summarized financial information for the year ended December 31, 2009)

2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			2009 Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Governmental activities:</b>								
General government	\$ 409,938	\$ 25,280	\$ -	\$ 45,000	\$ (339,658)	\$ -	\$ (339,658)	\$ (301,264)
Public safety	631,757	-	-	-	(631,757)	-	(631,757)	(693,545)
Public works	560,139	-	-	459,910	(100,229)	-	(100,229)	112,578
Parks	134,705	-	-	94,000	(40,705)	-	(40,705)	(44,816)
Recreation	50,406	26,344	6,189	-	(17,873)	-	(17,873)	(42,456)
Economic development	11,704	-	9,062	-	(2,642)	-	(2,642)	(8,739)
Interest on general long-term debt	78,249	-	-	-	(78,249)	-	(78,249)	(80,422)
<b>Total governmental activities</b>	<b>1,876,898</b>	<b>51,624</b>	<b>15,251</b>	<b>598,910</b>	<b>(1,211,113)</b>	<b>-</b>	<b>(1,211,113)</b>	<b>(1,058,664)</b>
<b>Business-type activities:</b>								
Water	612,981	459,383	-	438,585	-	284,987	284,987	(273,933)
Sewer	405,656	192,574	-	308,189	-	95,107	95,107	(237,438)
Refuse	124,690	124,690	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>1,143,327</b>	<b>776,647</b>	<b>-</b>	<b>746,774</b>	<b>-</b>	<b>380,094</b>	<b>380,094</b>	<b>(511,371)</b>
<b>Total primary government</b>	<b>\$ 3,020,225</b>	<b>\$ 828,271</b>	<b>\$ 15,251</b>	<b>\$ 1,345,684</b>	<b>(1,211,113)</b>	<b>380,094</b>	<b>(831,019)</b>	<b>(1,570,035)</b>
<b>General revenues:</b>								
Taxes:								
Sales tax					835,072	-	835,072	854,405
General property tax					510,488	-	510,488	429,260
Car rental tax					128,663	-	128,663	-
Building materials use tax					20,517	-	20,517	9,014
Franchise tax					59,800	-	59,800	55,536
Cigarette tax					3,172	-	3,172	5,296
Lodging tax					735	-	735	-
Intergovernmental					340,570	-	340,570	435,684
Interest					4,183	-	4,183	35,723
Gain (loss) on sale or retirement of capital assets					-	-	-	(88,444)
Other					16,172	-	16,172	-
Net transfers					(759,347)	759,347	-	-
<b>Total general revenues and transfers</b>					<b>1,160,025</b>	<b>759,347</b>	<b>1,919,372</b>	<b>1,738,474</b>
<b>Change in net assets</b>					<b>(51,088)</b>	<b>1,139,441</b>	<b>1,088,353</b>	<b>168,439</b>
<b>Net assets, beginning of year</b>					<b>12,788,823</b>	<b>5,590,521</b>	<b>18,379,344</b>	<b>18,210,905</b>
<b>Net assets, end of year</b>					<b>\$ 12,737,735</b>	<b>\$ 6,729,962</b>	<b>\$ 19,467,697</b>	<b>\$ 18,379,344</b>

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

**TOWN OF HAYDEN, COLORADO**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2010**  
(with summarized financial information as of December 31, 2009)

	General Fund	Other Governmental Funds	2010 Total Governmental Funds	2009 Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 238,307	\$ 333,656	\$ 571,963	\$ 842,578
Due from other governments	59,315	-	59,315	62,121
Accounts receivable	35,047	-	35,047	9,976
Grants receivable	34,093	-	34,093	-
Property tax receivable	532,000	-	532,000	494,000
Restricted cash	32,334	-	32,334	35,000
<b>Total assets</b>	<b>\$ 931,096</b>	<b>\$ 333,656</b>	<b>\$ 1,264,752</b>	<b>\$ 1,443,675</b>
<b>Liabilities and fund balance:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 66,667	\$ -	\$ 66,667	\$ 53,705
Letter of credit proceeds	32,334	-	32,334	35,000
Deferred revenue	532,000	-	532,000	494,000
<b>Total liabilities</b>	<b>631,001</b>	<b>-</b>	<b>631,001</b>	<b>582,705</b>
<b>Fund balance:</b>				
Restricted for:				
Emergencies	143,000	-	143,000	143,000
Open space and parks	-	67,485	67,485	77,224
Unrestricted:				
Committed	-	247,646	247,646	(100,122)
Assigned	-	18,525	18,525	431,361
Unassigned	157,095	-	157,095	309,507
<b>Total fund balances</b>	<b>300,095</b>	<b>333,656</b>	<b>633,751</b>	<b>860,970</b>
<b>Total liabilities and fund balance</b>	<b>\$ 931,096</b>	<b>\$ 333,656</b>	<b>\$ 1,264,752</b>	<b>\$ 1,443,675</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, 2010**

Governmental funds total fund balance		\$	633,751
<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		\$ 17,104,575	
Less accumulated depreciation		<u>(3,721,970)</u>	13,382,605
<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>			
			(1,267,880)
<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>(10,741)</u>
Governmental activities net assets		\$	<u><u>12,737,735</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, 2010**  
**(with summarized financial information for the year ended December 31, 2009)**

	General Fund	Other Governmental Funds	2010 Total Governmental Funds	2009 Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,558,447	\$ -	\$ 1,558,447	\$ 1,353,511
Intergovernmental	324,169	16,401	340,570	435,684
Licenses, permits and fees	6,544	-	6,544	8,894
Charges for services	6,365	-	6,365	6,898
Fines and forfeitures	6,998	-	6,998	30,917
Grants	569,161	-	569,161	734,000
Recreation programs	26,344	-	26,344	24,119
Interest	2,019	2,164	4,183	35,723
Other	16,172	5,373	21,545	14,301
<b>Total revenues</b>	<b>2,516,219</b>	<b>23,938</b>	<b>2,540,157</b>	<b>2,644,047</b>
<b>Expenditures:</b>				
<b>General government:</b>				
Administration	289,263	-	289,263	279,488
Legislative	35,930	-	35,930	31,202
Building department	20,968	-	20,968	22,972
Other	39,886	3,038	42,924	48,898
Public safety	542,523	-	542,523	591,748
<b>Public works:</b>				
Streets department	265,840	-	265,840	258,765
Mosquito control department	16,963	-	16,963	19,686
Recreation department	50,406	-	50,406	66,575
Parks department	87,636	-	87,636	120,722
Economic development	11,704	-	11,704	8,739
Capital expenditures	503,014	26,295	529,309	2,462,907
<b>Debt service:</b>				
Principal	36,000	-	36,000	34,000
Interest	78,563	-	78,563	80,719
<b>Total expenditures</b>	<b>1,978,696</b>	<b>29,333</b>	<b>2,008,029</b>	<b>4,026,421</b>
Excess (deficiency) of revenues over expenditures	537,523	(5,395)	532,128	(1,382,374)
<b>Other financing sources (uses):</b>				
Transfers in	431,361	-	431,361	61,917
Transfers out	(759,347)	(431,361)	(1,190,708)	(57,750)
<b>Total other financing sources (uses)</b>	<b>(327,986)</b>	<b>(431,361)</b>	<b>(759,347)</b>	<b>4,167</b>
<b>Net change in fund balances</b>	<b>209,537</b>	<b>(436,756)</b>	<b>(227,219)</b>	<b>(1,378,207)</b>
Fund balances, beginning of year	90,558	770,412	860,970	2,239,177
<b>Fund balances, end of year</b>	<b>\$ 300,095</b>	<b>\$ 333,656</b>	<b>\$ 633,751</b>	<b>\$ 860,970</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, 2010**

Net change in fund balances - governmental funds	\$	(227,219)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital outlays	\$ 526,788	
Depreciation	<u>(438,508)</u>	88,280
<p>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.</p>		
		6,537
<p>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.</p>		
		36,000
<p>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.</p>		
		314
<p>Capital assets donated from the public 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.</p>		
		<u>45,000</u>
Change in net assets of governmental activities	\$	<u>(51,088)</u>

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

**TOWN OF HAYDEN, COLORADO**  
**Proprietary (Enterprise) Fund**  
**Balance Sheet**  
**December 31, 2010**  
(with summarized financial information as of December 31, 2009)

	2010	2009
<b>Assets:</b>		
<b>Current assets:</b>		
Accounts receivable	\$ 71,324	\$ 78,977
<b>Total current assets</b>	71,324	78,977
<b>Noncurrent assets:</b>		
Capital assets, net of accumulated depreciation	7,525,106	7,242,657
Restricted cash	146,000	193,000
<b>Total noncurrent assets</b>	7,671,106	7,435,657
<b>Total assets</b>	7,742,430	7,514,634
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Deficiency in pooled cash	-	830,050
Accounts payable and accrued expenses	14,725	22,949
Accrued interest payable	9,047	9,875
Customer deposits	67,070	65,717
Current portion of long-term debt	77,205	73,897
<b>Total current liabilities</b>	168,047	1,002,488
<b>Noncurrent liabilities:</b>		
Long-term debt	844,421	921,625
<b>Total liabilities</b>	1,012,468	1,924,113
<b>Net assets:</b>		
Invested in capital assets, net of related debt	6,603,480	6,247,135
Unrestricted (deficit)	126,482	(656,614)
<b>Total net assets</b>	\$ 6,729,962	\$ 5,590,521

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, 2010**  
(with summarized financial information for the year ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
<b>Operating revenues:</b>		
Charges for services:		
Water	\$ 444,967	\$ 432,156
Sewer	182,301	185,240
Refuse	124,690	126,254
Other	24,689	19,638
	<u>776,647</u>	<u>763,288</u>
<b>Total operating revenues</b>		
<b>Operating expenses:</b>		
Water	321,543	450,150
Sewer	262,435	269,763
Refuse	124,690	126,254
Depreciation	392,827	399,778
	<u>1,101,495</u>	<u>1,245,945</u>
<b>Total operating expenses</b>		
<b>Operating income (loss)</b>	<u>(324,848)</u>	<u>(482,657)</u>
<b>Non-operating revenues (expenses):</b>		
Interest expense	(41,832)	(45,034)
	<u>(41,832)</u>	<u>(45,034)</u>
<b>Total non-operating revenues (expenses)</b>		
<b>Net income (loss) before contributions and transfers</b>	(366,680)	(527,691)
<b>Capital assets contributed by developers</b>	661,326	-
<b>Plant investment fees:</b>		
Water	55,880	12,400
Sewer	29,568	3,920
Transfers in	759,347	-
Transfers out	-	(4,167)
	<u>1,139,441</u>	<u>(515,538)</u>
<b>Net income (loss)</b>		
<b>Net assets, beginning of year</b>	<u>5,590,521</u>	<u>6,106,059</u>
<b>Net assets, end of year</b>	<u>\$ 6,729,962</u>	<u>\$ 5,590,521</u>

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, 2010**  
(with summarized financial information for the year ended December 31, 2009)

	2010	2009
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 785,653	\$ 748,457
Cash payments to vendors for goods and services	(530,486)	(641,155)
Cash payments to employees for services	(186,406)	(222,617)
Net cash provided (used) by operating activities	68,761	(115,315)
<b>Cash flows from non-capital financing activities:</b>		
Transfers from (to) other funds, net	759,347	(4,167)
Net cash provided (used) by non-capital financing activities	759,347	(4,167)
<b>Cash flows from capital and related financing activities:</b>		
Capital contributed by customers (plant investment fees)	85,448	16,320
Purchase of capital assets	(13,950)	(11,428)
Principal payments	(73,896)	(70,732)
Interest paid on debt	(42,660)	(45,826)
Net cash provided (used) by capital and related financing activities	(45,058)	(111,666)
<b>Cash flows from investing activities:</b>		
Transfer (to) from restricted cash	47,000	(34,000)
Net cash provided (used) by investing activities	47,000	(34,000)
Net change in cash and cash equivalents	830,050	(265,148)
Cash and cash equivalents (overdraft), beginning of year	(830,050)	(564,902)
Cash and cash equivalents (overdraft), end of year	\$ -	\$ (830,050)
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (324,848)	\$ (482,657)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation	392,827	399,778
(Increase) decrease in:		
Accounts receivable	7,653	(17,081)
(Decrease) increase in:		
Accounts payable and accrued expenses	(8,224)	(17,605)
Customer deposits	1,353	2,250
Net cash provided (used) by operating activities	\$ 68,761	\$ (115,315)

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

**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 Council members 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. The Hayden Public Library is reported as a blended component unit in the Town's financial statements. This organization serves all citizens of the Town and is governed by Boards approved 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 unit. 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 net assets, 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, 2010**  
(with summarized financial information as of and for the year ended December 31, 2009)

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

*Basis of Presentation (continued)*

The Town reports the following major governmental fund:

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.

In accordance with US GAAP, the Town classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action of the Town Council and does not lapse at year end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management.
- Unassigned – includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental 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 non-operating 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 non-operating revenues and expenses.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

TOWN OF HAYDEN, COLORADO

Notes to Financial Statements

December 31, 2010

(with summarized financial information as of and for the year ended December 31, 2009)

Note 1: Summary of Significant Accounting Policies (continued)

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

Receivables are reviewed periodically to establish an allowance for uncollectible amounts. The Town considers all receivables to be fully collectible at December 31, 2010 and 2009. Therefore, no allowance for uncollectible accounts has been established.

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 on the date of donation. 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's limits. The Town has an outstanding obligation of \$32,334 and \$35,000 at December 31, 2010 and 2009, respectively, 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.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

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

*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, 2009, from which the summarized information was derived.

Certain information from the prior year has been changed to conform to the current year presentation.

**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 did not adopt any supplemental appropriations during 2010.

*Compliance*

Expenditures did not exceed appropriations in any Town funds during the year ended December 31, 2010.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

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

*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, excluding enterprises. 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.

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, 2010 fund balance in the General Fund for this purpose.

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

*Deposits*

The carrying amount of the Town's deposits at December 31, 2010 and 2009 was \$737,575 and \$274,709, respectively and bank balances were \$807,158 and \$371,523, respectively. Of the bank balances, \$250,000 at December 31, 2010 and 2009 was covered by federal deposit insurance and \$532,158 and \$121,523, 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.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

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

*Investments*

At December 31, 2010 and 2009, the Town had \$8,430 and \$8,412, 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.

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.

*Restricted Cash*

The Town's loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) requires the Town to maintain an operations and maintenance reserve fund equal to three months of operation and maintenance expenses of the Town's water and sewer enterprise activities. The Town has reserved \$146,000 for this purpose at December 31, 2010.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

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

**Capital Assets**

Capital asset activity for the year ended December 31, 2010 is summarized below:

	December 31, 2009 Balance	Additions	Retirements	December 31, 2010 Balance
<b>Governmental activities:</b>				
Land and land improvements	\$ 2,045,678	\$ 55,314	\$ -	\$ 2,100,992
Other capital assets:				
Buildings	3,147,340	-	-	3,147,340
Equipment and vehicles	1,232,067	6,189	(26,048)	1,212,208
Infrastructure	10,133,750	510,285	-	10,644,035
Total other capital assets at cost	<u>14,513,157</u>	<u>516,474</u>	<u>(26,048)</u>	<u>15,003,583</u>
Less accumulated depreciation for:				
Buildings	(340,053)	(77,611)	-	(417,664)
Equipment and vehicles	(773,494)	(118,823)	26,048	(866,269)
Infrastructure	(2,195,963)	(242,074)	-	(2,438,037)
Total accumulated depreciation	<u>(3,309,510)</u>	<u>(438,508)</u>	<u>26,048</u>	<u>(3,721,970)</u>
Other capital assets, net	<u>11,203,647</u>	<u>77,966</u>	<u>-</u>	<u>11,281,613</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 13,249,325</u>	<u>\$ 133,280</u>	<u>\$ -</u>	<u>\$ 13,382,605</u>
<b>Business-type activities:</b>				
Land	\$ 340,274	\$ -	\$ -	\$ 340,274
Other capital assets:				
Buildings and systems	13,458,125	661,326	-	14,117,451
Equipment and vehicles	254,962	13,950	-	268,912
Total other capital assets at cost	<u>13,711,087</u>	<u>675,276</u>	<u>-</u>	<u>14,386,363</u>
Less accumulated depreciation for:				
Buildings and systems	(6,674,507)	(355,090)	-	(7,029,597)
Equipment and vehicles	(134,197)	(37,737)	-	(171,934)
Total accumulated depreciation	<u>(6,808,704)</u>	<u>(392,827)</u>	<u>-</u>	<u>(7,201,531)</u>
Other capital assets, net	<u>6,902,383</u>	<u>282,449</u>	<u>-</u>	<u>7,184,832</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 7,242,657</u>	<u>\$ 282,449</u>	<u>\$ -</u>	<u>\$ 7,525,106</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

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

*Capital Assets (continued)*

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>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 11,267,690</u></u>	<u><u>\$ 2,068,079</u></u>	<u><u>\$ (86,444)</u></u>	<u><u>\$ 13,249,325</u></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>
<b>Business-type activities capital assets, net</b>	<u><u>\$ 7,631,007</u></u>	<u><u>\$ (388,350)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,242,657</u></u>

The Town recorded the following additions to capital assets, at estimated fair value, contributed by developers and others during 2010 and 2009:

	2010	2009
<b>Governmental activities:</b>		
Land	\$ 45,000	\$ 40,500
Infrastructure	-	39,682
	<u>\$ 45,000</u>	<u>\$ 80,182</u>
<b>Business-type activities:</b>		
Water infrastructure	\$ 382,705	\$ -
Sewer infrastructure	278,621	-
	<u>\$ 661,326</u>	<u>\$ -</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**  
(with summarized financial information as of and for the year ended December 31, 2009)

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

*Capital Assets (continued)*

Depreciation expense was charged to functions of the Town as follows during 2010 and 2009:

	2010	2009
<b>Governmental activities:</b>		
General government	\$ 23,960	\$ 23,430
Public safety	89,234	89,176
Public works	277,336	261,471
Parks and recreation	47,978	43,794
<b>Total - governmental activities</b>	<b>\$ 438,508</b>	<b>\$ 417,871</b>
<b>Business-type activities:</b>		
Water	\$ 249,606	\$ 237,248
Sewer	143,221	162,530
<b>Total - business-type activities</b>	<b>\$ 392,827</b>	<b>\$ 399,778</b>

*Noncurrent Liabilities*

The Town has the following long-term debt outstanding for governmental activities at December 31, 2010:

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 were used for construction of a new police station. The lease is secured by an interest in the land on which the police station was constructed.

The Town has the following long-term debt outstanding for business-type activities at December 31, 2010:

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 \$33,382 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, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

**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, 2010 was as follows:

	December 31, 2009 Balance	Additions	Reductions	December 31, 2010 Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Lease purchase obligation	\$ 1,266,000	\$ -	\$ (36,000)	\$ 1,230,000	\$ 39,000
Compensated absences	44,416	37,880	(44,416)	37,880	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 1,310,416</b>	<b>\$ 37,880</b>	<b>\$ (80,416)</b>	<b>\$ 1,267,880</b>	<b>\$ 39,000</b>
<b>Business-type activities:</b>					
Notes payable:					
CWRPDA	\$ 671,680	\$ -	\$ (40,295)	\$ 631,385	\$ 41,924
State of Colorado (2002)	150,752	-	(8,510)	142,242	8,936
State of Colorado (2005)	65,881	-	(11,923)	53,958	12,519
State of Colorado (2007)	107,209	-	(13,188)	94,041	13,826
<b>Business-type activities long-term liabilities</b>	<b>\$ 995,522</b>	<b>\$ -</b>	<b>\$ (73,896)</b>	<b>\$ 921,626</b>	<b>\$ 77,205</b>

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	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 1,348,138</b>	<b>\$ 44,416</b>	<b>\$ (82,138)</b>	<b>\$ 1,310,416</b>	<b>\$ 36,000</b>
<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
<b>Business-type activities long-term liabilities</b>	<b>\$ 1,066,254</b>	<b>\$ -</b>	<b>\$ (70,732)</b>	<b>\$ 995,522</b>	<b>\$ 73,897</b>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

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

*Noncurrent Liabilities (continued)*

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 following is the Town's calculation indicating compliance with the rate covenant for the year ended December 31, 2010:

<b>System revenues:</b>	
<b>Charges for services:</b>	
Water	\$ 444,967
Sewer	182,301
<b>Plant investment fees:</b>	
Water	55,880
Sewer	29,568
<b>Total system revenues</b>	<b>712,716</b>
<b>System operating expenses:</b>	
Water	321,543
Sewer	262,435
<b>Total system operating expenses</b>	<b>583,978</b>
<b>System net operating income</b>	<b>\$ 128,738</b>
<b>Aggregate debt service payments</b>	<b>\$ 116,558</b>
<b>System net operating income / aggregate debt service payments</b>	<b>1.10</b>

Aggregate debt service requirements at December 31, 2010 were as follows:

	Principal	Interest	Total
<b>Governmental activities:</b>			
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	49,000	65,500	114,500
2016-2020	297,000	276,499	573,499
2021-2025	404,000	169,593	573,593
2026-2028	310,000	34,782	344,782
<b>Total governmental activities</b>	<b>\$ 1,230,000</b>	<b>\$ 836,156</b>	<b>\$ 2,066,156</b>
<b>Business-type activities:</b>			
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	76,787	24,553	101,340
2016-2020	357,685	74,903	432,588
2021-2022	156,956	8,671	165,627
<b>Total business-type activities</b>	<b>\$ 921,626</b>	<b>\$ 244,158</b>	<b>\$ 1,165,784</b>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**  
(with summarized financial information as of and for the year ended December 31, 2009)

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

*Governmental Fund Balances*

The Town's governmental fund balances are classified as follows at December 31, 2010:

	General Fund	Conservation Trust Fund	Development Fees Fund	Hayden Public Library	Total Governmental Funds
<b>Restricted for:</b>					
Emergencies	\$ 143,000	\$ -	\$ -	\$ -	\$ 143,000
Open space and parks	-	67,385	-	-	67,385
<b>Committed for:</b>					
Parks and trails	-	-	62,068	-	62,088
School facility fees	-	-	16,823	-	16,823
Park connections	-	-	9,000	-	9,000
Drainage basin	-	-	7,179	-	7,179
Traffic impact fees	-	-	4,140	-	4,140
Public library	-	-	-	148,416	148,416
<b>Assigned to:</b>					
Development fees	-	-	18,525	-	18,525
Unassigned	157,195	-	-	-	157,195
<b>Total fund balances</b>	<b>\$ 300,195</b>	<b>\$ 67,385</b>	<b>\$ 117,755</b>	<b>\$ 148,416</b>	<b>\$ 633,751</b>

Development Fees fund balances are committed via subdivision improvement agreements entered into between the Town and developers. Hayden Public Library fund balances are committed by the Hayden Public Library governing documents.

*Interfund Transfers*

The Town makes transfers between funds to allocate resources based upon the Town's adopted budgetary policies and via Town Council resolutions. The following transfers were made during 2010 and 2009:

	2010	2009
<b>Transfer In (Out):</b>		
Capital Replacement Fund	\$ (431,361)	\$ 61,917
General Fund	(327,986)	(57,750)
Enterprise Fund	759,347	(4,167)
	<u>\$ -</u>	<u>\$ -</u>

The Town Council passed a resolution to forgive the interfund balance due from the Enterprise Fund as of December 31, 2010. In order to accomplish this, the Town transferred its entire Capital Replacement Fund balance of \$431,361 and available General Fund balances of \$327,986.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2010**

(with summarized financial information as of and for the year ended December 31, 2009)

**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 \$42,125 and \$52,153 during the years ended December 31, 2010 and 2009, respectively.

*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 2010 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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Taxes:</b>			
Sales tax	\$ 769,500	\$ 835,072	\$ 65,572
General property tax	494,346	510,488	16,142
Car rental tax	110,000	128,663	18,663
Building materials use tax	25,000	20,517	(4,483)
Franchise tax	53,000	59,800	6,800
Cigarette tax	4,800	3,172	(1,628)
Lodging tax	1,200	735	(465)
<b>Total taxes</b>	<b>1,457,846</b>	<b>1,558,447</b>	<b>100,601</b>
<b>Intergovernmental:</b>			
Airport security reimbursement	62,000	57,394	(4,606)
Highway users	55,548	63,034	7,486
Specific ownership	30,000	28,597	(1,403)
Severance	25,000	78,170	53,170
Mineral lease	10,000	80,959	70,959
Motor vehicle registration	7,500	7,334	(166)
Road and bridge	10,000	8,681	(1,319)
<b>Total intergovernmental</b>	<b>200,048</b>	<b>324,169</b>	<b>124,121</b>
Licenses, permits and fees	9,125	6,544	(2,581)
Charges for services	9,150	6,365	(2,785)
Fines and forfeitures	16,500	6,998	(9,502)
Grants	580,921	569,161	(11,760)
Recreation programs	24,000	26,344	2,344
Interest	2,500	2,019	(481)
Other	12,000	16,172	4,172
<b>Total revenues</b>	<b>2,312,090</b>	<b>2,516,219</b>	<b>204,129</b>
<b>Expenditures:</b>			
<b>General government:</b>			
<b>Administration:</b>			
Wages and benefits	239,885	197,426	42,459
Insurance	10,045	9,378	667
Contributions	10,000	6,250	3,750
Professional fees	7,500	63,818	(56,318)
Office	6,550	7,217	(667)
Other	10,250	5,174	5,076
<b>Total administration</b>	<b>284,230</b>	<b>289,263</b>	<b>(5,033)</b>

**TOWN OF HAYDEN, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Legislative:</b>			
Wages and benefits	\$ 8,265	\$ 8,351	\$ (86)
Treasurer fees	14,000	15,271	(1,271)
Professional fees	10,000	10,000	-
Other	5,750	2,308	3,442
<b>Total legislative</b>	<b>38,015</b>	<b>35,930</b>	<b>2,085</b>
<b>Building department:</b>			
Utilities	7,000	6,125	875
Insurance	6,535	6,705	(170)
Maintenance and repairs	5,600	4,653	947
Other	4,800	3,485	1,315
<b>Total building department</b>	<b>23,935</b>	<b>20,968</b>	<b>2,967</b>
Data processing department	12,600	14,840	(2,240)
Airport	12,163	12,163	-
Judicial department	9,887	7,651	2,236
Planning department	6,250	2,193	4,057
Executive department	2,633	2,031	602
Elections department	1,500	1,008	492
<b>Total general government</b>	<b>391,213</b>	<b>386,047</b>	<b>5,166</b>
<b>Public safety:</b>			
Wages and benefits	495,541	486,681	8,860
Insurance	13,650	13,024	626
General operating and supplies	11,250	5,132	6,118
Vehicles	11,000	12,124	(1,124)
Office	10,000	9,758	242
Utilities	8,000	6,891	1,109
Other	7,750	8,913	(1,163)
<b>Total public safety</b>	<b>557,191</b>	<b>542,523</b>	<b>14,668</b>

**TOWN OF HAYDEN, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Public works:</b>			
<b>Streets department:</b>			
Wages and benefits	\$ 184,537	\$ 179,890	\$ 4,647
Utilities	27,000	29,927	(2,927)
Snow removal	25,000	12,383	12,617
Street cleaning and maintenance	24,500	20,381	4,119
General operating and supplies	17,000	11,270	5,730
Vehicles	5,000	2,808	2,192
Insurance	4,825	6,142	(1,317)
Other	4,650	3,039	1,611
<b>Total streets department</b>	<b>292,512</b>	<b>265,840</b>	<b>26,672</b>
<b>Mosquito control department:</b>			
Wages and benefits	9,100	5,488	3,612
Operating supplies	6,000	5,782	218
Chemicals	5,000	5,173	(173)
Other	1,005	520	485
<b>Total mosquito control department</b>	<b>21,105</b>	<b>16,963</b>	<b>4,142</b>
<b>Total public works</b>	<b>313,617</b>	<b>282,803</b>	<b>30,814</b>
<b>Recreation department:</b>			
Wages and benefits	24,770	20,046	4,724
Recreation programs	14,000	11,645	2,355
Special events	13,000	14,057	(1,057)
Other	7,270	4,658	2,612
<b>Total recreation department</b>	<b>59,040</b>	<b>50,406</b>	<b>8,634</b>
<b>Parks department:</b>			
Wages and benefits	57,790	48,567	9,223
Utilities	11,000	17,414	(6,414)
General operating	10,100	6,759	3,341
Insurance	5,350	5,235	115
Repairs and maintenance	5,000	7,113	(2,113)
Other	2,800	2,548	252
<b>Total parks department</b>	<b>92,040</b>	<b>87,636</b>	<b>4,404</b>

**TOWN OF HAYDEN, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
Economic development	\$ 5,600	\$ 11,704	\$ (6,104)
Capital expenditures	477,421	503,014	(25,593)
Debt service:			
Principal	36,000	36,000	-
Interest	79,250	78,563	687
Contingency	26,477	-	26,477
<b>Total expenditures</b>	<b>2,037,849</b>	<b>1,978,696</b>	<b>59,153</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>274,241</b>	<b>537,523</b>	<b>263,282</b>
<b>Other financing sources (uses):</b>			
Transfers in	-	431,361	431,361
Transfers out	(45,000)	(759,347)	714,347
<b>Total other financing sources (uses)</b>	<b>(45,000)</b>	<b>(327,986)</b>	<b>(282,986)</b>
<b>Net change in fund balance</b>	<b>\$ 229,241</b>	<b>209,537</b>	<b>\$ (19,704)</b>
<b>Fund balance, beginning of year</b>		<b>90,558</b>	
<b>Fund balance, end of the year</b>		<b>\$ 300,095</b>	

TOWN OF HAYDEN, COLORADO  
 Combining Balance Sheet  
 Non-major Governmental Funds  
 December 31, 2010

(with summarized financial information as of December 31, 2009)

	Conservation Trust Fund	Development Fees Fund	Capital Replacement Fund	Hayden Public Library	2010 Total	2009 Total
<b>Assets:</b>						
Cash and cash equivalents	\$ 67,485	\$ 117,755	\$ -	\$ 148,416	\$ 333,656	\$ 770,412
<b>Total assets</b>	<b>67,485</b>	<b>117,755</b>	<b>-</b>	<b>148,416</b>	<b>333,656</b>	<b>770,412</b>
<b>Fund balance:</b>						
Restricted for:						
Open space and parks	67,485	-	-	-	67,485	77,224
Unrestricted:						
Committed	-	99,230	-	148,416	247,646	261,827
Assigned	-	18,525	-	-	18,525	431,361
<b>Total fund balance</b>	<b>\$ 67,485</b>	<b>\$ 117,755</b>	<b>\$ -</b>	<b>\$ 148,416</b>	<b>\$ 333,656</b>	<b>\$ 770,412</b>

**TOWN OF HAYDEN, COLORADO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2010**  
**(with summarized financial information for the year ended December 31, 2009)**

	Conservation Trust Fund	Development Fees Fund	Capital Replacement Fund	Hayden Public Library	2010 Total	2009 Total
<b>Revenues:</b>						
Intergovernmental	\$ 16,401	\$ -	\$ -	\$ -	\$ 16,401	\$ 17,507
Interest	155	-	-	2,009	2,164	6,191
Other	-	-	-	5,373	5,373	11,308
<b>Total revenues</b>	<b>16,556</b>	<b>-</b>	<b>-</b>	<b>7,382</b>	<b>23,938</b>	<b>35,006</b>
<b>Expenditures:</b>						
General government	-	-	-	3,038	3,038	9,403
Capital expenditures	26,295	-	-	-	26,295	25,507
<b>Total expenditures</b>	<b>26,295</b>	<b>-</b>	<b>-</b>	<b>3,038</b>	<b>29,333</b>	<b>34,910</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,739)</b>	<b>-</b>	<b>-</b>	<b>4,344</b>	<b>(5,395)</b>	<b>96</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	61,917
Transfers out	-	-	(431,361)	-	(431,361)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(431,361)</b>	<b>-</b>	<b>(431,361)</b>	<b>61,917</b>
<b>Net change in fund balances</b>	<b>(9,739)</b>	<b>-</b>	<b>(431,361)</b>	<b>4,344</b>	<b>(436,756)</b>	<b>62,013</b>
<b>Fund balance, beginning of year</b>	<b>77,224</b>	<b>117,755</b>	<b>431,361</b>	<b>144,072</b>	<b>770,412</b>	<b>708,399</b>
<b>Fund balance, end of year</b>	<b>\$ 67,485</b>	<b>\$ 117,755</b>	<b>\$ -</b>	<b>\$ 148,416</b>	<b>\$ 333,656</b>	<b>\$ 770,412</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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 15,000	\$ 16,401	\$ 1,401
Interest	500	155	(345)
<b>Total revenues</b>	<u>15,500</u>	<u>16,556</u>	<u>1,056</u>
<b>Expenditures:</b>			
Capital expenditures	<u>62,286</u>	<u>26,295</u>	<u>35,991</u>
<b>Total expenditures</b>	<u>62,286</u>	<u>26,295</u>	<u>35,991</u>
<b>Net change in fund balance</b>	<u>\$ (46,786)</u>	<u>(9,739)</u>	<u>\$ 37,047</u>
<b>Fund balance, beginning of year</b>		<u>77,224</u>	
<b>Fund balance, end of year</b>		<u>\$ 67,485</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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Development fees	\$ -	\$ -	\$ -
Interest	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
General government	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund balance, beginning of year</b>		<u>117,755</u>	
<b>Fund balance, end of year</b>		<u>\$ 117,755</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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Interest	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Capital expenditures	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>			
Transfers out	-	(431,361)	(431,361)
<b>Total other financing sources</b>	<u>-</u>	<u>(431,361)</u>	<u>(431,361)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(431,361)</u>	<u>\$ (431,361)</u>
<b>Fund balance, beginning of year</b>		<u>431,361</u>	
<b>Fund balance, end of year</b>		<u>\$ -</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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 3,500	\$ 2,009	\$ (1,491)
Other	8,000	5,373	(2,627)
<b>Total revenues</b>	<u>11,500</u>	<u>7,382</u>	<u>(4,118)</u>
<b>Expenditures:</b>			
Professional fees	1,000	-	1,000
General and administrative	7,500	3,038	4,462
<b>Total expenditures</b>	<u>8,500</u>	<u>3,038</u>	<u>5,462</u>
<b>Net change in fund balance</b>	<u>\$ 3,000</u>	4,344	<u>\$ 1,344</u>
<b>Fund balance, beginning of year</b>		<u>144,072</u>	
<b>Fund balance, end of year</b>		<u>\$ 148,416</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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for services:			
Water	\$ 476,270	\$ 444,967	\$ (31,303)
Sewer	187,860	182,301	(5,559)
Refuse	123,000	124,690	1,690
Plant investment fees:			
Water	48,000	55,880	7,880
Sewer	24,000	29,568	5,568
Other	21,850	24,689	2,839
<b>Total revenues</b>	<b>880,980</b>	<b>862,095</b>	<b>(18,885)</b>
<b>Expenditures:</b>			
Water:			
Operating:			
Wages and benefits	167,315	140,613	26,702
Insurance	9,550	9,378	172
Repairs and maintenance	9,000	13,716	(4,716)
Professional fees	5,000	5,074	(74)
Other	8,000	6,441	1,559
<b>Total operating</b>	<b>198,865</b>	<b>175,222</b>	<b>23,643</b>
Water treatment plant:			
Utilities	28,000	24,080	3,920
Chemicals	15,000	19,623	(4,623)
Repairs and maintenance	12,000	16,863	(4,863)
Capital outlay	5,000	13,950	(8,950)
<b>Total water treatment plant</b>	<b>60,000</b>	<b>74,516</b>	<b>(14,516)</b>
Golden meadows department:			
Utilities	9,000	9,477	(477)
Repairs and maintenance	5,150	102	5,048
<b>Total golden meadows department</b>	<b>14,150</b>	<b>9,579</b>	<b>4,571</b>
Hospital hill department:			
Utilities	9,000	9,363	(363)
Repairs and maintenance	5,000	1,177	3,823
<b>Total hospital hill department</b>	<b>14,000</b>	<b>10,540</b>	<b>3,460</b>

**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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Meters department:</b>			
Repairs and maintenance	\$ 5,000	\$ 6,951	\$ (1,951)
Supplies	5,000	5,358	(358)
Other	800	787	13
<b>Total meters department</b>	<b>10,800</b>	<b>13,096</b>	<b>(2,296)</b>
<b>Water rights department:</b>			
Water storage	14,800	14,800	-
Repairs and maintenance	5,000	3,487	1,513
Other	1,000	-	1,000
<b>Total water rights department</b>	<b>20,800</b>	<b>18,287</b>	<b>2,513</b>
<b>Water distribution:</b>			
Repairs and maintenance	20,000	1,071	18,929
Other	1,000	-	1,000
<b>Total water distribution</b>	<b>21,000</b>	<b>1,071</b>	<b>19,929</b>
<b>Administration:</b>			
Wages and benefits	37,895	31,297	6,598
Other	1,500	1,885	(385)
<b>Total administration</b>	<b>39,395</b>	<b>33,182</b>	<b>6,213</b>
<b>Total water</b>	<b>379,010</b>	<b>335,493</b>	<b>43,517</b>
<b>Sewer:</b>			
<b>Operating:</b>			
Wages and benefits	141,450	115,122	26,328
Professional fees	10,000	387	9,613
Repairs and maintenance	3,000	1,321	1,679
Insurance	2,515	2,605	(90)
Other	5,950	4,049	1,901
<b>Total operating</b>	<b>162,915</b>	<b>123,484</b>	<b>39,431</b>
<b>Sewer treatment plant:</b>			
Utilities	50,000	52,096	(2,096)
Repairs and maintenance	14,000	9,813	4,187
Chemicals	4,500	6,218	(1,718)
Other	-	2,119	(2,119)
<b>Total sewer treatment plant</b>	<b>68,500</b>	<b>70,246</b>	<b>(1,746)</b>

**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, 2010**

	Original and Final Budget	Actual	Variance Positive (Negative)
Washington street:			
Utilities	\$ 1,200	\$ 1,004	\$ 196
Other	1,250	346	904
<b>Total washington street</b>	<b>2,450</b>	<b>1,350</b>	<b>1,100</b>
Sewer collection system:			
Repairs and maintenance	5,000	6,073	(1,073)
Other	1,000	-	1,000
<b>Total sewer collection system</b>	<b>6,000</b>	<b>6,073</b>	<b>(73)</b>
Lift stations:			
Utilities	4,800	7,205	(2,405)
Development	-	18,200	(18,200)
Other	2,450	2,727	(277)
<b>Total lift stations</b>	<b>7,250</b>	<b>28,132</b>	<b>(20,882)</b>
Administration:			
Wages and benefits	37,895	31,297	6,598
Other	1,500	1,853	(353)
<b>Total administration</b>	<b>39,395</b>	<b>33,150</b>	<b>6,245</b>
<b>Total sewer</b>	<b>286,510</b>	<b>262,435</b>	<b>24,075</b>
Refuse collection:			
Contract services	123,000	124,690	(1,690)
<b>Total refuse collection</b>	<b>123,000</b>	<b>124,690</b>	<b>(1,690)</b>
Debt service:			
Principal	73,896	73,896	-
Interest	43,104	41,832	1,272
Contingency	20,000	-	20,000
<b>Total expenditures</b>	<b>925,520</b>	<b>838,346</b>	<b>87,174</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(44,540)</b>	<b>23,749</b>	<b>68,289</b>

**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, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Other financing sources (uses):</b>			
Transfers in	\$ 45,000	\$ 759,347	\$ 714,347
<b>Total other financing sources</b>	<u>45,000</u>	<u>759,347</u>	<u>714,347</u>
<b>Excess of revenues and other financing sources over expenditures</b>	<u>\$ 460</u>	783,096	<u>\$ 782,636</u>
<b>Reconciliation to US GAAP basis:</b>			
Capitalized expenditures		13,950	
Debt principal payments		73,896	
Capital assets contributed by developers		661,326	
Depreciation		<u>(392,827)</u>	
<b>Net income - US GAAP basis</b>		1,139,441	
<b>Net assets, beginning of year</b>		<u>5,590,521</u>	
<b>Net assets, end of year</b>		<u>\$ 6,729,962</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 2010
This Information From The Records Of: Town of Hayden	Prepared By:	Lisa Dowling
	Phone: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**

ITEM	AMOUNT
<b>A. Receipts from local sources:</b>	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	246,583
3. Other local imposts (from page 2)	37,278
4. Miscellaneous local receipts (from page 2)	6,868
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	0
b. Bonds - Refunding Issues	0
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	290,729
<b>B. Private Contributions</b>	
<b>C. Receipts from State government (from page 2)</b>	496,181
<b>D. Receipts from Federal Government (from page 2)</b>	0
<b>E. Total receipts (A.7 + B + C + D)</b>	786,910

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

ITEM	AMOUNT
<b>A. Local highway disbursements:</b>	
1. Capital outlay (from page 2)	432,198
2. Maintenance:	160,728
3. Road and street services:	
a. Traffic control operations	25,639
b. Snow and ice removal	30,372
c. Other	0
d. Total (a. through c.)	56,011
4. General administration & miscellaneous	12,024
5. Highway law enforcement and safety	67,005
6. Total (1 through 5)	727,966
<b>B. Debt service on local obligations:</b>	
1. Bonds:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
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>	0
<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	727,966

**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
	207,010	786,910	727,966	265,954	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<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	6,868
1. Sales Taxes	0	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	37,278	g. Other Misc. Receipts	0
6. Total (1. through 5.)	37,278	h. Other	0
c. Total (a. + b.)	37,278	i. Total (a. through h.)	6,868
	(Carry forward to page		(Carry forward to page

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	63,034	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	7,331	d. Federal Transit Admin	0
d. Other (Specify) -DOLA grant	369,277	e. U.S. Corps of Engineers	0
e. Other (Specify) -CDOT grant	56,539	f. Other Federal	0
f. Total (a. through e.)	433,147	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	496,181	3. Total (1. + 2.g)	
			(Carry forward to page

**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	23,265	23,265
c. Construction:			
(1). New Facilities		391,923	391,923
(2). Capacity Improvements		17,010	17,010
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	408,933	408,933
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	432,198	432,198
			(Carry forward to page

Notes and Comments: