



**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

# TOWN OF HAYDEN, COLORADO

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**TOWN OF HAYDEN, COLORADO**

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## **Independent Auditors' Report**

The Honorable Mayor and Town Council  
Town of Hayden, Colorado

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other-Matters***

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

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

### ***Other Information***

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

The combining nonmajor fund financial statements, the nonmajor fund and enterprise fund budgetary comparison schedules, the loan requirement disclosures and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the nonmajor fund and enterprise fund budgetary comparison schedules, the loan requirement disclosures and the Local Highway Finance Report are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2016, on our consideration of the Town of Hayden, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hayden, Colorado's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
July 31, 2016

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**TOWN OF HAYDEN, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2015**

As management of the Town of Hayden (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2015. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Governmental net position decreased from \$13.01 million to \$12.81 million during 2015.
- Business-type net position increased by \$221 thousand to \$7.48 million during 2015.
- The combined net investment in capital assets is \$18.63 million.
- The unrestricted net position for both governmental and business-type activities that may be used to meet the Town's future capital and operating expenses is \$1.51 million.
- Total revenues in the General fund increased from \$2.04 million to \$2.24 million.
  - Property tax revenues increased from 2014 to 2015 increasing from \$472,962 in 2014 to \$475,167 in 2015.
  - Local sales tax collections of \$908,757 increased by 8.04% or \$67,596 from the previous fiscal year.
  - Car rental tax collections of \$119,473.78 increased by 6.48% or \$7,269 from the previous fiscal year.
- The general fund unassigned fund balance at the end of 2015 was \$883,040 which is 42.9% of total General fund expenditures.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

**Reporting the Town as a Whole**

**The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. Net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, parks and recreation, economic development and interest on long-term debt. Sales taxes, property taxes, franchise taxes, vehicle rental taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to water, sewer and trash customers to cover most of the cost of the services provided.

## **Reporting the Town's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the Town charges customers for the services it provides, i.e. water, sanitary sewer and trash, these services are generally reported in proprietary (aka. enterprise) funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities and deferred inflows by \$20.3 million as of December 31, 2015 as shown in the following condensed statement of net position. Of this amount, \$1.51 million is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$18.63 million (91.77% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has chosen to account for its water, sewer and refuse operations in a single enterprise fund which is shown as Business Activities.

The following table summarizes the Town's governmental and business-type net assets as of December 31, 2015 and 2014:

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

	Governmental activities		Business-type activities		Combined Total	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current and other assets	\$ 2,016,792	\$ 2,047,236	\$ 1,710,846	\$ 1,988,819	\$ 3,727,638	\$ 4,036,055
Capital assets	12,491,870	12,789,652	8,049,654	7,613,816	20,541,524	20,403,468
Total assets	14,508,662	14,836,888	9,760,500	9,602,635	24,269,162	24,439,523
Long-term liabilities outstanding	1,062,449	1,142,685	2,011,478	2,106,111	3,073,927	3,248,796
Other liabilities	152,257	209,005	264,847	233,401	417,104	442,406
Total liabilities	1,214,706	1,351,690	2,276,325	2,339,512	3,491,031	3,691,202
Deferred inflows of resources	475,720	468,239	-	-	475,720	468,239
Net position:						
Net investment in capital assets	11,478,521	11,699,664	7,153,209	6,774,652	18,631,730	18,474,316
Restricted	156,914	177,936	-	-	156,914	177,936
Unrestricted	1,182,513	1,139,359	330,966	488,471	1,513,479	1,627,830
Total net position	\$ 12,817,948	\$ 13,016,959	\$ 7,484,175	\$ 7,263,123	\$ 20,302,123	\$ 20,280,082

An additional portion of net position, \$156,914 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,513,479 (7.45% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

## Governmental Activities

The cost of all Governmental activities this year was \$2,316,670. As shown in the Changes in Net Position statement below. \$67,299 of this cost was paid for by those who directly benefited from the programs. \$140,640 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$207,939. General taxes and investment earnings totaled \$2,051,101.

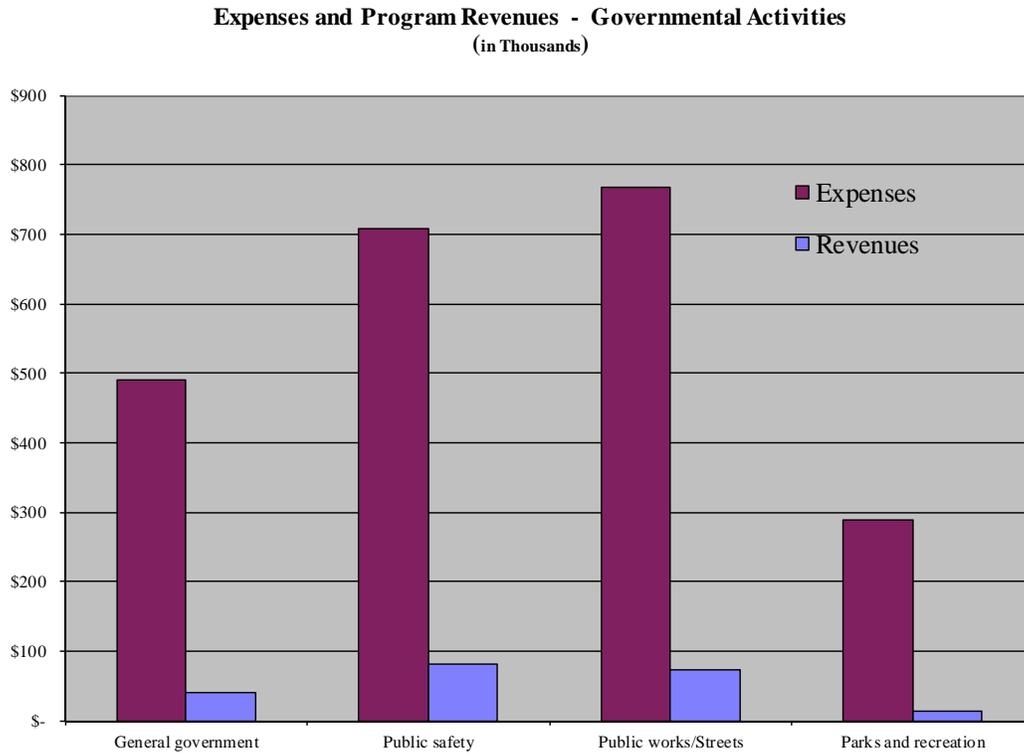
The Town's programs include: General Government, Public Safety, Public Works/Streets, Parks & Recreation, and Economic Development. Each program's revenues and expenses are presented below.

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

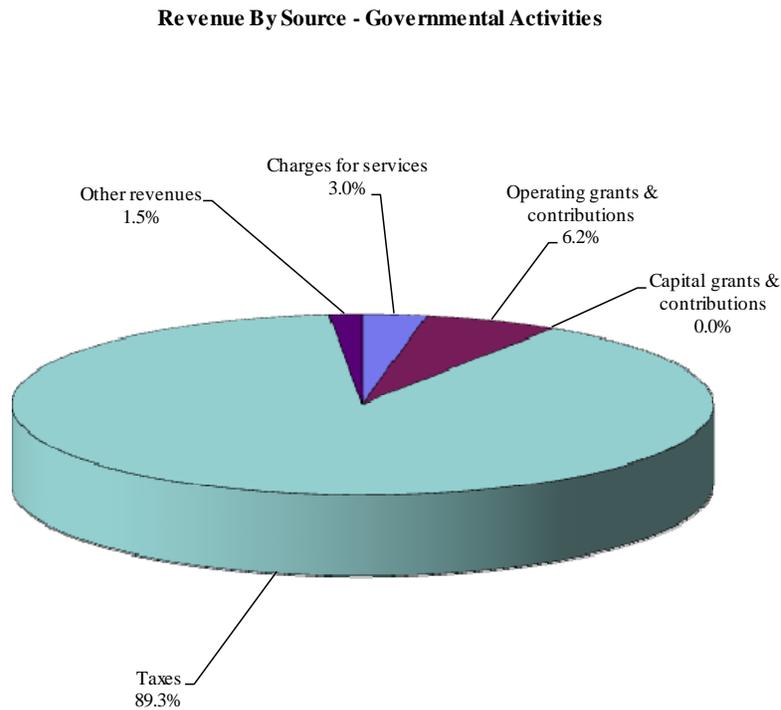
	Governmental activities		Business-type activities		Combined Total	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Revenues:						
Program revenues:						
Charges for services	\$ 67,299	\$ 72,608	\$ 1,178,049	\$ 1,115,184	\$ 1,245,348	\$ 1,187,792
Operating grants and contributions	140,640	136,782	-	-	140,640	136,782
Capital grants and contributions	-	-	274,990	529,932	274,990	529,932
General revenues:						
Taxes	2,016,742	1,816,087	-	-	2,016,742	1,816,087
Investment earnings	6,091	5,780	-	-	6,091	5,780
Other revenue	28,268	39,165	-	-	28,268	39,165
Total revenues	<u>2,259,040</u>	<u>2,070,422</u>	<u>1,453,039</u>	<u>1,645,116</u>	<u>3,712,079</u>	<u>3,715,538</u>
Expenses:						
General government	489,570	496,095	-	-	489,570	496,095
Public safety	707,324	642,613	-	-	707,324	642,613
Public works/Streets	767,934	863,797	-	-	767,934	863,797
Parks and recreation	288,610	253,724	-	-	288,610	253,724
Economic development	-	9,050	-	-	-	-
Interest on long-term debt	63,232	69,569	-	-	63,232	69,569
Water	-	-	828,765	703,768	828,765	703,768
Sewer	-	-	405,715	319,055	-	-
Refuse	-	-	138,889	131,993	138,889	131,993
Total expenses	<u>2,316,670</u>	<u>2,334,848</u>	<u>1,373,369</u>	<u>1,154,816</u>	<u>3,284,324</u>	<u>3,161,559</u>
Increase (Decrease) in net assets before transfers	(57,630)	(264,426)	79,670	490,300	22,040	225,874
Transfers	(141,382)	(47,600)	141,382	47,600	-	-
Net position, beginning	13,016,960	13,262,195	7,263,123	6,714,595	20,280,083	19,976,790
Prior period adjustment	-	66,790	-	10,628	-	77,418
Net position, ending	<u>\$ 12,817,948</u>	<u>\$ 13,016,959</u>	<u>\$ 7,484,175</u>	<u>\$ 7,263,123</u>	<u>\$ 20,302,123</u>	<u>\$ 20,280,082</u>

Total resources available during the year to finance governmental operations were \$15.28 million consisting of Net position at January 1, 2015 of \$13.02 million, program revenues of \$207,939 and General Revenues of \$2,051,101. Total Governmental Activity expenses, including depreciation of \$457,970 were \$2,316,672; thus Governmental Net Position was decreased by \$199,011 to \$12.82 million.

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



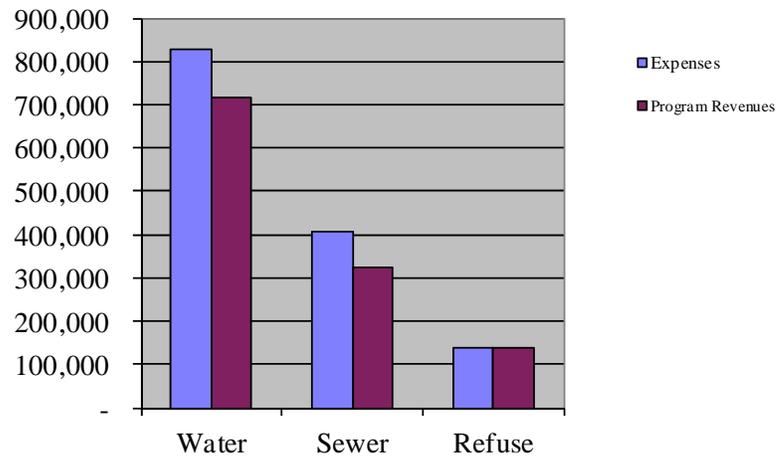
Revenues reported above include charges for services and grant revenues directly related to the respective programs. As noted in the chart below, these revenues make up 3.0% and 6.2% of the Town's total governmental revenues for the current year. Shortfalls are made up by taxes and other revenues.



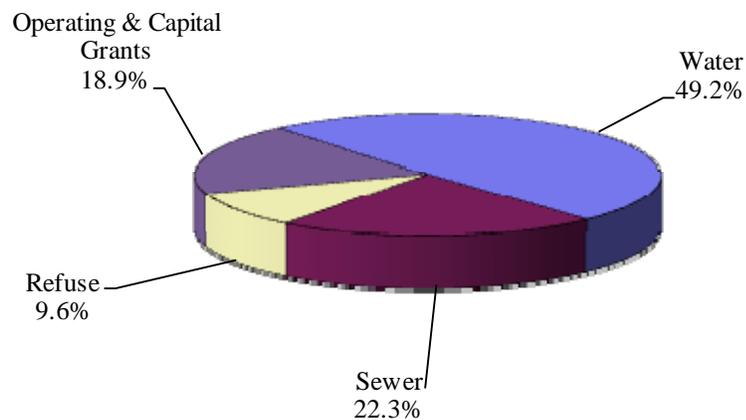
## Business Type Activities

Net position of the Business Type activities at December 31, 2015, as reflected in the Statement of Net Position was \$7.48 million. The cost of providing all Proprietary (Business Type) activities this year was \$1,373,369. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$1,178,049 and there was \$274,990 subsidized by capital grants and contributions. There were no investment earnings and other revenues. The Net Position increased by \$221,052.

### Expenses and Program Revenues - Business-type Activities



### Revenue By Source - Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,397,380 an increase of \$18,054 in comparison with the prior year. Unassigned fund balance of \$878,014 (\$883,040 less Heritage Center deficit of \$5,026), which is available for spending at the government's discretion is approximately 62.83% of the total fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside to pay for parks and recreation services and capital investment \$66,700, and emergency reserves (TABOR) \$90,214, and committed to provide for library services \$244,449 and development fees \$118,003.

The Town has one major governmental fund, the General Fund, which is the primary operating fund for the Town. At December 31, 2015, unassigned fund balance in the General fund was \$883,040. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 42.92% and total fund balance represents 47.30% of total General fund expenditures. The fund balance of the Town's General fund increased by \$42,590 for the year ended December 31, 2015. General fund revenues increased by \$194,215 compared to the prior year. The increase was mainly due to an increase in severance tax of \$47,623, an increase in sales tax of \$67,596, and an increase in mineral lease of \$84,498 net of a decrease in miscellaneous revenues.

**Proprietary funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2015 and 2014 for the Town's enterprise fund (Water-Sewer-Refuse) are as follows:

	2015	2014
Unrestricted net position	\$ 330,966	\$ 488,471
Total net position	7,484,175	7,263,123
Change in net position	221,052	537,900

The main reasons for the decrease in net income/loss were due to the fact that capital contributions and transfers in were \$400,446 in 2015 and \$563,132 in 2014.

## Budgetary Highlights

General fund revenues of \$2,241,614 were more than budgeted revenues of \$2,008,588 by \$233,026. The most significant factors contributing to this difference is related to sales tax of \$82,702, car rental tax of \$13,309, severance tax of 127,129 and miscellaneous revenue of \$54,795 net of a shortfall in grant revenue of \$104,147. Actual expenditures were \$243,817 less than budgeted expenditures mainly due to the Streets department sidewalk-CDOT project and professional services costs which will not be incurred until 2016.

The proprietary fund unrestricted balance at December 31, 2015 equals 24.79% of the annual operating expenses.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, system improvements, park facilities and roads. At the end of 2015, net capital assets of the government activities totaled \$12.49 million and the net capital assets of the business-type activities totaled \$8.33 million. The most significant governmental capital addition was the John Deere 4066R Utility Tractor & Loader of \$48,711. The most significant business-type capital addition was the Seneca Hill Tank to Airport Tank and Sewer Outfall Project construction-in-progress of \$758,281. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

### **Debt**

At year-end, the Town had \$1,062,448 in governmental type debt, and \$2,011,478 in proprietary debt. During 2015, the Town's total debt decreased by \$181,937 as a result of regularly scheduled debt service payments. Debt per capita based on an estimated population of 1,801 is \$1,707.

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

In considering the Town budget for fiscal year 2016, the Town Council and management were cautious as to the growth of revenues and expenditures due to an uncertain economy. Town officials primary goals in 2016 included employee retention, building cash reserves, finding ways to fund identified water system capital improvements, conducting an engineering analysis to repair certain local streets and keeping costs affordable for local taxpayers. Overall in 2016 the Town's operating expenditures were budgeted to maintain the 2015 level of service without increasing taxes or fees.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

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**BASIC FINANCIAL STATEMENTS**

**TOWN OF HAYDEN, COLORADO**  
**Statement of Net Position**  
**December 31, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,375,254	\$ 175,405	\$ 1,550,659
Receivables (net of allowance)	641,538	156,406	797,944
Temporarily restricted assets:			
Cash and cash equivalents	-	1,379,035	1,379,035
Capital assets (net of accumulated depreciation):			
Land	2,100,992	340,273	2,441,265
Construction in progress	27,691	1,964,016	1,991,707
Buildings	2,357,302	-	2,357,302
System improvements	-	5,695,216	5,695,216
Furniture, equipment & vehicles	497,802	50,149	547,951
Infrastructure/Roads	7,508,083	-	7,508,083
Total assets	<u>14,508,662</u>	<u>9,760,500</u>	<u>24,269,162</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	126,396	256,791	383,187
Interest payable	8,853	8,056	16,909
Unearned revenue	17,008	-	17,008
Noncurrent liabilities:			
Due within one year	104,448	174,557	279,005
Due in more than one year	958,001	1,836,921	2,794,922
Total liabilities	<u>1,214,706</u>	<u>2,276,325</u>	<u>3,491,031</u>
<b>Deferred Inflows of Resources</b>			
Deferred revenue - property taxes	475,720	-	475,720
<b>Net Position</b>			
Net investment in capital assets	11,478,521	7,153,209	18,631,730
Restricted for:			
Emergencies	90,214	-	90,214
Parks and recreation	66,700	-	66,700
Unrestricted	1,182,513	330,966	1,513,479
Total Net Position	<u>\$ 12,817,948</u>	<u>\$ 7,484,175</u>	<u>\$ 20,302,123</u>

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

**TOWN OF HAYDEN, COLORADO**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 489,570	\$ 40,240	\$ -	\$ -	\$ (449,330)	\$ -	\$ (449,330)
Public safety	707,324	13,003	68,424	-	(625,897)	-	(625,897)
Public works/Streets	767,934	-	72,216	-	(695,718)	-	(695,718)
Parks and recreation	288,610	14,056	-	-	(274,554)	-	(274,554)
Interest on long-term debt	63,232	-	-	-	(63,232)	-	(63,232)
Total governmental activities	2,316,670	67,299	140,640	-	(2,108,731)	-	(2,108,731)
Business-type activities:							
Water	828,765	714,686	-	269,667	-	155,588	155,588
Sewer	405,715	324,527	-	5,323	-	(75,865)	(75,865)
Refuse	138,889	138,836	-	-	-	(53)	(53)
Total business-type activities	1,373,369	1,178,049	-	274,990	-	79,670	79,670
Total Primary Government	3,690,039	1,245,348	140,640	274,990	(2,108,731)	79,670	(2,029,061)
General Revenues:							
Taxes:							
Property tax					475,167	-	475,167
Sales tax					908,757	-	908,757
Other taxes					577,394	-	577,394
Franchise tax					55,424	-	55,424
Unrestricted investment earnings					6,091	-	6,091
Miscellaneous					28,268	-	28,268
Transfers					(141,382)	141,382	-
Total general revenues & transfers					1,909,719	141,382	2,051,101
Change in net position					(199,012)	221,052	22,040
Net position - beginning					13,016,960	7,263,123	20,280,083
Net position - ending					\$ 12,817,948	\$ 7,484,175	\$ 20,302,123

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

**TOWN OF HAYDEN, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 946,102	\$ 429,152	\$ 1,375,254
Receivables, net:			
Property taxes receivable	479,557	-	479,557
Accounts receivable	23,156	-	23,156
Intergovernmental	138,825	-	138,825
Due from other funds	4,738	-	4,738
Total assets	<u>\$ 1,592,378</u>	<u>\$ 429,152</u>	<u>\$ 2,021,530</u>
<b>Liabilities</b>			
Accounts payable	\$ 27,076	\$ -	\$ 27,076
Accrued wages	18,082	-	18,082
Accrued liabilities	81,238	-	81,238
Due to other funds	-	4,738	4,738
Unearned revenue	17,008	-	17,008
Total liabilities	<u>143,404</u>	<u>4,738</u>	<u>148,142</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	475,720	-	475,720
Total deferred inflows of resources	<u>475,720</u>	<u>-</u>	<u>475,720</u>
<b>Fund Balances</b>			
Restricted for:			
Parks and recreation	-	66,700	66,700
Emergencies	90,214	-	90,214
Committed to:			
General government (library)	-	244,449	244,449
Economic development	-	118,003	118,003
Unassigned	883,040	(5,026)	878,014
Total fund balances	<u>973,254</u>	<u>424,126</u>	<u>1,397,380</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,592,378</u>	<u>\$ 428,864</u>	<u>\$ 2,021,242</u>

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

**TOWN OF HAYDEN, COLORADO**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2015**

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Total fund balances - governmental funds \$ 1,397,380

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Governmental capital assets	18,248,745	
Accumulated depreciation	<u>(5,756,875)</u>	
		12,491,870

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

Capital leases	(1,013,349)	
Interest payable	(8,853)	
Compensated absences	<u>(49,100)</u>	
		<u>(1,071,302)</u>

Total net position - governmental activities	<u><u>\$ 12,817,948</u></u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2015**

<b>REVENUES</b>	General Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 1,578,724	\$ -	\$ 1,578,724
Licenses and permits	34,776	-	34,776
Intergovernmental	561,224	17,435	578,659
Fines and forfeitures	13,003	-	13,003
Interest revenue	5,399	492	5,891
Other revenues	48,488	5,111	53,599
Total Revenues	<u>2,241,614</u>	<u>23,038</u>	<u>2,264,652</u>
 <b>EXPENDITURES</b>			
Current:			
General government	457,391	2,764	460,155
Public safety	642,345	-	642,345
Public works/streets	461,365	-	461,365
Parks and recreation	241,667	-	241,667
Capital outlay	114,523	44,810	159,333
Debt Service:			
Principal	76,638	-	76,638
Interest and fiscal charges	63,713	-	63,713
Total Expenditures	<u>2,057,642</u>	<u>47,574</u>	<u>2,105,216</u>
Excess of Revenues			
Over (Under) Expenditures	183,972	(24,536)	159,436
 <b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(141,382)</u>	<u>-</u>	<u>(141,382)</u>
Total Other Financing Sources (Uses)	<u>(141,382)</u>	<u>-</u>	<u>(141,382)</u>
Net change in fund balances	42,590	(24,536)	18,054
Fund balances, beginning of year	<u>930,664</u>	<u>448,662</u>	<u>1,379,326</u>
Fund balances, end of year	<u>\$ 973,254</u>	<u>\$ 424,126</u>	<u>\$ 1,397,380</u>

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

**TOWN OF HAYDEN, COLORADO**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2015**

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

Net change in fund balances - total governmental funds	\$	18,054
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period.

Capital outlay	167,159	
Depreciation expense	<u>(457,970)</u>	(290,811)

Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain or loss on the sale of capital assets is reported net of its net book value.		(6,971)
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Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		76,638
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Accrued Interest for Long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.		481
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>3,597</u>
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Change in net position of governmental activities	\$	<u><u>(199,012)</u></u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF HAYDEN, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2015**

	Water-Sewer- Refuse
<b>Assets</b>	
Current Assets:	
Cash	\$ 175,405
Receivables (net of allowance)	114,237
Due from other governments	42,169
Total current assets	331,811
Noncurrent assets:	
Restricted cash and investments	1,379,035
Land	340,273
Construction in progress	1,964,016
Utility systems and improvements	14,267,645
Machinery, equipment and vehicles	364,830
Accumulated depreciation	(8,887,110)
Total noncurrent assets	9,428,689
<b>Total Assets</b>	<b>\$ 9,760,500</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	\$ 135,691
Accrued liabilities	44,720
Customer deposits	76,380
Interest payable	8,056
Loans payable - current	144,716
Compensated absences - current	29,841
Total current liabilities	439,404
Noncurrent liabilities:	
Long-term debt (net of current portion):	
Loans payable	1,836,921
Total noncurrent liabilities	1,836,921
Total liabilities	2,276,325
<b>Net Position</b>	
Net investment in capital assets	7,153,209
Unrestricted	330,966
Total net position	<b>\$ 7,484,175</b>

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

**TOWN OF HAYDEN, COLORADO**  
**Statement Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	Water-Sewer- Refuse
<b>Operating Revenues</b>	
Charges for services:	
Water	\$ 702,773
Sewer	314,122
Refuse	138,836
Other revenues	22,318
Total operating revenues	1,178,049
<b>Operating Expenses</b>	
Water	533,000
Sewer	328,741
Refuse	138,889
Depreciation	334,392
Total operating expenses	1,335,022
Operating income (loss)	(156,973)
<b>Non-Operating Revenues (Expenses)</b>	
Interest expense and fiscal charges	(38,347)
Connection and tap fees	15,926
Total non-operating revenue (expense)	(22,421)
<b>Income (loss) before contributions and transfers</b>	(179,394)
<b>Contributions and Transfers:</b>	
Capital contributions and grants	259,064
Transfers in	141,382
<b>Change in net position</b>	221,052
Net position, beginning of year	7,263,123
<b>Net position, end of year</b>	<b>\$ 7,484,175</b>

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

**TOWN OF HAYDEN, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2015**

	Water-Sewer- Refuse
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers, service fees	\$ 1,127,796
Cash received from customers, other	22,318
Cash paid to suppliers	(709,533)
Cash paid to employees	(248,886)
Net cash flows from operating activities	191,695
<b>Cash Flows From Noncapital Financing Activities:</b>	
Transfers from/(to) other funds	141,382
Net cash flows from noncapital financing activities	141,382
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	(770,229)
Principal paid on long-term debt	(105,298)
Interest paid	(38,347)
Debt proceeds	-
Capital grants	440,067
Connection and tap fees	15,926
Net cash flows from capital and related financing activities	(457,881)
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	-
Net change in cash and cash equivalents	(124,804)
Cash and cash equivalents, beginning of year	1,679,244
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,554,440</b>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income/(loss)	\$ (156,973)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:	
Depreciation/amortization	334,392
Changes in operating assets and liabilities:	
(Increase)/decrease in receivables	(27,935)
(Increase)/decrease in prepaids	100
Increase/(decrease) in payables	12,930
Increase/(decrease) in accrued liabilities & deposits	29,181
Net cash flows from operating activities	\$ 191,695

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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**Description of Government-Wide Financial Statements**

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

**Reporting Entity**

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

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The following is a brief review of the component units included in defining the Town's reporting entity. There are no discretely presented component units and two blended component units.

Blended component units included within the reporting entity and reported as special revenue funds with the governmental fund financial statements:

The **Hayden Heritage Center** provides museum services to all citizens of the Town and is governed by a board of directors that are appointed by the Town Council.

The **Hayden Public Library** accounts for donations and other revenues committed for library services and is governed by a board of directors that are appointed by the Town Council.

**Basis of Presentation – Government-Wide Financial Statements**

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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

**Basis of Presentation – Fund Financial Statements**

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

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 general government, except for those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

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

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

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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**Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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

***Cash and cash equivalents***

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

***Receivables and Payables***

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

***Inventories***

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

***Capital Assets***

Capital assets, which include; property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$2,500 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	15 to 40 years
Utility systems and improvements	10 to 40 years
Furniture, equipment and vehicles	3 to 10 years
Infrastructure - Streets and sidewalks	10 to 50 years

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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*Deferred outflows/inflows of resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – property taxes*, is reported in both the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Net position flow assumption*

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions*

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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

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

**Revenues and expenditures/expenses**

***Program revenues***

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes levied in the current year and not collected within 60 days of year-end are not deemed available to pay current liabilities and therefore the receivable is recorded as unavailable revenue in the governmental funds. Property taxes for the current year are levied by the County and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County also levies various personal property taxes during the year.

***Compensated Absences***

It is the Town's policy to permit employees to accumulate earned but unused vacation time, compensatory time, and sick leave. Accumulated vacation is maximized at 240 hours, accumulated compensatory time is maximized at 80 hours, and accumulated sick leave is maximized at 480 hours. After five years of service and upon termination, sick leave may be converted at a rate of 8 hours for every 24 hours accumulated with a maximum of 80 hours.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

***Proprietary funds operating and nonoperating revenues and expenses***

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water-sewer-refuse fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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

**Budgets and Budgetary Accounting**

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

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

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

Budget amounts included in the financial statements report both the original and final amended budget. The Town did not adopt any supplemental appropriations during the year and there were no revisions made to the original budget during the year.

**Expenditures over Appropriations**

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Council. The Council by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents are reported on pages 46 to 49 and 53 to 58. There was one non-major fund which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2015.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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**Tax, Spending and Debt Limitations**

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

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

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has reserved \$90,214 of the December 31, 2015 fund balance in the General fund for this purpose.

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

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

**Debt Covenants**

See supplementary information on page 60 for compliance with debt covenants.

**Deficit Fund Balance**

The Heritage Center special revenue fund reported a deficit fund balance of \$5,026 at December 31, 2015. It is the intention of management to eliminate this deficit in future years with anticipated revenues and/or a supplement from the General fund.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 4. Deposits and Investments**

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

Cash on hand	\$ 200
Cash in bank	1,698,151
Colorado Trust	8,494
CWRPDA Project loan accounts	1,085,192
Certificates of deposit	<u>137,657</u>
Total cash and investments	<u><u>\$ 2,929,694</u></u>
Cash and cash equivalents	\$ 1,550,659
Restricted cash	<u>1,379,035</u>
	<u><u>\$ 2,929,694</u></u>

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk; however, the Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to or exceed 102% of the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2015 cash on hand was \$200 and the carrying amount of the Town's deposits was \$1,698,151. As of December 31, 2015 the bank balance of the Town's deposits was \$1,753,529 of which \$250,000 was insured by federal depository insurance and \$1,503,529 was uninsured but collateralized by the PDPA as noted above.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The Town's investment policy follows Colorado statutes. At December 31, 2015 the Town's investments included certificates of deposit and funds held in the Colorado Government Liquid Asset Trust (COLOTRUST).

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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

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

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

As of December 31, 2015 the Town had \$8,494 invested in the COLOTRUST with a fair market value of \$8,494 and maturities of less than one year. The COLOTRUST's funds are rated AAAM by Standard and Poor's, Fitch's and Moody's rating services.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which requires that the Town's investment portfolio maturities do not exceed five years from the time of purchase.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which limits investment in commercial paper and corporate bonds to the top ratings issued by at least two nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 5.           Restricted Assets**

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A summary of temporarily restricted assets of the Town at December 31, 2015 is as follows:

Loan reserves	\$ 217,463
CWRPDA Project accounts	1,085,192
Customer deposits	<u>76,380</u>
	<u><u>\$ 1,379,035</u></u>

Loan reserves:

The Town has set aside funds for the Operation and Maintenance Reserve Fund as required by the Colorado Water Resources and Power Development Authority Loan Agreement. The reserve at year-end is equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the Town's annual budget.

CWRPDA Project accounts:

The Colorado Water Resources and Power Development Authority (CWRPDA) created a Project loan account in its Water Pollution Control Revolving Fund in 2012 and a similar account in 2014 for the water treatment plan project loan. CWRPDA loan proceeds were deposited into these accounts to be used to pay the costs of the outflow project and the water treatment plan project. The balance reflected above is the unexpended funds restricted for use on the projects at December 31, 2015.

Customer deposits:

The Town collects deposits from utility customers. These deposits are temporarily restricted or unavailable for current expenditure. The amount reflected above is the amount of deposits on hand at December 31, 2015.

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**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 6. Capital Assets**

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

<b>Governmental Activities:</b>	<b>Balance 12/31/2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2015</b>
Capital assets, not being depreciated:				
Land	\$ 2,100,992	\$ -	\$ -	\$ 2,100,992
Construction in progress	10,873	16,818	-	27,691
Total capital assets, not being depreciated	<u>2,111,865</u>	<u>16,818</u>	<u>-</u>	<u>2,128,683</u>
Capital assets, being depreciated:				
Buildings	3,167,163		-	3,167,163
Furniture, equipment & vehicles	1,659,235	143,739	(92,176)	1,710,798
Infrastructure	11,235,499	6,602	-	11,242,101
Total capital assets, being depreciated	<u>16,061,897</u>	<u>150,341</u>	<u>(92,176)</u>	<u>16,120,062</u>
Less accumulated depreciation for:				
Buildings	(730,681)	(79,181)	-	(809,862)
Furniture, equipment & vehicles	(1,178,163)	(120,038)	85,205	(1,212,996)
Infrastructure	(3,475,267)	(258,751)	-	(3,734,018)
Total accumulated depreciation	<u>(5,384,111)</u>	<u>(457,970)</u>	<u>85,205</u>	<u>(5,756,876)</u>
Total capital assets, being depreciated, net	<u>10,677,786</u>	<u>(307,629)</u>	<u>(6,971)</u>	<u>10,363,186</u>
Governmental activities capital assets, net	<u>\$ 12,789,651</u>	<u>\$ (290,811)</u>	<u>\$ (6,971)</u>	<u>\$ 12,491,869</u>

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

<b>Governmental Activities:</b>	
General government	\$ 28,973
Public safety	66,259
Public works/streets	315,314
Parks & recreation	47,424
Total depreciation expense - governmental activities	<u>\$ 457,970</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

**Note 6. Capital Assets, Continued**

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

<b>Business Type Activities:</b>	<b>Balance 12/31/2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2015</b>
Capital assets not being depreciated:				
Land and water rights	\$ 340,274	\$ -	\$ -	\$ 340,274
Construction in progress	1,215,016	758,280	(9,280)	1,964,016
Total capital assets, not being depreciated	<u>1,555,290</u>	<u>758,280</u>	<u>(9,280)</u>	<u>2,304,290</u>
Capital assets being depreciated:				
Utility system and improvements	14,258,366	9,280	-	14,267,646
Equipment & vehicles	352,878	11,950	-	364,828
Total capital assets, being depreciated	<u>14,611,244</u>	<u>21,230</u>	<u>-</u>	<u>14,632,474</u>
Less accumulated depreciation for:				
Utility system and improvements	(8,263,236)	(309,193)	-	(8,572,429)
Equipment & vehicles	(289,482)	(25,199)	-	(314,681)
Total accumulated depreciation	<u>(8,552,718)</u>	<u>(334,392)</u>	<u>-</u>	<u>(8,887,110)</u>
Total capital assets, being depreciated, net	<u>6,058,526</u>	<u>(313,162)</u>	<u>-</u>	<u>5,745,364</u>
Business-type activities capital assets, net	<u>\$ 7,613,816</u>	<u>\$ 445,118</u>	<u>\$ (9,280)</u>	<u>\$ 8,049,654</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 266,711
Sewer	67,681
Total depreciation expense - business-type activities	<u>\$ 334,392</u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 7. Long-Term Debt**

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The following is a summary of changes in long-term obligations for the year ended December 31, 2015:

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015	Current Portion
<b>Governmental Activities:</b>					
Lease Purchase-Alpine Bank	\$ 1,060,000	\$ -	\$ (49,000)	\$ 1,011,000	\$ 53,000
Lease Purchase-Caterpillar	29,987	-	(27,638)	2,349	2,349
Compensated absences	52,697	-	(3,597)	49,099	49,099
Total Governmental activity					
Long-term liabilities	<u>\$ 1,142,683</u>	<u>\$ -</u>	<u>\$ (80,235)</u>	<u>\$ 1,062,448</u>	<u>\$ 104,448</u>
<b>Business-Type Activities:</b>					
CWRPDA (2012)	\$ 580,508	\$ -	\$ (25,392)	\$ 555,117	\$ 25,902
CWRPDA (2002)	453,251	-	(49,120)	404,131	51,105
CWRPDA (2014)	915,000	-	(3,119)	911,881	38,658
State of Colorado (2002)	103,725	-	(10,862)	92,863	11,405
State of Colorado (2007)	34,451	-	(16,805)	17,646	17,646
Compensated absences	19,176	10,665	-	29,841	29,841
Total Business-type activity					
Long-term liabilities	<u>\$ 2,106,111</u>	<u>\$ 10,665</u>	<u>\$ (105,299)</u>	<u>\$ 2,011,478</u>	<u>\$ 174,558</u>

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**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

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The following is a listing of Loans and Notes Payable outstanding as of December 31, 2015:

**Loans and Notes Payable:**

**Business-Type Activities:**

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 2.0%, due in semi-annual principal installments of \$18,438, maturing November 1, 2033. This loan was approved in November 2012 with a maximum principal balance of \$603,300 for wastewater improvements. \$ 555,117

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 4.0%, due in semi-annual principal installments of \$33,382, maturing November 1, 2022. This loan was approved in April 2002 with a maximum principal balance of \$1,000,000 for water treatment plant improvements. 404,131

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 2.0%, due in semi-annual principal installments of \$28,352, maturing May 1, 2035. This loan was approved in July 2014 with a maximum principal balance of \$915,000 for water treatment plant improvements. 911,881

Loan payable to the State of Colorado Department of Local Affairs, bearing interest at 5.0%, due in annual installments of \$16,049, maturing September 1, 2022. This loan was approved in August 2002 with a maximum principal balance of \$200,000 for water treatment plant improvements. 92,863

Loan payable to the State of Colorado Department of Local Affairs, bearing interest at 5.0%, due in annual installments of \$18,528, maturing September 1, 2016. This loan was approved in March 2007 with a maximum principal balance of \$148,000 for water line replacements. 17,646

Total Loans and Notes Payable \$ 1,981,637

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

Note payable debt service maturities are as follows:

Years ending June 30:	Business-Type Activities	
	Principal	Interest
2016	\$ 144,717	\$ 50,203
2017	131,002	45,390
2018	135,073	41,318
2019	139,287	37,104
2020	143,650	32,741
2021	148,168	28,223
2022	152,849	23,544
2023	74,211	19,369
2024	75,702	17,877
2025	77,224	16,355
2026	78,776	14,803
2027	80,359	13,220
2028	81,975	11,605
2029	83,622	9,957
2030	85,303	8,276
2031	87,018	6,561
2032	88,767	4,812
2033	90,551	3,028
2034	55,311	1,392
2035	28,071	281
	\$ 1,981,637	\$ 386,060

**Obligations under Capital Leases**

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

The Town also 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. The lease was used to purchase a new wheel loader. The lease is secured by an interest in the equipment.

The lease payments are reported as debt service in the General fund.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

The future minimum lease obligations and the present value of the minimum lease payments as of December 31, 2015 are as follows:

<u>December 31,</u>	<u>Governmental Activities</u>
2016	117,733
2017	114,031
2018	114,531
2019	114,781
2020-2024	573,718
2025-2029	<u>459,438</u>
Total remaining lease payments	\$ 1,494,232
Less: Amount representing interest	<u>480,883</u>
Present value of net remaining minimum lease payments	<u><u>\$ 1,013,349</u></u>

A summary of assets acquired through capital leases follows:

	<u>Governmental Activities</u>
Vehicles and equipment	\$ 129,561
Accumulated depreciation	(64,781)
Buildings	1,300,000
Accumulated depreciation	<u>(195,000)</u>
Net total	<u><u>\$ 1,169,781</u></u>

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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

Interfund receivable and payable balances as shown in the fund financial statements consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 4,738	\$ -
Other governmental - Heritage Center fund	-	4,738
	\$ 4,738	\$ 4,738

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

Interfund transfers for the year ended December 31, 2015 are shown in the following table:

	Transfers In	
Transfers Out:	Water-Sewer- Refuse	Total
General Fund	\$ 141,382	\$ 141,382
	\$ 141,382	\$ 141,382

Transfers were used to move unrestricted general fund revenues to the Water-Sewer-Refuse fund based upon the Town's adopted budgetary policies and via Town Council resolutions.

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 9. Retirement and Pension Plans**

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Town employees may voluntarily contribute to a deferred compensation plan. The defined contribution plan is administered by ICMA Retirement Corporation and was created in accordance with Internal Revenue Code Section 457B. The plan, available to all full-time permanent employees of the Town at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust for the exclusive benefit of participating employees and are not accessible by the Town or its creditors.

The Town's contribution for each employee and investment earnings allocated to the employee's account are fully vested. The Town contributes up to 7% of eligible employee's wages. The Town's contributions to the plan were \$40,994 during the year ended December 31, 2015.

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**Note 10. Risk Management**

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**Public Entity Risk Pool**

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

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

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

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

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

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

**TOWN OF HAYDEN, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**Note 10. Risk Management , Continued**

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any of the last three years. The Town's share of surplus contributions held by CIRSA at December 31, 2012 was \$65,295. The Town's share of the surplus as of December 31, 2015 was not available.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA. The Board of Directors of the Agency is composed of seven directors elected by the members at the annual meeting to be scheduled in December each year.

**Health Reimbursement Arrangement Plan**

In order to control increasing health care costs, effective January 1, 2011, the Town established a Health Reimbursement Arrangement (HRA) Plan that reimburses employees for group medical health insurance plan deductible and actual eligible medical expenses incurred (as defined under Internal Revenue Code Section 213(d)). The plan year is from March 1 through February 28. At the end of a plan year, any unused claim liability in an HRA Plan account is returned to the Town.

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**Note 11. Contingencies and Commitments**

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**Litigation**

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

**Grants**

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

**Yamcolo Reservoir Storage Agreement**

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

**Stagecoach Reservoir Water Allotment Contract**

The Town entered into a water allotment contract with UYWCD in 1986 for 200 acre feet of storage water in the Stagecoach Reservoir for thirty years terminating 2018. The purchase price for the storage water was \$35.00 per acre foot due annually on July 15<sup>th</sup>.

**TOWN OF HAYDEN, COLORADO**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**FOR THE FOLLOWING MAJOR FUND:**

**General Fund – Detail Budget and Actual**

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**For the Year Ended December 31, 2015**

<b>REVENUES:</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Taxes:</b>				
Sales tax	\$ 826,055	\$ 826,055	\$ 908,757	\$ 82,702
Property tax	468,272	468,272	475,167	6,895
Car rental tax	106,165	106,165	119,474	13,309
Other taxes	14,200	14,200	19,902	5,702
Franchise tax	58,540	58,540	55,424	(3,116)
Total Taxes	<u>1,473,232</u>	<u>1,473,232</u>	<u>1,578,724</u>	<u>105,492</u>
<b>Licenses, Permits and Fees:</b>				
Licenses, permits and fees	6,300	6,300	9,692	3,392
Building permits	3,000	3,000	25,084	22,084
Total Licenses, Permits and Fees	<u>9,300</u>	<u>9,300</u>	<u>34,776</u>	<u>25,476</u>
<b>Intergovernmental:</b>				
Highway users tax	61,380	61,380	72,216	10,836
Severance tax	139,270	139,270	266,399	127,129
Other	99,390	99,390	154,185	54,795
Grant revenues	172,571	172,571	68,424	(104,147)
Total Intergovernmental	<u>472,611</u>	<u>472,611</u>	<u>561,224</u>	<u>88,613</u>
<b>Fines and Forfeitures:</b>				
Fines and forfeitures	12,000	12,000	13,003	1,003
Total Fines and Forfeitures	<u>12,000</u>	<u>12,000</u>	<u>13,003</u>	<u>1,003</u>
<b>Interest:</b>				
Interest revenue	1,136	1,136	5,399	4,263
Total Interest	<u>1,136</u>	<u>1,136</u>	<u>5,399</u>	<u>4,263</u>
<b>Other Revenues:</b>				
Charges for Services	7,050	7,050	5,463	(1,587)
Recreation programs and events	25,428	25,428	32,119	6,691
Miscellaneous revenue	7,831	7,831	10,906	3,075
Total Other Revenues	<u>40,309</u>	<u>40,309</u>	<u>48,488</u>	<u>8,179</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,008,588</u>	<u>\$ 2,008,588</u>	<u>\$ 2,241,614</u>	<u>\$ 233,026</u>

(continued)

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget and Actual (Continued)**  
**For the Year Ended December 31, 2015**

<b>EXPENDITURES</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Administrative:				
Wages and benefits	\$ 175,542	\$ 175,542	\$ 181,604	\$ (6,062)
Insurance	8,035	8,035	9,671	(1,636)
Contributions	11,550	11,550	12,569	(1,019)
Professional services	10,000	10,000	67,663	(57,663)
General operating and supplies	10,200	10,200	11,715	(1,515)
Other	11,550	11,550	40,894	(29,344)
Total administration	<u>226,877</u>	<u>226,877</u>	<u>324,116</u>	<u>(97,239)</u>
Legislative:				
Wages and benefits	8,340	8,340	8,348	(8)
Treasurer fees	14,048	14,048	14,942	(894)
Professional services	10,750	10,750	14,558	(3,808)
Other	13,625	13,625	1,451	12,174
Total legislation	<u>46,763</u>	<u>46,763</u>	<u>39,299</u>	<u>7,464</u>
Building department:				
Utilities	3,718	3,718	5,949	(2,231)
Insurance	6,010	6,010	4,957	1,053
Maintenance and repairs	7,350	7,350	4,076	3,274
Other	2,400	2,400	2,400	-
Total building department	<u>19,478</u>	<u>19,478</u>	<u>17,382</u>	<u>2,096</u>
Data processing department	23,555	23,555	19,405	4,150
Judicial department	9,415	9,415	12,109	(2,694)
Planning department	7,875	7,875	38,779	(30,904)
Elections department	-	-	4,142	(4,142)
Executive department	2,235	2,235	2,159	76
Total General Government	<u>336,198</u>	<u>336,198</u>	<u>457,391</u>	<u>(121,193)</u>
<b>Public Safety:</b>				
Wages and benefits	539,208	539,208	534,295	4,913
Insurance	12,750	12,750	12,662	88
General operating and supplies	31,400	31,400	22,104	9,296
Vehicles	30,000	30,000	26,315	3,685
Utilities	16,500	16,500	16,654	(154)
Other	18,500	18,500	30,315	(11,815)
Total Public Safety	<u>\$ 648,358</u>	<u>\$ 648,358</u>	<u>\$ 642,345</u>	<u>\$ 6,013</u>

(continued)

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget and Actual (Continued)**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Works:</b>				
Streets department:				
Wages and benefits	\$ 213,477	\$ 213,477	\$ 196,556	\$ 16,921
Utilities	31,500	31,500	32,494	(994)
Street cleaning and maintenance	244,000	244,000	191,437	52,563
General operating and supplies	14,200	14,200	7,483	6,717
Vehicles	18,000	18,000	8,375	9,625
Insurance	4,465	4,465	4,795	(330)
Other	157,480	157,480	9,830	147,650
Total streets department	<u>683,122</u>	<u>683,122</u>	<u>450,970</u>	<u>232,152</u>
Mosquito control:				
General operating and supplies	6,000	6,000	5,388	612
Chemicals	5,700	5,700	4,310	1,390
Other	450	450	697	(247)
Total mosquito control	<u>12,150</u>	<u>12,150</u>	<u>10,395</u>	<u>1,755</u>
Total Public Works	<u>695,272</u>	<u>695,272</u>	<u>461,365</u>	<u>233,907</u>
<b>Parks and Recreation:</b>				
Recreation:				
Wages and benefits	23,563	23,563	22,667	896
Programs	14,000	14,000	12,377	1,623
Special Events	11,000	11,000	15,246	(4,246)
Other	36,238	36,238	5,366	30,872
Total recreation	<u>84,801</u>	<u>84,801</u>	<u>55,656</u>	<u>29,145</u>
Parks:				
Wages and benefits	110,844	110,844	130,647	(19,803)
Utilities	12,500	12,500	18,534	(6,034)
General operating and supplies	3,000	3,000	4,379	(1,379)
Insurance	4,465	4,465	4,392	73
Repairs and maintenance	18,500	18,500	17,422	1,078
Other	15,100	15,100	10,637	4,463
Total Parks	<u>164,409</u>	<u>164,409</u>	<u>186,011</u>	<u>(21,602)</u>
Total Parks & Recreation	<u>\$ 249,210</u>	<u>\$ 249,210</u>	<u>\$ 241,667</u>	<u>\$ 7,543</u>

(continued)

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget and Actual (Continued)**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Economic Development:</b>				
Projects	\$ 2,821	\$ 2,821	\$ -	\$ 2,821
Other	7,900	7,900	-	7,900
Total Economic Development	<u>10,721</u>	<u>10,721</u>	<u>-</u>	<u>10,721</u>
<b>Capital Outlay</b>	<u>219,000</u>	<u>219,000</u>	<u>114,523</u>	<u>104,477</u>
<b>Debt Service:</b>				
Principal	142,700	142,700	76,638	66,062
Interest	-	-	63,713	(63,713)
Total Debt Service	<u>142,700</u>	<u>142,700</u>	<u>140,351</u>	<u>2,349</u>
<b>TOTAL EXPENDITURES</b>	<u>2,301,459</u>	<u>2,301,459</u>	<u>2,057,642</u>	<u>243,817</u>
Excess of Revenues Over (Under) Expenditures	(292,871)	(292,871)	183,972	476,843
<b>Other Financing Sources (Uses):</b>				
Transfer out	(51,670)	(51,670)	(141,382)	(89,712)
Total Other Financing Sources (Uses)	<u>(51,670)</u>	<u>(51,670)</u>	<u>(141,382)</u>	<u>(89,712)</u>
Net change in fund balance	(344,541)	(344,541)	42,590	387,131
Fund balance, beginning of year	<u>930,664</u>	<u>930,664</u>	<u>930,664</u>	<u>-</u>
Fund balance, end of year	<u>\$ 586,123</u>	<u>\$ 586,123</u>	<u>\$ 973,254</u>	<u>\$ 387,131</u>

# TOWN OF HAYDEN, COLORADO

## SUPPLEMENTARY INFORMATION

### COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

#### FOR THE FOLLOWING FUNDS:

##### **Nonmajor Special Revenue Funds**

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

- The **Conservation Trust Fund** is used to account for State of Colorado lottery funds to be used for parks and recreation services and capital improvement.
- The **Heritage Center Fund** accounts for revenues committed for community development.
- The **Development Fees Fund** accounts for development fees committed for subdivision improvements.
- The **Hayden Public Library Fund** accounts for donations and other revenues committed for the library.

##### **Major Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The budgets for the enterprise funds have been prepared and presented on a modified accrual basis which is an accounting basis other than GAAP for enterprise funds.

- The **Water-Sewer-Refuse Fund** is used to account for the Town's water wells, treatment facilities and distribution system, Town's sewer collection and treatment services, and refuse collection services.

**TOWN OF HAYDEN, COLORADO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2015**

	Conservation Trust Fund	Heritage Center Fund	Development Fees Fund	Hayden Public Library	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 66,700	\$ -	\$ 118,003	\$ 244,449	\$ 429,152
Total Assets	<u>\$ 66,700</u>	<u>\$ -</u>	<u>\$ 118,003</u>	<u>\$ 244,449</u>	<u>\$ 429,152</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ -	\$ 288	\$ -	\$ -	\$ 288
Due to other funds	-	4,738	-	-	4,738
Total Liabilities	<u>-</u>	<u>5,026</u>	<u>-</u>	<u>-</u>	<u>5,026</u>
Fund Balance:					
Restricted for:					
Parks and recreation	66,700	-	-	-	66,700
Committed to:					
General government (library)	-	-	-	244,449	244,449
Economic development	-	-	118,003	-	118,003
Unassigned	-	(5,026)	-	-	(5,026)
Total fund balances (deficit)	<u>66,700</u>	<u>(5,026)</u>	<u>118,003</u>	<u>244,449</u>	<u>424,126</u>
Total Liabilities and Fund Balances	<u>\$ 66,700</u>	<u>\$ -</u>	<u>\$ 118,003</u>	<u>\$ 244,449</u>	<u>\$ 429,152</u>

**TOWN OF HAYDEN, COLORADO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2015**

<b>REVENUES:</b>	Conservation Trust Fund	Heritage Center Fund	Development Fees Fund	Hayden Public Library	Total
Intergovernmental	\$ 17,435	\$ -	\$ -	\$ -	\$ 17,435
Interest revenue	-	-	-	492	492
Other revenues	200	-	-	4,911	5,111
Total Revenues	<u>17,635</u>	<u>-</u>	<u>-</u>	<u>5,403</u>	<u>23,038</u>
<b>EXPENDITURES:</b>					
General government	-	(2,206)	-	4,970	2,764
Capital outlay	44,810	-	-	-	44,810
Total Expenditures	<u>44,810</u>	<u>(2,206)</u>	<u>-</u>	<u>4,970</u>	<u>47,574</u>
Excess of Revenues Over (Under) Expenditures	<u>(27,175)</u>	<u>2,206</u>	<u>-</u>	<u>433</u>	<u>(24,536)</u>
Fund balances (deficit), beginning of year	<u>93,875</u>	<u>(7,232)</u>	<u>118,003</u>	<u>244,016</u>	<u>448,662</u>
Fund balances (deficit), end of year	<u>\$ 66,700</u>	<u>\$ (5,026)</u>	<u>\$ 118,003</u>	<u>\$ 244,449</u>	<u>\$ 424,126</u>

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Conservation Trust Special Revenue Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenue:				
State lottery	\$ 17,145	\$ 17,145	\$ 17,435	\$ 290
Interest income	250	250	200	(50)
Total revenue	<u>17,395</u>	<u>17,395</u>	<u>17,635</u>	<u>240</u>
<b>EXPENDITURES:</b>				
Parks and recreation:				
Capital outlay	<u>76,100</u>	<u>76,100</u>	<u>44,810</u>	<u>31,290</u>
Total Expenditures	<u>76,100</u>	<u>76,100</u>	<u>44,810</u>	<u>31,290</u>
Excess of Revenues Over (Under) Expenditures	<u>(58,705)</u>	<u>(58,705)</u>	<u>(27,175)</u>	<u>31,530</u>
Fund balance, beginning of year	<u>93,875</u>	<u>93,875</u>	<u>93,875</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 35,170</u></u>	<u><u>\$ 35,170</u></u>	<u><u>\$ 66,700</u></u>	<u><u>\$ 31,530</u></u>

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Heritage Center Special Revenue Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Wages and benefits	-	-	(2,206)	2,206
Total Expenditures	-	-	(2,206)	2,206
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	2,206	2,206
Fund balance, beginning of year	(7,232)	(7,232)	(7,232)	-
Fund balance (deficit), end of year	<u>\$ (7,232)</u>	<u>\$ (7,232)</u>	<u>\$ (5,026)</u>	<u>\$ 2,206</u>

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Development Fees Special Revenue Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2015**

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

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Hayden Public Library Special Revenue Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Interest income	\$ -	\$ -	\$ 492	\$ 492
Other revenues	-	-	4,911	4,911
Total Revenue	<u>-</u>	<u>-</u>	<u>5,403</u>	<u>5,403</u>
<b>EXPENDITURES:</b>				
Services, supplies, and other	-	-	4,970	(4,970)
Total Expenditures	<u>-</u>	<u>-</u>	<u>4,970</u>	<u>(4,970)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>433</u>	<u>433</u>
Fund balance, beginning of year	<u>244,016</u>	<u>244,016</u>	<u>244,016</u>	<u>-</u>
Fund balance, end of year	<u>\$ 244,016</u>	<u>\$ 244,016</u>	<u>\$ 244,449</u>	<u>\$ 433</u>

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Water-Sewer-Refuse Fund**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services:				
Water	\$ 718,766	\$ 718,766	\$ 702,773	\$ (15,993)
Sewer	311,610	311,610	314,122	2,512
Refuse	127,250	127,250	138,836	11,586
Other revenues	29,036	29,036	22,318	(6,718)
Total Revenues	<u>1,186,662</u>	<u>1,186,662</u>	<u>1,178,049</u>	<u>(8,613)</u>
<b>Expenses</b>				
Water:				
Operating water	225,829	225,829	220,002	5,827
Water treatment plant	124,849	124,849	90,537	34,312
Golden meadows	29,740	29,740	11,699	18,041
Hospital hill	15,541	15,541	11,973	3,568
Meters	18,342	18,342	13,583	4,759
Water rights	62,542	62,542	90,234	(27,692)
Water distribution	26,000	26,000	20,992	5,008
Administration water	81,599	81,599	73,980	7,619
Sewer:				
Operating sewer	170,820	170,820	160,207	10,613
Sewer treatment plant	82,411	82,411	56,055	26,356
Washington street	12,769	12,769	1,123	11,646
Sewer collection system	16,000	16,000	5,237	10,763
Lift stations	14,673	14,673	11,383	3,290
Administration sewer	81,599	81,599	94,736	(13,137)
Refuse Collection	127,250	127,250	138,889	(11,639)
Total Expenses	<u>1,089,964</u>	<u>1,089,964</u>	<u>1,000,630</u>	<u>89,334</u>
Operating Income excluding depreciation	<u>96,698</u>	<u>96,698</u>	<u>177,419</u>	<u>80,721</u>
<b>Non-operating Revenues (Expenses)</b>				
Interest income	782	782	-	(782)
Connection and tap fees	7,200	7,200	15,926	8,726
Total Non-Operating Revenue (Expense)	<u>7,982</u>	<u>7,982</u>	<u>15,926</u>	<u>7,944</u>
Income before contributions, transfers and capital and related financing activities	<u>\$ 104,680</u>	<u>\$ 104,680</u>	<u>\$ 193,345</u>	<u>\$ 88,665</u>

(continued)

**TOWN OF HAYDEN, COLORADO**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Water-Sewer-Refuse Fund (Continued)**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2015**

**Contributions, Transfers and Capital  
and Related Financing Activities:**

Capital outlay	\$ (1,108,330)	\$ (1,108,330)	\$ (770,229)	\$ 338,101
Debt service	(105,985)	(105,985)	(143,645)	(37,660)
Capital contributions and grants	1,248,830	1,248,830	259,064	(989,766)
Transfers in	51,670	51,670	141,382	89,712
Total Contributions, transfers and capital and related financing activities	<u>86,185</u>	<u>86,185</u>	<u>(513,428)</u>	<u>(599,613)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	190,865	190,865	(320,083)	(510,948)

**Reconciliation to net income:**

Depreciation	(334,392)
Capital outlay	770,229
Debt principal payments	<u>105,298</u>
<b>US GAAP basis net income (loss)</b>	<b>221,052</b>

Net position, beginning of year	<u>7,263,123</u>
<b>Net position, end of year</b>	<b><u><u>\$ 7,484,175</u></u></b>

**TOWN OF HAYDEN, COLORADO**

**SUPPLEMENTARY INFORMATION**

**COLORADO WATER RESOURCES AND  
POWER DEVELOPMENT AUTHORITY  
LOAN COVENANTS AND REQUIREMENTS**

The Colorado Water Resources and Power Development Authority Loan Agreement sets forth certain covenants and restrictions. As of December 31, 2015, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit A and Exhibit F, Additional Covenants and Requirements. See footnote 7 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town shall establish and collect such rates, fees, and charges for the use or the sale of the products and services of the System as, together with other moneys available therefore, are expected to produce Gross revenue for each calendar year that will be at least sufficient for such calendar year to pay the sum of estimated operation and maintenance expenses, 110% of the debt service coming due on the bond during the calendar year and other debt service requirements. Gross revenue as defined in Para (3) of Exhibit A to the Loan Agreement is all income and revenues directly or indirectly derived by the government agency for the operation and use of the system, including investment income, but excluding, property taxes and grants received for capital improvements.

**Summary of 2015 Gross Revenue Requirement**

Total Gross Revenue requirement	\$ 1,015,431
Total water fund revenues, excluding capital grants	\$ 1,055,140
Excess (deficiency) of gross revenues	\$ 39,708
2015 Actual coverage ratio of CWRPDA debt service	147%

- **Operations and Maintenance Reserve Fund Covenant:** The Town has set aside sufficient funds to meet the Reserve Fund covenant. See footnote 5 for more details regarding the reserve fund amount.

**TOWN OF HAYDEN, COLORADO**

**SUPPLEMENTARY INFORMATION**

**LOCAL HIGHWAY FINANCE REPORT**

Section 43-2-132 of the Colorado Revised Statutes requires municipalities receiving Highway User Tax Funds to include a schedule of highway receipts and expenditures with the audit report. The said report is presented on the following two pages.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Town of Hayden
	YEAR ENDING : December 2015
Prepared By: Carrie Bartow Phone: 303-779-5710	

**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 expense:				
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 tax:		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	491,325
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services	
c. Total (a.+b.)		a. Traffic control operation	24,710
2. General fund appropriation:	520,926	b. Snow and ice removal	19,656
3. Other local imposts (from page 2)	33,399	c. Other	0
4. Miscellaneous local receipts (from page 2)	12,086	d. Total (a. through c.)	44,366
5. Transfers from toll facilities		4. General administration & miscellaneous	31,164
6. Proceeds of sale of bonds and notes		5. Highway law enforcement and safety	79,618
a. Bonds - Original Issue		6. Total (1 through 5)	646,473
b. Bonds - Refunding Issue:		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	566,411	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	80,062	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	646,473	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>	646,473

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliator
		646,473	646,473		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy)  
December 2015

**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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	12,086
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	33,399	g. Other Misc. Receipts	
6. Total (1. through 5.)	33,399	h. Other - Road and Bridge	0
c. Total (a. + b.)	33,399	i. Total (a. through h.)	12,086
	(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	72,216	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	7,846	d. Federal Transit Admin	
d. Other (Specify) -		e. U.S. Corps of Engineers	
e. Other (Specify)-		f. Other Federal	
f. Total (a. through e.)	7,846	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	80,062	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
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		-	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

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

The Honorable Mayor and Town Council  
Town of Hayden, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 31, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control which are described in the findings and recommendations letter dated July 31, 2016 that we consider to be significant deficiencies:

2013-001	Adjustments and Reconciliations
2013-002	Segregation of Duties
2013-003	Capital Asset Management

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



HintonBurdick, PLLC  
St. George, Utah  
July 31, 2016