

**TOWN OF HAYDEN, COLORADO**

**Financial Statements**

**December 31, 2011**

TOWN OF HAYDEN, COLORADO

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# CATTERSON

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, 2011, 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 2010 financial statements and, in our report dated May 5, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis and the General Fund budgetary comparison schedule is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Catterson & Company, P.C.*  
Steamboat Springs, Colorado  
July 2, 2012

Town of Hayden, Colorado  
Management's Discussion and Analysis  
December 31, 2011

**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.

**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, Finance Director and senior staff members are responsible for preparing the annual budget, which is adopted by the Council on or before December 15<sup>th</sup>. The Town Manager and Finance Director are responsible for financial reporting to the Town Council and to the public-at-large. The Town currently maintains four funds, which are as follows:

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

Also included in the Town's financial statements is one component unit, the Hayden Public Library Fund.

**Financial Information**

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The Town's annual audit is performed 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**

During 2011, 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 7.376 mills were rebated to the taxpayers. Tax revenue from property tax was \$532,721, a 4.2% increase from 2010, although assessed valuation certified by the Routt County Assessor decreased from \$30,092,631 in 2010 to \$30,143,462 in 2011. The increase in revenues was due to delinquent taxes paid from the prior year and that as allowed by the 5.5% Statutory Property Tax Limit. Sales tax revenues were \$786,296, a 6% (-\$48,776) decrease from 2010. Sales tax revenues were budgeted for \$725,000, which was an expected 13% decrease from 2010s actual revenues. The result is a positive variance of \$61,296. Total sales tax revenues generated in 2011 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 \$120,559, a positive variance of \$10,559. However, these revenues dropped 6% in 2011 compared to 2010.

Grant & funding contributions in the General Fund for 2011 included:

- \$16,499 from the State of Colorado to finish the sidewalk extension on Poplar Street that began in 2010 using ARRA Enhancement and Safe Routes to School funds. There are remaining grant funds for sidewalk extension of \$104,981 to be used by the Town in future years;
- \$56,568 from the State of Colorado Division of Criminal Justice to fund a 5<sup>th</sup> patrol officer;
- \$1,500 from Colorado Tree Coalition for the planting of new trees;
- \$3,000 from Triple Crown Sports for the maintenance of two baseball fields in Dry Creek Park;

The Enterprise Fund included a grant for \$10,000 from Colorado Water Resources and Power Development Authority for planning and design for the Sewer Outfall Project scheduled to be constructed in the fall of 2012.

The assets of the Town, including governmental and business-type activities, exceed its liabilities at the close of the 2011 fiscal year by \$19,967,759 (net assets). Of this amount, \$1,031,387 is unrestricted and may be used to meet the Town's future capital and operating expenses. \$78,970 is restricted and designated for specific activities allowed pursuant to Conservation Trust Fund and \$143,000 is reserved for emergencies as contained in TABOR and \$117,755 are reserved for future improvements as required through developer fees. 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 \$19,967,759 at the close of 2011. Of this amount, \$1,031,387 is unrestricted and available to meet the Town's future capital and operating expenses.

### Statement of Net Assets

	Governmental Activities	Business-Type Activities	2011 Totals	2010 Totals
<b>Assets</b>				
Current and Other Assets	1,649,939	334,061	1,984,000	1,482,076
Capital Assets	13,648,411	7,243,315	20,891,726	20,907,711
<b>Total Assets</b>	<b>15,298,350</b>	<b>7,577,376</b>	<b>22,875,726</b>	<b>22,389,787</b>
<b>Liabilities</b>				
Current Liabilities	686,121	190,855	876,976	732,584
Non current Liabilities	1,267,232	763,759	2,030,991	2,189,506
<b>Total Liabilities</b>	<b>1,953,353</b>	<b>954,614</b>	<b>2,907,967</b>	<b>2,922,090</b>
<b>Net Assets</b>				
Invested in Capital, net of debt	12,315,508	6,398,894	18,714,402	18,718,205
Restricted for Emergencies (TABOR)	143,000		143,000	143,000
Restricted for Open Space and Parks	78,970		78,970	67,485
Unrestricted	807,519	223,868	1,031,387	539,007
<b>Total Net Assets</b>	<b>13,344,997</b>	<b>6,622,762</b>	<b>19,967,759</b>	<b>19,467,697</b>

The largest of the Town's net assets (94% 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 \$78,970 restricted for open space and parks as accounted for in the Conservation Trust Fund. The remaining balance of governmental net assets of \$807,519 is unrestricted and may be used to meet the Town's future capital and operating expenses.

### Statement of Activities

For 2011, total revenues for Governmental Activities exceeded expenses by \$682,262. Included in expenses is the transfer out to the Enterprise Fund (\$75,000) to help defray the cost of utilities to the Town's users. For Business-type Activities (i.e. the Enterprise Fund) expenditures exceeded revenues by \$182,200, softened by the General Fund transfer in of \$75,000, resulting in a change in net assets of (\$107,200).

The following condensed table of changes in net assets illustrates changes in net assets for Governmental Activities and Business-type Activities for 2011.

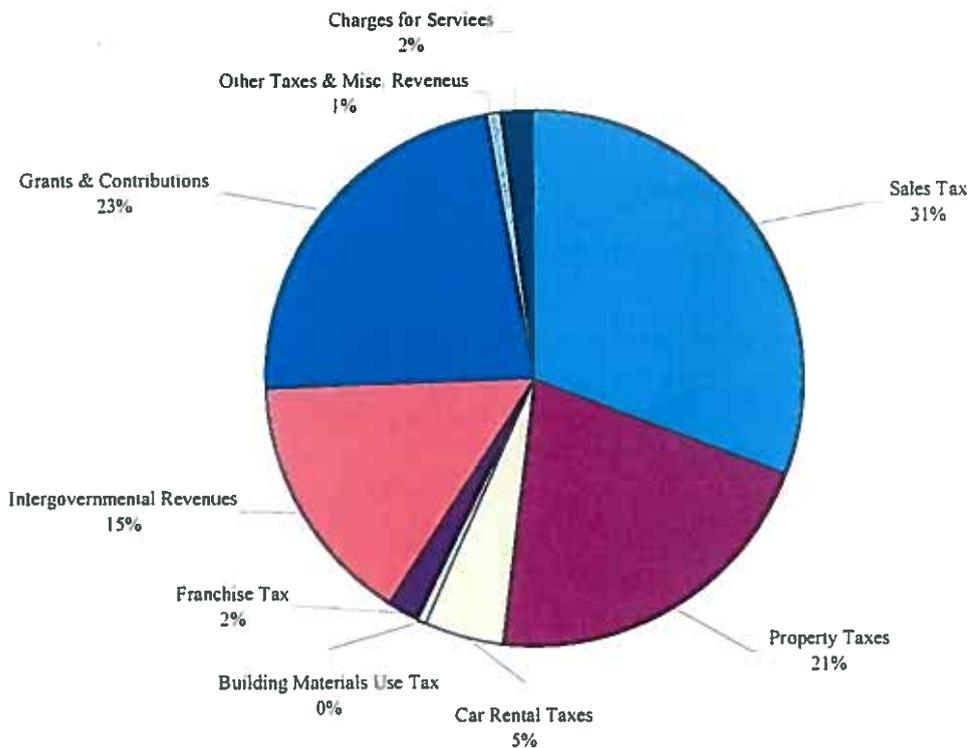
**Statement of Activities**

	Governmental Activities	Business-Type Activities	2011 Totals	2010 Totals
<b>Revenues</b>				
Program Revenues:				
Charges for Services	47,276	984,144	1,031,420	828,271
Operating Grants & Contributions	43,474	10,000	53,474	15,251
Capital Grants & Contributions	579,937	31,197	611,134	1,345,684
General Revenues:				
Taxes	1,508,746	0	1,508,746	1,558,447
Intergovernmental Revenues	388,129	0	388,129	340,570
Interest	3,193	0	3,193	4,183
Miscellaneous Income	13,185		13,185	16,172
<b>Total Revenues</b>	<b>2,583,940</b>	<b>1,025,341</b>	<b>3,609,281</b>	<b>4,108,578</b>
<b>Expenses</b>				
General Government	399,132		399,132	409,938
Public Safety	634,611		634,611	631,757
Public Works	628,606		628,606	560,139
Parks	114,167		114,167	185,111
Recreation	45,150		45,150	11,704
Economic Development	510		510	
Interest on Long-Term Debt	79,502		79,502	78,249
Water		672,721	672,721	612,981
Sewer		409,979	409,979	405,656
Refuse		124,841	124,841	124,690
<b>Total Expenses</b>	<b>1,901,678</b>	<b>1,207,541</b>	<b>3,109,219</b>	<b>3,020,225</b>
<b>Excess Revenues over Expenses</b>	<b>682,262</b>	<b>(182,200)</b>	<b>500,062</b>	<b>1,088,353</b>
<b>Transfers</b>	<b>(75,000)</b>	<b>75,000</b>	<b>0</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>607,262</b>	<b>(107,200)</b>	<b>500,062</b>	<b>1,088,353</b>
Net Assets, Beginning	12,737,735	6,729,962	19,467,697	18,379,344
Net Assets, End of Year	13,344,997	6,622,762	19,967,759	19,467,697

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 Council, Public Safety, Public Works, including Streets, Mosquito Control, Parks, and Recreation.

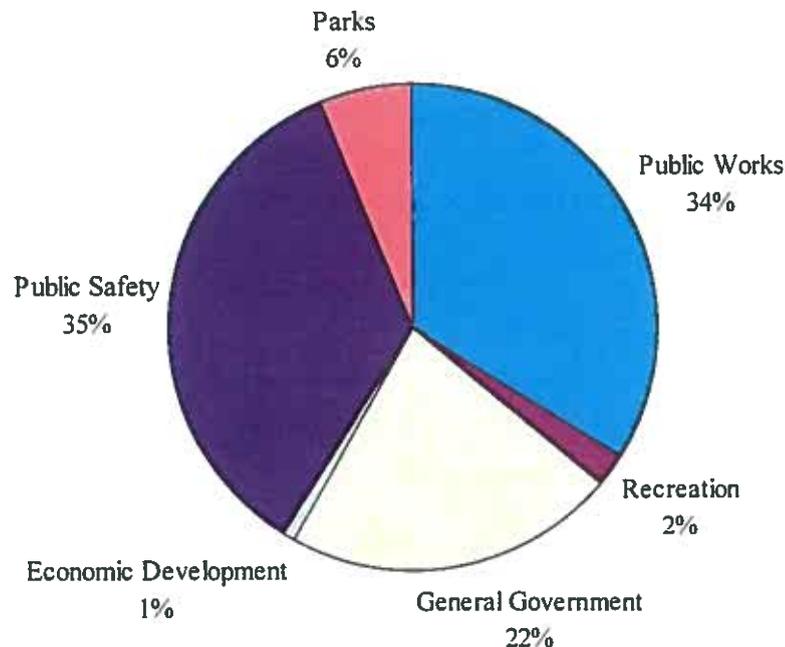
The following two charts illustrate the Governmental Activities revenues and expenses.

### Revenues by Source - Governmental Activities



Grant and Contributions revenues, comprising 23% of total 2011 revenues, consist of grant revenues previously listed for a total of \$77,567. Contributions include the contribution of County Roads 51 and 51A at Yampa Valley Regional Airport per the termination of the IGA with Routt County. Previously, the County owned these portions of the roads and the Town contributed \$12,163/year for road maintenance. In 2011, the agreement was terminated and the ownership of the roads was transferred to the Town at a value of \$579,937. 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). In 2011, Severance Tax and Mineral Lease was budgeted at \$28,000 and \$50,000, and actual revenues were \$154,020 and \$53,928, resulting in a positive variance for a total of \$137,648. 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 31% of total revenues and is the largest contributor to total revenues, although due to current economic conditions, the dollar amount declined in 2011 from 2010, as previously noted.

## Expenses by Function- Governmental Activities



General government expenditures include the cost of Administration, Planning, Executive, Legislative, Judicial, Building, and Data Processing. Expenditures in this category decreased slightly by 3% from 2010 due to unforeseen expenses associated with the loss and replacement of the Town Clerk.

Public Safety expenditures increased slightly in 2011 due to the addition of a 5<sup>th</sup> Police officer, although the cost was offset by grant revenues. An Interim Chief of Police took over for the previous Chief and controls were put in place so that officer scheduling minimized overtime costs.

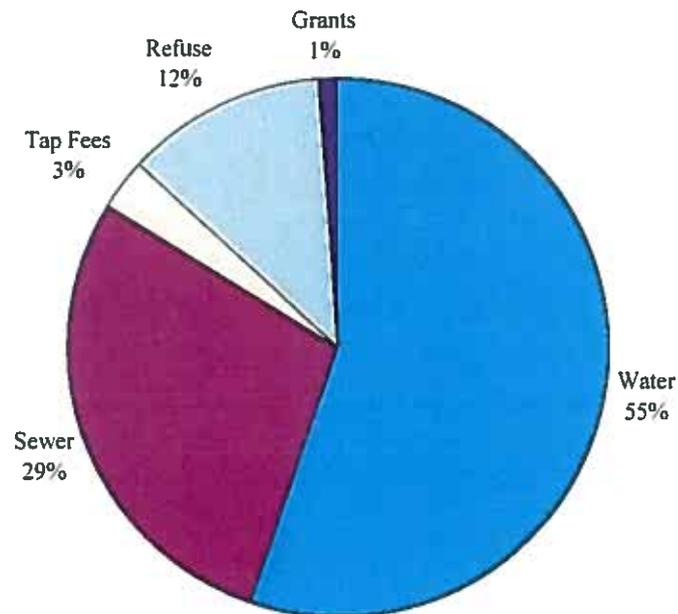
Public Works Department (Streets and Mosquito Control) operating costs increased 11%, due to reallocation of employees' wages from Parks and Recreation to Streets.

Parks and Recreation expenditures decreased 14% from 2010 as the economic conditions forced tight budgetary controls in this department and due to a reallocation of employee wages as previously noted. No major projects or improvements were accomplished during 2011.

## Business-type Activities

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

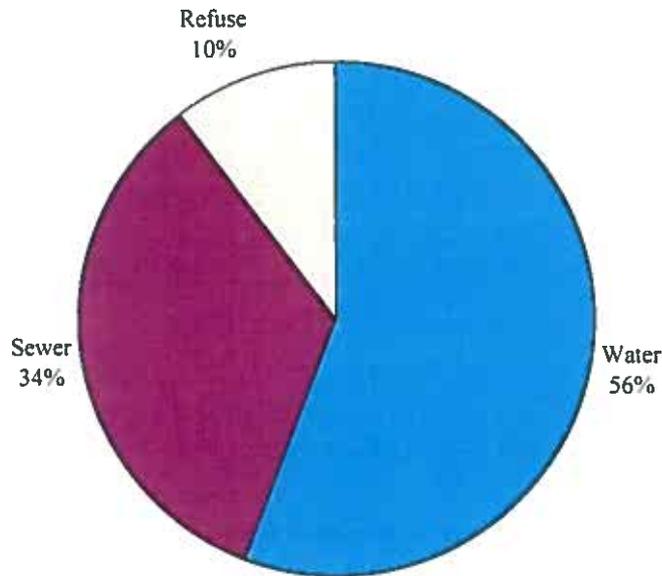
### Revenues by Source - Business-type Activities



During 2011, water and sewer base rates were increased an average of 25% in order to minimize General Fund contributions and to fund increasing operation costs. Tap fees, otherwise known as plant investment fees, decreased \$54,251 from 2010, most likely due to the struggling economy and the lack of new construction.

The Town's Enterprise Fund system revenues exceeded system operating expenses by \$116,558 in 2011 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 Ordinance 637 on December 1, 2010 to increase water and sewer base rate charges in 2011 to ensure the fund remains solvent and to fund debt on a State-mandated repositioning of the sewer outfall.

## Expenses by Source - Business-type Activities



Water and sewer expenditures increased in 2011 6% from costs incurred in 2010, with the majority of the increase attributable to the addition of a water and sewer plant operator and associated wage, taxes and benefits costs.

### THE TOWN'S FUNDS

The Town of Hayden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (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 non-major 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, the balance has been depleted by a transfer to the Enterprise fund in 2010 and a method for rebuilding this fund will be established in 2013.

*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.

## **DEBT ADMINISTRATION**

At December 31, 2011, the Town had outstanding debt of \$844,421 for business-type activities that included water treatment plant improvements and infrastructure installation and improvements. If carried until maturity in 2022, principal and interest payments will be \$1,049,227. In 2008, the Town entered into a lease-purchase agreement with Alpine Bank for the construction of a new police station. The balance for this governmental activities debt requirement is \$1,298,270. If carried until maturity in 2028, principal and interest will be \$2,066,586.

## **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 that provide grant funding for water, sanitary sewer, stormwater and road programs.

In 2010 the Town experienced a cash flow problem when expenditures exceeded available total combined fund balance and revenues. To overcome this situation the Town obtained a short term promissory note from Mountain Valley Bank which was repaid.

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 rate increases included in Ordinance 637 were projected to provide increased revenues but still fall short of expected expenditures. In December 2011 the Town Council adopted Ordinance 647 increasing water and sanitary sewer base rates to close some of the shortfall between utility revenue and expense.

The Enterprise Fund assets lost value in 2011 due to depreciation. This means that the utility infrastructure is aging and not being replaced at a pace adequate to maintain the utility over the course of time. This is a situation that cannot be sustained for long without the Enterprise Fund incurring increased capital replacement expenses.

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 \$2,142,691. These debts are by four notes, one lease purchase agreement and payment for a front-end loader 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 \$173,000 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 2011 year end the General Fund balance is equal to approximately 40% and an Enterprise Fund balance is equal to approximately 5%. In December 2011 the Town Council raised base utility rates for water and sanitary sewer users to continue 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 will be 1) to develop a capital fund plan for the water utility; 2) to grow the Town's enterprise fund balances, including monitoring the utility rates so the water and sanitary sewer rates financially support expenses; 3) to review investments and develop an investment schedule that ensures appropriate cash flow and maximizes the return on investment; and, 4) to fund equipment, vehicles and capital purchases using available cash.

**Financial Highlights for 2011 include:**

1. The General Fund balance grew from its 2009 year-end balance of approximately \$90,560 to a cash balance of approximately \$660,815.
2. The Enterprise Fund had an excess of revenues over expenditures of approximately \$22,385.
3. Depreciation was greater than capital investment in the water and sewer departments. The difference indicates an aging infrastructure and is not a sustainable trend.
4. The slide in sales tax revenues slowed with a 1.2% (\$9,140) decline in 2011 compared to 2010. The greatest decline was from 2008 -2009 when sales tax revenue declined 23.3% (\$261,585).
5. The Town's 3.5% Vehicle Rental Tax revenues declined two percent (\$2,560) in 2011 compared to 2010.
6. The Severance Tax and Mineral Lease revenues increased 30.5% (48,518) from 2010 to 2011. This one time revenue source is inconsistent year-to-year and because of this inconsistency is best used for one time capital purchases.

**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, 2011**  
(with summarized financial information as of December 31, 2010)

	2011			2010 Total
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,000,551	\$ 42,298	\$ 1,042,849	\$ 571,963
Due from other governments	48,866	-	48,866	59,315
Accounts receivable	33,460	108,763	142,223	106,371
Grants receivable	15,728	10,000	25,728	34,093
Property tax receivable	519,000	-	519,000	532,000
Restricted cash reserve	32,334	173,000	205,334	178,334
Capital assets, net of accumulated depreciation	13,648,411	7,243,315	20,891,726	20,907,711
<b>Total assets</b>	<b>15,298,350</b>	<b>7,577,376</b>	<b>22,875,726</b>	<b>22,389,787</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	58,715	32,961	91,676	81,392
Accrued interest payable	10,401	8,179	18,580	19,788
Customer deposits	-	69,053	69,053	67,070
Letter of credit proceeds	32,334	-	32,334	32,334
Deferred revenue	519,000	-	519,000	532,000
Noncurrent liabilities:				
Due within one year	65,671	80,662	146,333	116,205
Due in more than one year	1,267,232	763,759	2,030,991	2,073,301
<b>Total liabilities</b>	<b>1,953,353</b>	<b>954,614</b>	<b>2,907,967</b>	<b>2,922,090</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	12,315,508	6,398,894	18,714,402	18,718,205
Restricted for:				
Emergencies	143,000	-	143,000	143,000
Open space and parks	78,970	-	78,970	67,485
Unrestricted	807,519	223,868	1,031,387	539,007
<b>Total net assets</b>	<b>\$ 13,344,997</b>	<b>\$ 6,622,762</b>	<b>\$ 19,967,759</b>	<b>\$ 19,467,697</b>

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

TOWN OF HAYDEN, COLORADO  
Statement of Activities

For the Year Ended December 31, 2011

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

2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			2010 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	\$ 399,132	\$ 31,634	\$ -	\$ -	\$ (367,498)	\$ -	\$ (367,498)	\$ (339,658)
Public safety	634,611	-	56,568	-	(578,043)	-	(578,043)	(631,757)
Public works	628,606	-	(17,594)	579,937	(66,263)	-	(66,263)	(100,229)
Parks	114,167	-	4,500	-	(109,667)	-	(109,667)	(40,705)
Recreation	45,150	15,642	-	-	(29,508)	-	(29,508)	(17,873)
Economic development	510	-	-	-	(510)	-	(510)	(2,642)
Interest on general long-term debt	79,502	-	-	-	(79,502)	-	(79,502)	(78,249)
<b>Total governmental activities</b>	<b>1,901,678</b>	<b>47,276</b>	<b>43,474</b>	<b>579,937</b>	<b>(1,230,991)</b>	<b>-</b>	<b>(1,230,991)</b>	<b>(1,211,113)</b>
<b>Business-type activities:</b>								
Water	672,721	566,705	10,000	20,798	-	(75,218)	(75,218)	284,987
Sewer	409,979	292,484	-	10,399	-	(107,096)	(107,096)	95,107
Refuse	124,841	124,955	-	-	-	114	114	-
<b>Total business-type activities</b>	<b>1,207,541</b>	<b>984,144</b>	<b>10,000</b>	<b>31,197</b>	<b>-</b>	<b>(182,200)</b>	<b>(182,200)</b>	<b>380,094</b>
<b>Total primary government</b>	<b>\$ 3,109,219</b>	<b>\$ 1,031,420</b>	<b>\$ 53,474</b>	<b>\$ 611,134</b>	<b>(1,230,991)</b>	<b>(182,200)</b>	<b>(1,413,191)</b>	<b>(831,019)</b>
<b>General revenues:</b>								
<b>Taxes:</b>								
Sales tax					786,296	-	786,296	835,072
General property tax					532,721	-	532,721	510,488
Car rental tax					120,559	-	120,559	128,663
Building materials use tax					10,651	-	10,651	20,517
Franchise tax					53,812	-	53,812	59,800
Cigarette tax					3,594	-	3,594	3,172
Lodging tax					1,113	-	1,113	735
Intergovernmental					388,129	-	388,129	340,570
Interest					3,193	-	3,193	4,183
Other					13,185	-	13,185	16,172
Net transfers					(75,000)	75,000	-	-
<b>Total general revenues and transfers</b>					<b>1,838,253</b>	<b>75,000</b>	<b>1,913,253</b>	<b>1,919,372</b>
Change in net assets					607,262	(107,200)	500,062	1,088,353
Net assets, beginning of year					12,737,735	6,729,962	19,467,697	18,379,344
Net assets, end of year					\$ 13,344,997	\$ 6,622,762	\$ 19,967,759	\$ 19,467,697

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

**TOWN OF HAYDEN, COLORADO**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2011**  
(with summarized financial information as of December 31, 2010)

	General Fund	Other Governmental Funds	2011 Total Governmental Funds	2010 Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 660,817	\$ 339,734	\$ 1,000,551	\$ 571,963
Due from other governments	48,866	-	48,866	59,315
Accounts receivable	33,460	-	33,460	35,047
Grants receivable	15,728	-	15,728	34,093
Property tax receivable	519,000	-	519,000	532,000
Restricted cash	32,334	-	32,334	32,334
<b>Total assets</b>	<b>\$ 1,310,205</b>	<b>\$ 339,734</b>	<b>\$ 1,649,939</b>	<b>\$ 1,264,752</b>
<b>Liabilities and fund balance:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 58,715	\$ -	\$ 58,715	\$ 66,667
Letter of credit proceeds	32,334	-	32,334	32,334
Deferred revenue	519,000	-	519,000	532,000
<b>Total liabilities</b>	<b>610,049</b>	<b>-</b>	<b>610,049</b>	<b>631,001</b>
<b>Fund balance:</b>				
Restricted	143,000	78,970	221,970	210,485
Unrestricted:				
Committed	54,337	242,239	296,576	247,646
Assigned	-	18,525	18,525	18,525
Unassigned	502,819	-	502,819	157,095
<b>Total fund balances</b>	<b>700,156</b>	<b>339,734</b>	<b>1,039,890</b>	<b>633,751</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,310,205</b>	<b>\$ 339,734</b>	<b>\$ 1,649,939</b>	<b>\$ 1,264,752</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, 2011**

Governmental funds total fund balance		\$ 1,039,890
<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	\$ 17,813,776	
Less accumulated depreciation	<u>(4,165,365)</u>	13,648,411
<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>		
		(1,332,903)
<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>(10,401)</u>
Governmental activities net assets		<u>\$ 13,344,997</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, 2011**  
(with summarized financial information for the year ended December 31, 2010)

	General Fund	Other Governmental Funds	2011 Total Governmental Funds	2010 Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,508,746	\$ -	\$ 1,508,746	\$ 1,558,447
Intergovernmental	371,656	16,473	388,129	340,570
Licenses, permits and fees	8,834	-	8,834	6,544
Charges for services	3,930	-	3,930	6,365
Fines and forfeitures	13,434	-	13,434	6,998
Grants	43,474	-	43,474	569,161
Recreation programs	15,642	-	15,642	26,344
Interest	771	2,422	3,193	4,183
Other	13,185	5,436	18,621	21,545
<b>Total revenues</b>	<b>1,979,672</b>	<b>24,331</b>	<b>2,004,003</b>	<b>2,540,157</b>
<b>Expenditures:</b>				
General government:				
Administration	246,639	-	246,639	289,263
Legislative	36,419	-	36,419	35,930
Building department	36,952	-	36,952	20,968
Other	40,549	18,253	58,802	42,924
Public safety	554,903	-	554,903	542,523
Public works:				
Streets department	303,614	-	303,614	265,840
Mosquito control department	17,399	-	17,399	16,963
Recreation department	45,150	-	45,150	50,406
Parks department	65,717	-	65,717	87,636
Economic development	510	-	510	11,704
Capital expenditures	145,186	-	145,186	529,309
Debt service:				
Principal	61,291	-	61,291	36,000
Interest	79,843	-	79,843	78,563
<b>Total expenditures</b>	<b>1,634,172</b>	<b>18,253</b>	<b>1,652,425</b>	<b>2,008,029</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>345,500</b>	<b>6,078</b>	<b>351,578</b>	<b>532,128</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	431,361
Transfers out	(75,000)	-	(75,000)	(1,190,708)
Proceeds from capital lease	129,561	-	129,561	-
<b>Total other financing sources (uses)</b>	<b>54,561</b>	<b>-</b>	<b>54,561</b>	<b>(759,347)</b>
<b>Net change in fund balances</b>	<b>400,061</b>	<b>6,078</b>	<b>406,139</b>	<b>(227,219)</b>
<b>Fund balances, beginning of year</b>	<b>300,095</b>	<b>333,656</b>	<b>633,751</b>	<b>860,970</b>
<b>Fund balances, end of year</b>	<b>\$ 700,156</b>	<b>\$ 339,734</b>	<b>\$ 1,039,890</b>	<b>\$ 633,751</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, 2011**

Net change in fund balances - governmental funds	\$	406,139
<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 depreciation exceeded capitalized expenditures in the current period:</p>		
Capitalized expenditures	\$ 145,117	
Depreciation	<u>(459,249)</u>	(314,132)
<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>		
		3,247
<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>		
		61,291
<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>		
		341
<p>The issuance of long-term debt provides current financial resources to governmental funds. This transaction does not however, have any effect on net assets because although the Town has more current financial resources, it also has more long-term debt. This is the amount of governmental debt proceeds received during the year.</p>		
		(129,561)
<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>579,937</u>
Change in net assets of governmental activities	\$	<u><u>607,262</u></u>

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

**TOWN OF HAYDEN, COLORADO**  
**Proprietary (Enterprise) Fund**  
**Balance Sheet**  
**December 31, 2011**  
(w/with summarized financial information as of December 31, 2010)

	<u>2011</u>	<u>2010</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 42,298	\$ -
Accounts receivable	108,763	71,324
Grants receivable	10,000	-
<b>Total current assets</b>	<u>161,061</u>	<u>71,324</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	7,243,315	7,525,106
Restricted cash	173,000	146,000
<b>Total noncurrent assets</b>	<u>7,416,315</u>	<u>7,671,106</u>
<b>Total assets</b>	<u>7,577,376</u>	<u>7,742,430</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued expenses	32,961	14,725
Accrued interest payable	8,179	9,047
Customer deposits	69,053	67,070
Current portion of long-term debt	80,662	77,205
<b>Total current liabilities</b>	<u>190,855</u>	<u>168,047</u>
Noncurrent liabilities:		
Long-term debt	763,759	844,421
<b>Total liabilities</b>	<u>954,614</u>	<u>1,012,468</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	6,398,894	6,603,480
Unrestricted (deficit)	223,868	126,482
<b>Total net assets</b>	<u>\$ 6,622,762</u>	<u>\$ 6,729,962</u>

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

**TOWN OF HAYDEN, COLORADO**  
**Proprietary (Enterprise) Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2011**  
(with summarized financial information for the year ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
<b>Operating revenues:</b>		
<b>Charges for services:</b>		
Water	\$ 553,220	\$ 444,967
Sewer	275,735	182,301
Refuse	124,955	124,690
Other	30,234	24,689
	<u>984,144</u>	<u>776,647</u>
<b>Operating expenses:</b>		
Water	375,750	321,543
Sewer	318,216	262,435
Refuse	124,841	124,690
Depreciation	350,249	392,827
	<u>1,169,056</u>	<u>1,101,495</u>
<b>Operating income (loss)</b>	<u>(184,912)</u>	<u>(324,848)</u>
<b>Non-operating revenues (expenses):</b>		
Grants	10,000	-
Interest expense	(38,485)	(41,832)
	<u>(28,485)</u>	<u>(41,832)</u>
<b>Total non-operating revenues (expenses)</b>	<u>(28,485)</u>	<u>(41,832)</u>
<b>Net income (loss) before contributions and transfers</b>	(213,397)	(366,680)
<b>Capital assets contributed by developers</b>	-	661,326
<b>Plant investment fees:</b>		
Water	20,798	55,880
Sewer	10,399	29,568
<b>Transfers in</b>	<u>75,000</u>	<u>759,347</u>
<b>Net income (loss)</b>	(107,200)	1,139,441
<b>Net assets, beginning of year</b>	<u>6,729,962</u>	<u>5,590,521</u>
<b>Net assets, end of year</b>	<u>\$ 6,622,762</u>	<u>\$ 6,729,962</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, 2011**  
(with summarized financial information for the year ended December 31, 2010)

	2011	2010
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 948,688	\$ 785,653
Cash payments to vendors for goods and services	(548,529)	(530,486)
Cash payments to employees for services	(252,042)	(186,406)
<b>Net cash provided (used) by operating activities</b>	<b>148,117</b>	<b>68,761</b>
<b>Cash flows from non-capital financing activities:</b>		
Transfers from (to) other funds, net	75,000	759,347
<b>Net cash provided (used) by non-capital financing activities</b>	<b>75,000</b>	<b>759,347</b>
<b>Cash flows from capital and related financing activities:</b>		
Capital contributed by customers (plant investment fees)	31,197	85,448
Purchase of capital assets	(68,458)	(13,950)
Principal payments	(77,205)	(73,896)
Interest paid on debt	(39,353)	(42,660)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(153,819)</b>	<b>(45,058)</b>
<b>Cash flows from investing activities:</b>		
Transfer (to) from restricted cash	(27,000)	47,000
<b>Net cash provided (used) by investing activities</b>	<b>(27,000)</b>	<b>47,000</b>
<b>Net change in cash and cash equivalents</b>	<b>42,298</b>	<b>830,050</b>
Cash and cash equivalents (overdraft), beginning of year	-	(830,050)
<b>Cash and cash equivalents, end of year</b>	<b>\$ 42,298</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (184,912)	\$ (324,848)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation	350,249	392,827
(Increase) decrease in:		
Accounts receivable	(37,439)	7,653
(Decrease) increase in:		
Accounts payable and accrued expenses	18,236	(8,224)
Customer deposits	1,983	1,353
<b>Net cash provided (used) by operating activities</b>	<b>\$ 148,117</b>	<b>\$ 68,761</b>

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

**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 unit. 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, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

**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 and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when 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, 2011

(with summarized financial information as of and for the year ended December 31, 2010)

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, 2011 and 2010. 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 \$2,500 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 at December 31, 2011 and 2010 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, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

**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, 2010, 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 2011.

*Compliance*

Expenditures did not exceed appropriations in any Town funds during the year ended December 31, 2011.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

**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, 2011 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, 2011 and 2010 was \$1,235,137 and \$737,575, respectively and bank balances were \$1,339,040 and \$807,158, respectively. Of the bank balances, \$275,000 and \$250,000 at December 31, 2011 and 2010, respectively, was covered by federal deposit insurance and \$1,064,040 and \$532,158, 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, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Investments*

At December 31, 2011 and 2010, the Town had \$8,440 and \$8,430, 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 Public Trust Advisors LLC, (PTA) a Denver, Colorado-based investment adviser, registered with the SEC. 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, the highest rated commercial paper, and highly-rated corporate bonds. 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 \$173,000 for this purpose at December 31, 2011.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Capital Assets*

Capital asset activity for the year ended December 31, 2011 is summarized below:

	December 31, 2010 Balance	Additions	Retirements	December 31, 2011 Balance
<b>Governmental activities:</b>				
Land and land improvements	\$ 2,100,992	\$ -	\$ -	\$ 2,100,992
Other capital assets:				
Buildings	3,147,340	-	-	3,147,340
Equipment and vehicles	1,212,208	133,591	(15,854)	1,329,945
Infrastructure	10,644,035	591,464	-	11,235,499
Total other capital assets at cost	<u>15,003,583</u>	<u>725,055</u>	<u>(15,854)</u>	<u>15,712,784</u>
Less accumulated depreciation for:				
Buildings	(417,664)	(77,612)	-	(495,276)
Equipment and vehicles	(866,269)	(121,762)	15,854	(972,177)
Infrastructure	(2,438,037)	(259,875)	-	(2,697,912)
Total accumulated depreciation	<u>(3,721,970)</u>	<u>(459,249)</u>	<u>15,854</u>	<u>(4,165,365)</u>
Other capital assets, net	<u>11,281,613</u>	<u>265,806</u>	<u>-</u>	<u>11,547,419</u>
Governmental activities capital assets, net	<u>\$ 13,382,605</u>	<u>\$ 265,806</u>	<u>\$ -</u>	<u>\$ 13,648,411</u>
<b>Business-type activities:</b>				
Land	\$ 340,274	\$ -	\$ -	\$ 340,274
Other capital assets:				
Buildings and systems	14,117,451	22,261	-	14,139,712
Equipment and vehicles	268,912	46,197	-	315,109
Total other capital assets at cost	<u>14,386,363</u>	<u>68,458</u>	<u>-</u>	<u>14,454,821</u>
Less accumulated depreciation for:				
Buildings and systems	(7,029,597)	(303,635)	-	(7,333,232)
Equipment and vehicles	(171,934)	(46,614)	-	(218,548)
Total accumulated depreciation	<u>(7,201,531)</u>	<u>(350,249)</u>	<u>-</u>	<u>(7,551,780)</u>
Other capital assets, net	<u>7,184,832</u>	<u>(281,791)</u>	<u>-</u>	<u>6,903,041</u>
Business-type activities capital assets, net	<u>\$ 7,525,106</u>	<u>\$ (281,791)</u>	<u>\$ -</u>	<u>\$ 7,243,315</u>

**TOWN OF HAYDEN, COLORADO**

**Notes to Financial Statements**

December 31, 2011

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Capital Assets (continued)*

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	11,203,647	77,966	-	11,281,613
<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	13,456,125	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	6,902,383	282,449	-	7,184,832
<b>Business-type activities capital assets, net</b>	<u>\$ 7,242,657</u>	<u>\$ 282,449</u>	<u>\$ -</u>	<u>\$ 7,525,106</u>

The Town recorded the following additions to capital assets, at estimated fair value, contributed by developers and others during 2011 and 2010:

	2011	2010
<b>Governmental activities:</b>		
Land	\$ -	\$ 45,000
Infrastructure	579,937	-
	<u>\$ 579,937</u>	<u>\$ 45,000</u>
<b>Business-type activities:</b>		
Water infrastructure	\$ -	\$ 382,705
Sewer infrastructure	-	278,621
	<u>\$ -</u>	<u>\$ 661,326</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Capital Assets (continued)*

Depreciation expense was charged to functions of the Town as follows during 2011 and 2010:

	2011	2010
<b>Governmental activities:</b>		
General government	\$ 23,567	\$ 23,960
Public safety	79,708	89,234
Public works	307,593	277,336
Parks and recreation	48,381	47,978
<b>Total - governmental activities</b>	<b>\$ 459,249</b>	<b>\$ 438,508</b>
<b>Business-type activities:</b>		
Water	\$ 258,486	\$ 249,606
Sewer	91,763	143,221
<b>Total - business-type activities</b>	<b>\$ 350,249</b>	<b>\$ 392,827</b>

*Noncurrent Liabilities*

The Town has the following long-term debt outstanding for governmental activities at December 31, 2011:

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.

Caterpillar Financial Services Corporation Lease-Purchase Agreement

The Town entered into a \$129,561 lease-purchase agreement with Caterpillar Financial Services Corporation dated February 4, 2011. The lease requires 59 monthly payments of \$2,350, including interest at 3.50%, and one payment of \$1 upon maturity in January 2016. Proceeds of the note were used for acquisition of a new wheel loader. The lease is secured by an interest in the equipment.

The Town has the following long-term debt outstanding for business-type activities at December 31, 2011:

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.

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Noncurrent Liabilities (continued)*

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.

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.

At December 31, 2011 and 2010, capital assets acquired under capital leases are as follows:

	2011	2010
<b>Governmental activities:</b>		
Buildings	\$ 1,793,924	\$ 1,793,924
Equipment	129,561	-
Less: Accumulated depreciation	(147,500)	(89,696)
<b>Total - governmental activities</b>	<b>\$ 1,775,985</b>	<b>\$ 1,704,228</b>

Long-term liability activity for the year ended December 31, 2011 was as follows:

	December 31, 2010 Balance	Additions	Reductions	December 31, 2011 Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
Lease purchase obligation	\$ 1,230,000	\$ -	\$ (39,000)	\$ 1,191,000	\$ 41,000
Capital lease obligation	-	129,561	(22,291)	107,270	24,671
Compensated absences	37,880	34,633	(37,880)	34,633	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 1,267,880</b>	<b>\$ 164,194</b>	<b>\$ (99,171)</b>	<b>\$ 1,332,903</b>	<b>\$ 65,671</b>
<b>Business-type activities:</b>					
Notes payable:					
CWRPDA	\$ 631,385	\$ -	\$ (41,924)	\$ 589,461	\$ 43,617
State of Colorado (2002)	142,242	-	(8,937)	133,305	9,383
State of Colorado (2005)	53,958	-	(12,519)	41,439	13,145
State of Colorado (2007)	94,041	-	(13,825)	80,216	14,517
<b>Business-type activities long-term liabilities</b>	<b>\$ 921,626</b>	<b>\$ -</b>	<b>\$ (77,205)</b>	<b>\$ 844,421</b>	<b>\$ 80,662</b>

**TOWN OF HAYDEN, COLORADO**

**Notes to Financial Statements**

December 31, 2011

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Noncurrent Liabilities (continued)*

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	-	(13,168)	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>

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, 2011:

<b>System revenues:</b>	
<b>Charges for services:</b>	
Water	\$ 553,220
Sewer	275,735
<b>Plant investment fees:</b>	
Water	20,798
Sewer	10,399
<b>Total system revenues</b>	<b>860,152</b>
<b>System operating expenses:</b>	
Water	393,389
Sewer	300,577
<b>Total system operating expenses</b>	<b>693,966</b>
<b>System net operating income</b>	<b>\$ 166,186</b>
<b>Aggregate debt service payments</b>	<b>\$ 116,558</b>
<b>System net operating income / aggregate debt service payments</b>	<b>1.43</b>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Noncurrent Liabilities (continued)*

Aggregate debt service requirements at December 31, 2011 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental activities:</b>			
2012	\$ 65,671	\$ 77,343	\$ 143,014
2013	68,601	73,819	142,420
2014	73,555	70,115	143,670
2015	76,545	66,156	142,701
2016	55,898	62,384	118,282
2017-2021	315,000	257,655	572,655
2022-2026	430,000	143,937	573,937
2027-2028	213,000	16,907	229,907
<b>Total governmental activities</b>	<b>\$ 1,298,270</b>	<b>\$ 768,316</b>	<b>\$ 2,066,586</b>
<b>Business-type activities:</b>			
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	80,156	21,184	101,340
2017-2021	354,383	59,678	414,061
2022	80,102	2,712	82,814
<b>Total business-type activities</b>	<b>\$ 844,421</b>	<b>\$ 204,806</b>	<b>\$ 1,049,227</b>

**TOWN OF HAYDEN, COLORADO**  
**Notes to Financial Statements**  
**December 31, 2011**

(with summarized financial information as of and for the year ended December 31, 2010)

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

*Governmental Fund Balances*

The Town's governmental fund balances are classified as follows at December 31, 2011:

	General Fund	Conservation Trust Fund	Development Fees Fund	Hayden Public Library	Total Governmental Funds
Restricted for:					
Emergencies	\$ 143,000	\$ -	\$ -	\$ -	\$ 143,000
Open space and parks	-	78,970	-	-	78,970
Committed for:					
Parks and trails	-	-	62,088	-	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
Employee health reimbursement	54,337	-	-	-	54,337
Public library	-	-	-	143,009	143,009
Assigned to:					
Development fees	-	-	18,525	-	18,525
Unassigned	502,819	-	-	-	502,819
<b>Total fund balances</b>	<b>\$ 700,156</b>	<b>\$ 78,970</b>	<b>\$ 117,755</b>	<b>\$ 143,009</b>	<b>\$ 1,039,890</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 2011 and 2010:

	2011	2010
Transfer In (Out):		
Capital Replacement Fund	\$ -	\$ (431,361)
General Fund	(75,000)	(327,986)
Enterprise Fund	75,000	759,347
	<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, 2011

(with summarized financial information as of and for the year ended December 31, 2010)

**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 \$37,219 and \$42,125 during the years ended December 31, 2011 and 2010, 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 2011 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.

*Commitments*

Yamcolo Reservoir Storage Agreement

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

Grants

As of December 31, 2011, the Town has been awarded a grant that has the following amount remaining to be earned by the Town in future years when applicable costs are expended:

<u>Grantor</u>	<u>Purpose</u>	<u>Remaining Grant Funds</u>
<i>Governmental Activities:</i>		
Colorado Department of Transportation	Sidewalk extension	\$ 104,981
<b>Total</b>		<b>\$ 104,981</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Taxes:</b>			
Sales tax	\$ 725,000	\$ 786,296	\$ 61,296
General property tax	532,366	532,721	355
Car rental tax	110,000	120,559	10,559
Building materials use tax	20,000	10,651	(9,349)
Franchise tax	55,000	53,812	(1,188)
Cigarette tax	2,500	3,594	1,094
Lodging tax	500	1,113	613
<b>Total taxes</b>	<b>1,445,366</b>	<b>1,508,746</b>	<b>63,380</b>
<b>Intergovernmental:</b>			
Airport security reimbursement	55,000	62,067	7,067
Highway users	60,605	59,201	(1,404)
Specific ownership	28,000	26,598	(1,402)
Severance	50,000	154,020	104,020
Mineral lease	20,000	53,628	33,628
Motor vehicle registration	7,500	7,355	(145)
Road and bridge	9,000	8,787	(213)
<b>Total intergovernmental</b>	<b>230,105</b>	<b>371,656</b>	<b>141,551</b>
Licenses, permits and fees	8,775	8,834	59
Charges for services	7,600	3,930	(3,670)
Fines and forfeitures	9,000	13,434	4,434
Grants	67,100	43,474	(23,626)
Recreation programs and events	24,985	15,642	(9,343)
Interest	1,000	771	(229)
Other	13,000	13,185	185
<b>Total revenues</b>	<b>1,806,931</b>	<b>1,979,672</b>	<b>172,741</b>
<b>Expenditures:</b>			
<b>General government:</b>			
<b>Administration:</b>			
Wages and benefits	259,225	206,372	52,853
Insurance	8,300	8,295	5
Contributions	8,000	7,750	250
Professional fees	10,000	10,571	(571)
Office	7,050	6,971	79
Other	9,735	6,680	3,055
<b>Total administration</b>	<b>302,310</b>	<b>246,639</b>	<b>55,671</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Legislative:</b>			
Wages and benefits	\$ 8,265	\$ 8,282	\$ (17)
Treasurer fees	14,000	15,998	(1,998)
Professional fees	10,000	11,000	(1,000)
Other	1,500	1,139	361
<b>Total legislative</b>	<b>33,765</b>	<b>36,419</b>	<b>(2,654)</b>
<b>Building department:</b>			
Utilities	6,600	6,921	(321)
Insurance	5,530	5,982	(452)
Maintenance and repairs	5,100	21,649	(16,549)
Other	3,900	2,400	1,500
<b>Total building department</b>	<b>21,130</b>	<b>36,952</b>	<b>(15,822)</b>
Data processing department	15,355	15,509	(154)
Airport	12,163	12,163	-
Judicial department	8,565	10,317	(1,752)
Planning department	3,600	398	3,202
Executive department	2,233	2,162	71
<b>Total general government</b>	<b>399,121</b>	<b>360,559</b>	<b>38,562</b>
<b>Public safety:</b>			
Wages and benefits	546,909	487,883	59,026
Insurance	11,500	11,521	(21)
General operating and supplies	9,250	4,942	4,308
Vehicles	11,000	20,083	(9,083)
Office	9,500	6,734	2,766
Utilities	6,500	7,433	(933)
Other	9,000	16,307	(7,307)
<b>Total public safety</b>	<b>603,659</b>	<b>554,903</b>	<b>48,756</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Public works:</b>			
<b>Streets department:</b>			
Wages and benefits	\$ 243,550	\$ 203,338	\$ 40,212
Utilities	27,000	30,849	(3,849)
Snow removal	25,000	21,281	3,719
Street cleaning and maintenance	20,000	18,584	1,416
General operating and supplies	14,500	14,558	(58)
Vehicles	7,500	6,552	948
Insurance	4,610	4,774	(164)
Other	8,250	3,678	4,572
<b>Total streets department</b>	<b>350,410</b>	<b>303,614</b>	<b>46,796</b>
<b>Mosquito control department:</b>			
Wages and benefits	6,110	5,591	519
Operating supplies	6,000	5,895	105
Chemicals	5,000	5,453	(453)
Other	960	460	500
<b>Total mosquito control department</b>	<b>18,070</b>	<b>17,399</b>	<b>671</b>
<b>Total public works</b>	<b>368,480</b>	<b>321,013</b>	<b>47,467</b>
<b>Recreation department:</b>			
Wages and benefits	26,870	18,112	8,758
Recreation programs	13,200	11,148	2,052
Special events	13,000	9,289	3,711
Other	4,825	6,601	(1,776)
<b>Total recreation department</b>	<b>57,895</b>	<b>45,150</b>	<b>12,745</b>
<b>Parks department:</b>			
Wages and benefits	18,325	12,939	5,386
Utilities	18,150	18,802	(652)
General operating	27,200	25,682	1,518
Insurance	4,610	4,609	1
Repairs and maintenance	2,500	842	1,658
Other	2,850	2,843	7
<b>Total parks department</b>	<b>73,635</b>	<b>65,717</b>	<b>7,918</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
Economic development	\$ 2,900	\$ 510	\$ 2,390
Capital expenditures	9,700	145,186	(135,486)
Debt service:			
Principal	61,291	61,291	-
Interest	79,959	79,843	116
Contingency	25,047	-	25,047
<b>Total expenditures</b>	<b>1,681,687</b>	<b>1,634,172</b>	<b>47,515</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>125,244</b>	<b>345,500</b>	<b>220,256</b>
<b>Other financing sources (uses):</b>			
Transfers out	-	(75,000)	75,000
Proceeds from capital lease	-	129,561	(129,561)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>54,561</b>	<b>54,561</b>
<b>Net change in fund balance</b>	<b>125,244</b>	<b>400,061</b>	<b>\$ 274,817</b>
<b>Fund balance, beginning of year</b>	<b>300,095</b>	<b>300,095</b>	
<b>Fund balance, end of the year</b>	<b>\$ 425,339</b>	<b>\$ 700,156</b>	

**TOWN OF HAYDEN, COLORADO**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**December 31, 2011**

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

	Conservation Trust Fund	Development Fees Fund	Hayden Public Library	2011 Total	2010 Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 78,970	\$ 117,755	\$ 143,009	\$ 339,734	\$ 333,656
<b>Total assets</b>	<u>78,970</u>	<u>117,755</u>	<u>143,009</u>	<u>339,734</u>	<u>333,656</u>
<b>Fund balance:</b>					
Restricted for:					
Open space and parks	78,970	-	-	78,970	67,485
Unrestricted:					
Committed	-	99,230	143,009	242,239	247,646
Assigned	-	18,525	-	18,525	18,525
<b>Total fund balance</b>	<u>\$ 78,970</u>	<u>\$ 117,755</u>	<u>\$ 143,009</u>	<u>\$ 339,734</u>	<u>\$ 333,656</u>

**TOWN OF HAYDEN, COLORADO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2011**  
**(with summarized financial information for the year ended December 31, 2010)**

	Conservation Trust Fund	Development Fees Fund	Hayden Public Library	2011 Total	2010 Total
<b>Revenues:</b>					
Intergovernmental	\$ 16,473	\$ -	\$ -	\$ 16,473	\$ 16,401
Interest	1,350	-	1,072	2,422	2,164
Other	-	-	5,436	5,436	5,373
<b>Total revenues</b>	<b>17,823</b>	<b>-</b>	<b>6,508</b>	<b>24,331</b>	<b>23,938</b>
<b>Expenditures:</b>					
General government	6,338	-	11,915	18,253	3,038
Capital expenditures	-	-	-	-	26,295
<b>Total expenditures</b>	<b>6,338</b>	<b>-</b>	<b>11,915</b>	<b>18,253</b>	<b>29,333</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>11,485</b>	<b>-</b>	<b>(5,407)</b>	<b>6,078</b>	<b>(5,395)</b>
<b>Other financing sources (uses):</b>					
Transfers out	-	-	-	-	(431,361)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(431,361)</b>
<b>Net change in fund balances</b>	<b>11,485</b>	<b>-</b>	<b>(5,407)</b>	<b>6,078</b>	<b>(436,756)</b>
<b>Fund balance, beginning of year</b>	<b>67,485</b>	<b>117,755</b>	<b>148,416</b>	<b>333,656</b>	<b>770,412</b>
<b>Fund balance, end of year</b>	<b>\$ 78,970</b>	<b>\$ 117,755</b>	<b>\$ 143,009</b>	<b>\$ 339,734</b>	<b>\$ 333,656</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 15,000	\$ 16,473	\$ 1,473
Interest	200	1,350	1,150
<b>Total revenues</b>	<u>15,200</u>	<u>17,823</u>	<u>2,623</u>
<b>Expenditures:</b>			
Capital expenditures	5,000	-	5,000
Other	-	6,338	(6,338)
<b>Total expenditures</b>	<u>5,000</u>	<u>6,338</u>	<u>(1,338)</u>
<b>Net change in fund balance</b>	10,200	11,485	<u>\$ 1,285</u>
<b>Fund balance, beginning of year</b>	<u>67,485</u>	<u>67,485</u>	
<b>Fund balance, end of year</b>	<u>\$ 77,685</u>	<u>\$ 78,970</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, 2011**

	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>
<b>Fund balance, beginning of year</b>	<u>117,755</u>	<u>117,755</u>	
<b>Fund balance, end of year</b>	<u>\$ 117,755</u>	<u>\$ 117,755</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Interest	\$ 2,400	\$ 1,072	\$ (1,328)
Other	7,300	5,436	(1,864)
<b>Total revenues</b>	<u>9,700</u>	<u>6,508</u>	<u>(3,192)</u>
<b>Expenditures:</b>			
General and administrative	2,500	4,561	(2,061)
Other	7,000	7,354	(354)
<b>Total expenditures</b>	<u>9,500</u>	<u>11,915</u>	<u>(2,415)</u>
<b>Net change in fund balance</b>	200	(5,407)	<u>\$ (5,607)</u>
<b>Fund balance, beginning of year</b>	<u>148,416</u>	<u>148,416</u>	
<b>Fund balance, end of year</b>	<u>\$ 148,616</u>	<u>\$ 143,009</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Charges for services:</b>			
Water	\$ 558,550	\$ 553,220	\$ (5,330)
Sewer	278,055	275,735	(2,320)
Refuse	126,000	124,955	(1,045)
<b>Plant investment fees:</b>			
Water	24,000	20,798	(3,202)
Sewer	12,000	10,399	(1,601)
Grants	200,000	10,000	(190,000)
Other	24,950	30,234	5,284
<b>Total revenues</b>	<b>1,223,555</b>	<b>1,025,341</b>	<b>(198,214)</b>
<b>Expenditures:</b>			
<b>Water:</b>			
<b>Operating:</b>			
Wages and benefits	163,940	156,471	7,469
Insurance	8,300	8,295	5
Repairs and maintenance	13,500	16,650	(3,150)
Professional fees	20,000	22,737	(2,737)
Other	8,400	8,576	(176)
<b>Total operating</b>	<b>214,140</b>	<b>212,729</b>	<b>1,411</b>
<b>Water treatment plant:</b>			
Utilities	28,000	24,901	3,099
Chemicals	16,000	19,973	(3,973)
Repairs and maintenance	32,000	14,570	17,430
Capital outlay	20,000	42,566	(22,566)
<b>Total water treatment plant</b>	<b>96,000</b>	<b>102,010</b>	<b>(6,010)</b>
<b>Golden meadows department:</b>			
Utilities	9,000	9,807	(807)
Repairs and maintenance	4,150	370	3,780
<b>Total golden meadows department</b>	<b>13,150</b>	<b>10,177</b>	<b>2,973</b>
<b>Hospital hill department:</b>			
Utilities	9,000	10,607	(1,607)
Repairs and maintenance	5,000	2,869	2,131
Capital outlay	-	4,384	(4,384)
<b>Total hospital hill department</b>	<b>14,000</b>	<b>17,860</b>	<b>(3,860)</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Meters department:</b>			
Repairs and maintenance	\$ 5,000	\$ 6,050	\$ (1,050)
Other	800	762	38
Capital outlay	4,000	3,868	132
<b>Total meters department</b>	<b>9,800</b>	<b>10,680</b>	<b>(880)</b>
<b>Water rights department:</b>			
Water storage	34,514	27,514	7,000
Repairs and maintenance	5,000	8,934	(3,934)
<b>Total water rights department</b>	<b>39,514</b>	<b>36,448</b>	<b>3,066</b>
<b>Water distribution:</b>			
Repairs and maintenance	15,000	19,205	(4,205)
Capital outlay	70,000	-	70,000
Other	1,000	-	1,000
<b>Total water distribution</b>	<b>86,000</b>	<b>19,205</b>	<b>66,795</b>
<b>Administration:</b>			
Wages and benefits	38,280	32,387	5,893
Other	1,750	2,712	(962)
<b>Total administration</b>	<b>40,030</b>	<b>35,099</b>	<b>4,931</b>
<b>Total water</b>	<b>512,634</b>	<b>444,208</b>	<b>68,426</b>
<b>Sewer:</b>			
<b>Operating:</b>			
Wages and benefits	130,905	130,494	411
Professional fees	30,000	29,872	128
Repairs and maintenance	2,000	1,396	604
Insurance	2,305	2,304	1
Other	5,150	6,810	(1,660)
<b>Total operating</b>	<b>170,360</b>	<b>170,876</b>	<b>(516)</b>
<b>Sewer treatment plant:</b>			
Utilities	50,000	47,890	2,110
Repairs and maintenance	19,500	17,232	2,268
Chemicals	5,000	6,037	(1,037)
Other	2,500	2,725	(225)
Capital outlay	-	17,640	(17,640)
<b>Total sewer treatment plant</b>	<b>77,000</b>	<b>91,524</b>	<b>(14,524)</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
Washington street:			
Utilities	\$ 1,200	\$ 1,085	\$ 115
Other	1,000	355	645
<b>Total washington street</b>	<b>2,200</b>	<b>1,440</b>	<b>760</b>
Sewer collection system:			
Repairs and maintenance	80,000	8,864	71,136
Other	1,000	-	1,000
<b>Total sewer collection system</b>	<b>81,000</b>	<b>8,864</b>	<b>72,136</b>
Lift stations:			
Utilities	6,850	6,876	(26)
Development	4,800	-	4,800
Other	2,500	3,693	(1,193)
<b>Total lift stations</b>	<b>14,150</b>	<b>10,569</b>	<b>3,581</b>
Administration:			
Wages and benefits	38,280	32,386	5,894
Other	1,750	2,557	(807)
<b>Total administration</b>	<b>40,030</b>	<b>34,943</b>	<b>5,087</b>
<b>Total sewer</b>	<b>384,740</b>	<b>318,216</b>	<b>66,524</b>
Refuse collection:			
Contract services	126,000	124,841	1,159
<b>Total refuse collection</b>	<b>126,000</b>	<b>124,841</b>	<b>1,159</b>
Debt service:			
Principal	77,205	77,205	-
Interest	39,795	38,485	1,310
Loan covenant	40,000	-	40,000
Contingency	20,000	-	20,000
<b>Total expenditures</b>	<b>1,200,374</b>	<b>1,002,955</b>	<b>197,419</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>23,181</b>	<b>22,386</b>	<b>(795)</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, 2011**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Other financing sources (uses):</b>			
Transfers in	\$ -	\$ 75,000	\$ 75,000
<b>Total other financing sources</b>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
<b>Excess of revenues and other financing sources over expenditures</b>	23,181	97,386	<u>\$ 74,205</u>
<b>Reconciliation to US GAAP basis:</b>			
Capitalized expenditures		68,458	
Debt principal payments		77,205	
Depreciation		<u>(350,249)</u>	
<b>Net income - US GAAP basis</b>		(107,200)	
<b>Net assets, beginning of year</b>	<u>6,729,962</u>	<u>6,729,962</u>	
<b>Net assets, end of year</b>	<u>\$ 6,753,143</u>	<u>\$ 6,622,762</u>	

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

**LOCAL HIGHWAY FINANCE REPORT**

City or County: Hayden

YEAR ENDING:  
December 2011

This Information From The Records Of (example - City of \_ or County 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**

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	30,615
a. Motor Fuel (from item I.A.5.)		2. Maintenance:	218,300
b. Motor Vehicle (from item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	29,245
2. General fund appropriations	295,283	b. Snow and ice removal	51,414
3. Other local imposts (from page 2)	26,465	c. Other	0
4. Miscellaneous local receipts (from page 2)	10,210	d. Total (a. through c.)	80,659
5. Transfers from toll facilities	0	4. General administration & miscellaneous	35,168
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	59,668
a. Bonds - Original Issues	0	6. Total (1 through 5)	424,410
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	331,958	b. Redemption	
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	82,463	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	414,421	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	424,410

**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
	265,954	414,421	424,410	255,965	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2011

**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	
b. Other local imposts:		b. Traffic Fines & Penalties	10,21
1. Sales Taxes	0	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens	0	e. Sale of Surplus Property	
4. Licenses	0	f. Charges for Services	
5. Specific Ownership &/or Other	26,465	g. Other Misc. Receipts	
6. Total (1. through 5.)	26,465	h. Other	
c. Total (a. + b.)	26,465	i. Total (a. through h.)	10,21
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	58,706	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	7,258	d. Federal Transit Admin	
d. Other (Specify)	16,499	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	23,757	g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	82,463	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	
b. Engineering Costs	0	1,111	1,11
c. Construction:			
(1). New Facilities	0	11,526	11,52
(2). Capacity Improvements	0	1,129	1,12
(3). System Preservation	0	16,849	16,84
(4). System Enhancement & Operation	0	0	
(5). Total Construction (1) + (2) + (3) + (4)	0	29,504	29,50
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	30,615	30,61
			(Carry forward to page 1)

Notes and Comments: