

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF HAYDEN, COLORADO

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Independent Auditors' Report

The Honorable Mayor and Town Council
Town of Hayden, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hayden, Colorado (the Town), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Squire & Company, PC

Squire & Company, PC
St. George, Utah
September 11, 2026

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TOWN OF HAYDEN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2025

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, 2025. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Governmental net position increased from $31.0 million to $43.9 million during 2025.
- Business-type net position increased from $12.4 million to $12.6 million during 2025.
- The combined net investment in capital assets is $42.6 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 $3.3 million.
- Total revenues in the General fund decreased from $6.2 million to $4.9 million.
    - Grant revenues decreased from 2024 to 2025 from $318,553 to $208,306.
    - Local sales tax collections increased by 6.38% from the prior year to $2.4 million.
    - Building material use tax decreased from $1.4 million in the prior year to $105K in the current year.
- The general fund unassigned fund balance at the end of 2025 was $1,346,181 which is 27% of total General fund expenditures.

USING THIS ANNUAL REPORT

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

Reporting the Town as a Whole

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

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

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

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

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, parks and recreation, economic development and interest on long-term debt. Sales taxes, property taxes, franchise taxes, vehicle rental taxes, intergovernmental revenues and charges for services finance most of these activities.

- Proprietary activities/Business type activities – The Town charges a fee to water, sewer and trash customers to cover most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

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

- Proprietary funds – When the Town charges customers for the services it provides, i.e. water, sanitary sewer and trash, these services are generally reported in proprietary (aka. enterprise) funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities and deferred inflows by $56.5 million as of December 31, 2025 as shown in the following condensed statement of net position. Of this amount, $3,283,323 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 $42.6 million (75.3% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

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

The following table summarizes the Town's governmental and business-type net position as of December 31, 2025 and 2024:

TOWN OF HAYDEN, COLORADO
Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/25	12/31/24	12/31/25	12/31/24	12/31/25	12/31/24
Current and other assets	$ 16,347,639	$ 6,972,828	$ 1,526,852	$ 1,180,739	$ 17,874,491	$ 8,153,567
Capital assets	37,358,455	32,807,053	12,833,624	13,118,041	50,192,079	45,925,094
Total assets	53,706,094	39,779,881	14,360,476	14,298,780	68,066,570	54,078,661
Long-term liabilities outstanding	6,629,518	6,542,405	1,592,016	1,719,974	8,221,534	8,262,379
Other liabilities	1,011,224	551,918	119,697	220,943	1,130,921	772,861
Total liabilities	7,640,742	7,094,323	1,711,713	1,940,917	9,352,455	9,035,240
Deferred inflows of resources	2,168,524	1,710,589	-	-	2,168,524	1,710,589
Net position:						
Net investment in capital assets	31,157,065	26,595,233	11,398,495	11,540,194	42,555,560	38,135,427
Restricted	10,471,708	1,532,057	235,000	235,000	10,706,708	1,767,057
Unrestricted	2,268,055	2,847,679	1,015,268	582,669	3,283,323	3,430,348
Total net position	$ 43,896,828	$ 30,974,969	$ 12,648,763	$ 12,357,863	$ 56,545,591	$ 43,332,832

An additional portion of net position, $10,706,708 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $3,283,323 (5.8% 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 $6,690,094. As shown in the Changes in Net Position statement below, $463,216 of this cost was paid for by those who directly benefited from the programs. $13,073,897 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 $13,537,113. General taxes, other revenues and investment earnings totaled $6,473,037.

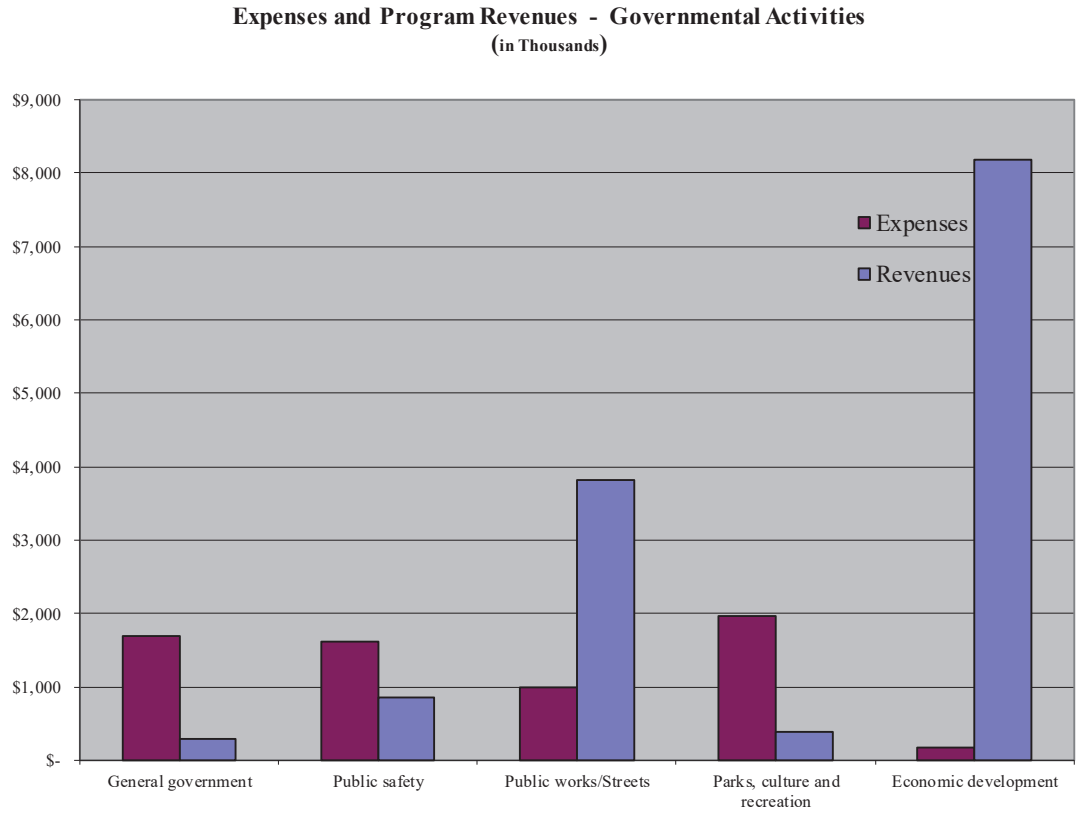
The Town's programs include: General Government, Public Safety, Public Works/Streets, Parks & Recreation, and Economic Development. Each program's revenues and expenses are presented below.

TOWN OF HAYDEN, COLORADO
Changes in Net Position

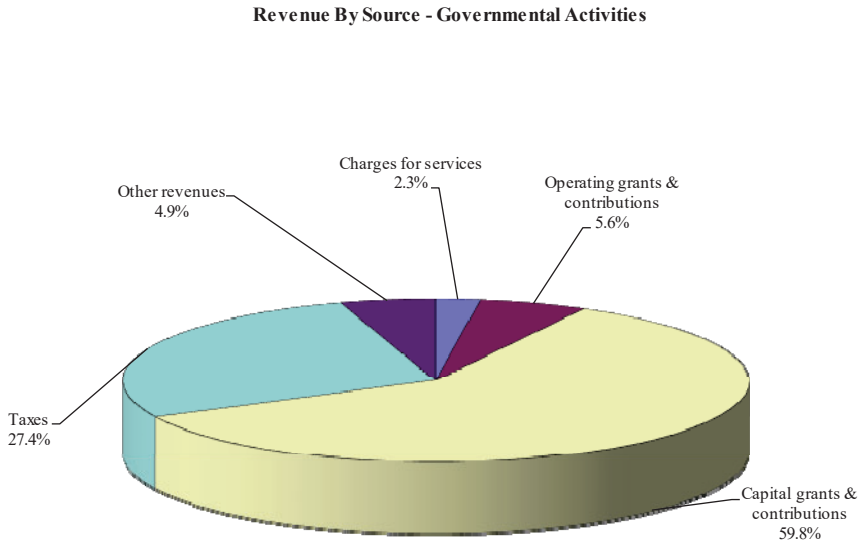
	Governmental activities		Business-type activities		Combined Total	
	12/31/25	12/31/24	12/31/25	12/31/24	12/31/25	12/31/24
Revenues:						
Program revenues:						
Charges for services	$ 463,216	$ 415,628	$ 2,256,503	$ 1,887,109	$ 2,719,719	$ 2,302,737
Operating grants and contributions	1,116,731	461,247	-	-	1,116,731	461,247
Capital grants and contributions	11,957,166	7,043,532	134,953	549,767	12,092,119	7,593,299
General revenues:						
Taxes	5,490,074	6,728,201	-	-	5,490,074	6,728,201
Investment earnings	116,449	66,897	-	-	116,449	66,897
Other revenue	866,514	1,252,345	-	-	866,514	1,252,345
Total revenues	20,010,150	15,967,850	2,391,456	2,436,876	22,401,606	18,404,726
Expenses:						
General government	1,689,218	1,927,170	-	-	1,689,218	1,927,170
Public safety	1,622,252	1,238,854	-	-	1,622,252	1,238,854
Public works/Streets	995,838	1,205,534	-	-	995,838	1,205,534
Parks, culture and recreation	1,967,675	1,641,822	-	-	1,967,675	1,641,822
Economic development	165,176	276,180	-	-	165,176	276,180
Interest on long-term debt	249,935	154,591	-	-	249,935	154,591
Water	-	-	1,405,937	1,441,940	1,405,937	1,441,940
Sewer	-	-	738,224	700,958	738,224	700,958
Refuse	-	-	354,592	333,812	354,592	333,812
Total expenses	6,690,094	6,444,151	2,498,753	2,476,710	9,188,847	8,920,861
Increase (Decrease) in net position before transfers	13,320,056	9,523,699	(107,297)	(39,834)	13,212,759	9,483,865
Transfers	(398,197)	90,000	398,197	(90,000)	-	-
Net position, beginning	30,974,969	21,361,270	12,357,863	12,487,697	43,332,832	33,848,967
Net position, ending	$ 43,896,828	$ 30,974,969	$ 12,648,763	$ 12,357,863	$ 56,545,591	$ 43,332,832

Total resources available during the year to finance governmental operations were $51.0 million consisting of Net position at January 1, 2025 of $31.0 million, program revenues of $13,537,113 and General Revenues of $6,473,037. Total Governmental Activity expenses, including depreciation of $1,009,792 were $6,690,094; transfers out were $398,197, thus Governmental Net Position was increased by $12,921,859 to $43,896,828. The most significant reason for the increase is due to capital grants and contributions received during the year.

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



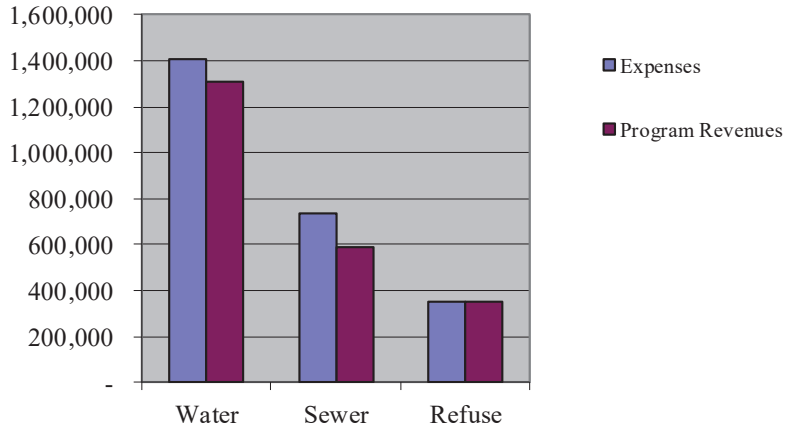
Revenues reported above include charges for services and grant revenues directly related to the respective programs. As noted in the chart below, these revenues make up 2.3% and 65.4% of the Town's total governmental revenues for the current year. Shortfalls are made up by taxes and other revenues.



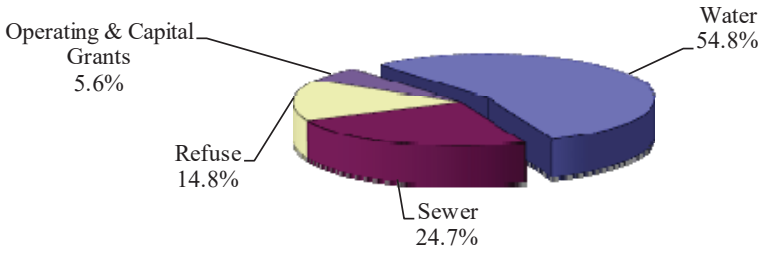
Business Type Activities

Net position of the Business Type activities at December 31, 2025, as reflected in the Statement of Net Position was $12,648,763. The cost of providing all Proprietary (Business Type) activities this year was $2,498,753. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were $2,256,503 and there was $134,953 subsidized by capital grants and contributions and $398,197 transferred in. The Net Position increased by $290,900.

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 $13,190,909 which is an increase of $8,546,695 in comparison with the prior year. The increase is mainly due to an increase in intergovernmental revenues from the prior year. Unassigned fund balance of $883,505, which is available for spending at the government's discretion is approximately 6.7% of the total fund balance. $191,862 is committed for future capital outlay and $633 for economic development. The assigned fund balance is $1,643,201. $506,030 for debt services and 1,137,171 for capital outlay. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside to pay for emergency reserves (TABOR) $582,055, for debt service of $774,356, for public safety of $828,333 and for parks and recreation of $116,964.

The Town has four major governmental funds.

The General Fund, which is the primary operating fund for the Town reported unassigned fund balance of $1,346,181. 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 27% and total fund balance represents 42% of total General fund expenditures. The fund balance of the Town's General fund decreased by $418,517 for the year ended December 31, 2025. General fund revenues decreased by $1,376,642 compared to the prior year. The decrease was mainly due to a decrease in building material use tax of $1,310,844.

The Capital Improvements Fund had an ending fund balance at December 31, 2025 of $7,919,399. This was an increase of $7,419,579. The increase was attributable to a new $8.2 million affordable housing grant.

The Northwest GID Fund had an ending fund balance at December 31, 2024 of $1,137,171. This was an increase of $757,006. The increase was attributable to the sale of industrial park lots.

The Debt service Fund had a fund balance of $1,280,386 at December 31, 2025. $774,356 is restricted for debt services and $506,030 is assigned for debt services. Debt service fund revenues and expenditure were consistent with the prior year.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2025 and 2024 for the Town's enterprise fund (Water-Sewer-Refuse) are as follows:

	2025	2024
Unrestricted net position	$ 1,015,268	$ 582,669
Total net position	12,648,763	12,357,863
Change in net position	290,900	(129,834)

The main reason for the increase in net position was due to an increase in capital contributions received compared to the prior year as well as an increase in transfers in. The proprietary fund unrestricted balance at December 31, 2025 equals 41% of the annual operating expenses.

Budgetary Highlights

General fund revenues of $4,879,519 were less than budgeted revenues by $613,714. Actual expenditures of $5,043,152 were more than budgeted expenditures by $311,755.

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 2025, net capital assets of the government activities totaled $37.4 million and the net capital assets of the business-type activities totaled $12.8 million. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 6 to the financial statements for additional details.)

Debt

At year-end, the Town had $6.6 million in governmental type debt, and $1.6 million in proprietary debt. During 2025, the Town's total debt decreased by $40,845. Debt per capita based on an estimated population of 2,000 is $4,111.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In consideration of the 2026 budget, the Town Council worked on a strategic plan that prioritized the monies in the Town budget. The Council illustrated six categories to focus on with 8 overall goals which were: Maintain Stable and Growing Revenues for the Town; Continue Economic Diversification Efforts; Ensure that Hayden Stays Attainable; be Sure Hayden is Not Solely Dependent on Coal or Tourism; Maintain Strong Special Districts; Pursue a Hotel/Motel Property for the Community; Continue to Focus on the Airport Access Road; and Ensure that Hayden's Infrastructure is Well Maintained and Capital Planning is Strong.

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, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 3,963,435	$ -	$ 3,963,435
Receivables (net of allowance)	5,117,311	168,213	5,285,524
Note receivable	8,170,000	-	8,170,000
Internal balances	(903,197)	903,197	-
Prepaid expenses	90	-	90
Restricted assets:			
Cash and cash equivalents	-	455,442	455,442
Capital assets (net of accumulated depreciation and amortization):			
Land	2,728,555	340,273	3,068,828
Construction in progress	13,579,151	-	13,579,151
Buildings	10,289,498	-	10,289,498
System improvements	-	12,353,769	12,353,769
Furniture, equipment & vehicles	2,179,795	22,238	2,202,033
Right-to-use leased equipment	177,533	117,344	294,877
Infrastructure/roads	8,403,923	-	8,403,923
Total assets	53,706,094	14,360,476	68,066,570
Liabilities			
Accounts payable and other current liabilities	960,310	94,440	1,054,750
Interest payable	23,018	2,791	25,809
Retainage payable	-	22,466	22,466
Unearned revenue	27,896	-	27,896
Noncurrent liabilities:			
Due within one year	1,006,736	302,154	1,308,890
Due in more than one year	5,622,782	1,289,862	6,912,644
Total liabilities	7,640,742	1,711,713	9,352,455
Deferred Inflows of Resources			
Deferred revenue - property taxes	2,168,524	-	2,168,524
Net Position			
Net investment in capital assets	31,157,065	11,398,495	42,555,560
Restricted for:			
Emergencies	582,055	-	582,055
Public safety	828,333	-	828,333
Parks and recreation	116,964	-	116,964
Debt service	774,356	-	774,356
Affordable housing	8,170,000	-	8,170,000
Operations and maintenance	-	235,000	235,000
Unrestricted	2,268,055	1,015,268	3,283,323
Total Net Position	$ 43,896,828	$ 12,648,763	$ 56,545,591

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

TOWN OF HAYDEN, COLORADO
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,689,218	$ 39,492	$ 247,499	$ -	$ (1,402,227)	$ -	$ (1,402,227)
Public safety	1,622,252	119,824	743,861	-	(758,567)	-	(758,567)
Public works/Streets	995,838	-	80,361	3,731,166	2,815,689	-	2,815,689
Parks, culture and recreation	1,967,675	303,900	41,510	40,000	(1,582,265)	-	(1,582,265)
Economic development	165,176	-	3,500	8,186,000	8,024,324	-	8,024,324
Interest on long-term debt	249,935	-	-	-	(249,935)	-	(249,935)
Total governmental activities	6,690,094	463,216	1,116,731	11,957,166	6,847,019	-	6,847,019
Business-type activities:							
Water	1,405,937	1,310,206	-	74,392	-	(21,339)	(21,339)
Sewer	738,224	591,710	-	60,561	-	(85,953)	(85,953)
Refuse	354,592	354,587	-	-	-	(5)	(5)
Total business-type activities	2,498,753	2,256,503	-	134,953	-	(107,297)	(107,297)
Total Primary Government	9,188,847	2,719,719	1,116,731	12,092,119	6,847,019	(107,297)	6,739,722
General Revenues:							
Taxes:							
Property tax					1,750,158	-	1,750,158
Sales tax					3,001,099	-	3,001,099
Vehicle rental tax					387,211	-	387,211
Excise tax					7,451	-	7,451
Other taxes					222,222	-	222,222
Franchise tax					121,933	-	121,933
Unrestricted investment earnings					116,449	-	116,449
Gain on sale of assets					680,900	-	680,900
Miscellaneous					185,614	-	185,614
Transfers					(398,197)	398,197	-
Total general revenues & transfers					6,074,840	398,197	6,473,037
Change in net position					12,921,859	290,900	13,212,759
Net position - beginning					30,974,969	12,357,863	43,332,832
Net position - ending					$ 43,896,828	$ 12,648,763	$ 56,545,591

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

TOWN OF HAYDEN, COLORADO
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Capital Improvements Fund	Northwest Colorado GID Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 99,350	$ -	$ 1,606,670	$ 1,276,873	$ 980,542	$ 3,963,435
Receivables, net:						
Property taxes receivable	1,343,457	-	4,137	826,615	-	2,174,209
Accounts receivable	65,773	-	-	-	15,552	81,325
Other receivable	18,863	1,042,283	-	-	-	1,061,146
Intergovernmental	417,233	1,254,000	-	3,513	125,885	1,800,631
Note receivable	-	8,170,000	-	-	-	8,170,000
Due from other funds	2,050,441	-	-	-	-	2,050,441
Prepaid items	90	-	-	-	-	90
Total assets	$ 3,995,207	$ 10,466,283	$ 1,610,807	$ 2,107,001	$ 1,121,979	$ 19,301,277
Liabilities						
Accounts payable	$ 287,801	$ 213,137	$ -	$ -	$ 19,523	$ 520,461
Accrued wages and benefits	172,179	-	-	-	11,985	184,164
Accrued liabilities	15,321	-	-	-	-	15,321
Retainage payable	-	178,328	-	-	-	178,328
Deposits payable	62,036	-	-	-	-	62,036
Due to other funds	-	2,127,523	469,499	-	356,616	2,953,638
Unearned revenue	-	27,896	-	-	-	27,896
Total liabilities	537,337	2,546,884	469,499	-	388,124	3,941,844
Deferred Inflows of Resources						
Unavailable revenue - property taxes	1,337,772	-	4,137	826,615	-	2,168,524
Total deferred inflows of resources	1,337,772	-	4,137	826,615	-	2,168,524
Fund Balances						
Nonspendable:						
Long-term receivable	-	8,170,000	-	-	-	8,170,000
Restricted for:						
Parks and recreation	-	-	-	-	116,964	116,964
Public safety	-	-	-	-	828,333	828,333
Debt services	-	-	-	774,356	-	774,356
Emergencies	582,055	-	-	-	-	582,055
Committed to:						
Capital outlay	191,862	-	-	-	-	191,862
Economic development	-	-	-	-	633	633
Assigned to:						
Capital outlay	-	-	1,137,171	-	-	1,137,171
Debt services	-	-	-	506,030	-	506,030
Unassigned	1,346,181	(250,601)	-	-	(212,075)	883,505
Total fund balances	2,120,098	7,919,399	1,137,171	1,280,386	733,855	13,190,909
Total liabilities, deferred inflows of resources, and fund balances	$ 3,995,207	$ 10,466,283	$ 1,610,807	$ 2,107,001	$ 1,121,979	$ 19,301,277

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, 2025

Total fund balances - governmental funds		$ 13,190,909
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets	48,731,759	
Accumulated depreciation and amortization	(11,373,304)	
		37,358,455
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Leases payable	(213,703)	
Notes payable	(2,635,073)	
General obligation bond	(1,924,500)	
Sales Tax bond	(1,428,114)	
Interest payable	(23,018)	
Compensated absences	(428,128)	
		(6,652,536)
Total net position - governmental activities		$ 43,896,828

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, 2025

REVENUES	General Fund	Capital Improvements Fund	Northwest Colorado GID Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
Taxes	$ 4,085,342	$ -	$ -	$ 688,860	$ 598,353	$ 5,372,555
Licenses and permits	14,357	-	-	-	-	14,357
Intergovernmental	382,676	11,901,166	-	-	67,056	12,350,898
Fines and forfeitures	119,824	-	8	-	-	119,832
Charges for services	25,135	-	-	-	305,357	330,492
Interest revenue	73,368	-	41,622	1,459	-	116,449
Other revenues	178,817	-	-	-	885,850	1,064,667
Total Revenues	4,879,519	11,901,166	41,630	690,319	1,856,616	19,369,250
EXPENDITURES						
Current:						
General government	1,350,567	-	-	13,013	278,523	1,642,103
Public safety	1,369,854	-	-	-	112,600	1,482,454
Public works/streets	1,527,322	-	-	-	-	1,527,322
Parks, culture and recreation	547,148	-	-	-	1,114,673	1,661,821
Economic development	59,558	-	-	-	103,171	162,729
Capital outlay	-	4,940,217	-	-	-	4,940,217
Debt Service:						
Principal	160,377	-	-	318,080	45,473	523,930
Interest and fiscal charges	28,326	-	111,325	97,891	3,268	240,810
Total Expenditures	5,043,152	4,940,217	111,325	428,984	1,657,708	12,181,386
Excess of Revenues Over (Under) Expenditures	(163,633)	6,960,949	(69,695)	261,335	198,908	7,187,864
Other Financing Sources (Uses):						
Debt proceeds	513,500	-	-	-	-	513,500
Sale of capital assets	-	-	826,701	-	-	826,701
Transfers in	60,000	458,630	-	102,010	328,384	949,024
Transfers out	(828,384)	-	-	-	(102,010)	(930,394)
Total Other Financing Sources (Uses)	(254,884)	458,630	826,701	102,010	226,374	1,358,831
Net change in fund balances	(418,517)	7,419,579	757,006	363,345	425,282	8,546,695
Fund balances, beginning of year	2,538,615	499,820	380,165	917,041	308,573	4,644,214
Fund balances, end of year	$ 2,120,098	$ 7,919,399	$ 1,137,171	$ 1,280,386	$ 733,855	$ 13,190,909

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, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 8,546,695
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	6,083,822	
Depreciation and amortization expense	(1,009,792)	
		5,074,030
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(80,000)
Governmental funds do not report contributions and trade-in of capital assets as revenue, unless the assets will be held for sale. However, in the statement of activities, trade-ins and the donation of capital assets are reported as revenue.		40,000
The transfer of capital assets from governmental activites to business-type activities does not affect current financial resources and, therefore, is not reported in the governmental funds. However, the transfer decreases the net position of governmental activities.		(416,827)
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.		(145,801)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		523,930
Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.		(513,500)
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.		(9,125)
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.		(97,543)
Change in net position of governmental activities		$ 12,921,859

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

TOWN OF HAYDEN, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water-Sewer-Refuse
Assets	
Current Assets:	
Cash	$ -
Receivables (net of allowance)	168,213
Due from other funds	1,000,442
Total current assets	1,168,655
Noncurrent assets:	
Restricted cash and investments	455,442
Land	340,273
Utility systems and improvements	26,183,082
Machinery, equipment and vehicles	418,326
Right-to-use leased equipment	318,505
Accumulated depreciation and amortization	(14,426,562)
Total noncurrent assets	13,289,066
Total Assets	$ 14,457,721
Liabilities	
Current Liabilities:	
Accounts payable	$ 13,725
Customer deposits	80,715
Retainage payable	22,466
Due to other funds	97,245
Interest payable	2,791
Loans payable - current	98,998
Leases payable - current	46,269
Compensated absences - current	156,887
Total current liabilities	519,096
Noncurrent liabilities:	
Long-term debt (net of current portion):	
Loans payable	1,195,357
Leases payable	94,505
Total noncurrent liabilities	1,289,862
Total liabilities	1,808,958
Net Position	
Net investment in capital assets	11,398,495
Restricted operations and maintenance reserve	235,000
Unrestricted	1,015,268
Total net position	$ 12,648,763

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

TOWN OF HAYDEN, COLORADO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water-Sewer-Refuse
Operating Revenues	
Charges for services:	
Water	$ 1,276,679
Sewer	584,372
Refuse	354,587
Other revenues	40,865
Total operating revenues	2,256,503
Operating Expenses	
Water	813,973
Sewer	605,779
Refuse	354,592
Depreciation and amortization	701,243
Total operating expenses	2,475,587
Operating income (loss)	(219,084)
Non-Operating Revenues (Expenses)	
Interest expense and fiscal charges	(23,166)
Connection and tap fees	134,953
Total non-operating revenue (expense)	111,787
Income (loss) before contributions and transfers	(107,297)
Contributions and Transfers:	
Capital contributions and grants	416,827
Transfers in	100,000
Transfers out	(118,630)
Change in net position	290,900
Net position, beginning of year	12,357,863
Net position, end of year	$ 12,648,763

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, 2025

	Water-Sewer-Refuse
Cash Flows From Operating Activities:	
Cash received from customers, service fees	$ 2,205,191
Cash received from customers, other	41,656
Cash paid to suppliers	(983,122)
Cash paid to employees	(878,498)
Net cash flows from operating activities	385,227
Cash Flows From Noncapital Financing Activities:	
Proceeds/(payments) to other funds	(903,197)
Transfers from/(to) other funds	(18,630)
Net cash flows used in noncapital financing activities	(921,827)
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	-
Principal paid on long-term debt	(142,718)
Interest paid	(23,166)
Connection and tap fees	134,953
Net cash flows used in capital and related financing activities	(30,931)
Net change in cash and cash equivalents	(567,531)
Cash and cash equivalents, beginning of year	1,022,973
Cash and Cash Equivalents, End of Year	$ 455,442
Reconciliation of operating income to net cash provided by operating activities:	
Net operating income/(loss)	$ (219,084)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:	
Depreciation/amortization	701,243
Changes in operating assets and liabilities:	
(Increase)/decrease in receivables	(10,447)
Increase/(decrease) in payables	(103,672)
Increase/(decrease) in accrued liabilities & deposits	16,396
Increase/(decrease) in deposits	791
Net cash flows from operating activities	$ 385,227
Non-Cash Investing and Financing Activities	
Contributions of capital assets	416,827

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

Note 1. Summary of Significant Accounting Policies

Description of Government-Wide Financial Statements

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

Reporting Entity

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

Northwest Colorado General Improvement District (GID). The Northwest Colorado GID serves the owners within the General Improvement District and is governed by a board of directors composed of the Town of Hayden's elected Town Council. The rates for user charges and bond issuance authorizations are approved by the GID Board of Directors, which is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The GID is reported as a capital project fund of the Town and does not issue separate financial statements.

Basis of Presentation – Government-Wide Financial Statements

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

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

Note 1. Summary of Significant Accounting Policies, Continued

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 funds:

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

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

The **Northwest Colorado General Improvement District (GID)** is used to account for the activities of Northwest Colorado Business Park including construction and development of the business park.

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

The Town reports the following major enterprise fund:

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

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

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

Note 1. Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies, Continued

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

Cash and cash equivalents

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

Receivables and Payables

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

Inventories

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

Capital Assets

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

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

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

Note 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has 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).

Note 1. Summary of Significant Accounting Policies, Continued

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

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

Leases and Subscription-Based Information Technology Arrangements

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies, Continued

Revenues and expenditures/expenses

Program revenues

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

Property Taxes

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

Compensated Absences

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

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

Note 1. Summary of Significant Accounting Policies, Continued

Proprietary funds operating and nonoperating revenues and expenses

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

Use of Estimates

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

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

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and the net position of governmental activities as reported in the government-wide statement of nets 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 as listed in the table of contents.

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 as listed in the table of contents.

Note 3. Stewardship, Compliance, and Accountability

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

Budgets and Budgetary Accounting

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

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

- Prior to October 15, the Finance Director submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.

- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.

- A public hearing on the proposed budget is held by the Council to obtain taxpayer comments.

- Prior to December 31, the budget is adopted by formal resolution.

- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total budgeted expenditures must be approved by the Town Council. At any time during the fiscal year the Finance Director may transfer part of all of any unencumbered appropriation balance within a department.

- Budgetary appropriations lapse at the end of each year.

Budget amounts included in the financial statements report both the original and final amended budget. The Town amended the original budget during the fiscal period.

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 are listed in the table of contents. The general fund, debt service fund, climate action fund, and water-sewer-refuse fund incurred expenditures/expenses in excess of appropriations for the year ended December 31, 2025. See other compliance related findings in the schedule of findings and recommendations.

Note 3. Stewardship, Compliance, and Accountability, Continued

Tax, Spending and Debt Limitations

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

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

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has reserved $582,055 of the December 31, 2025 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 66 for compliance with debt covenants.

The Town identified that increases in assessed property values resulted in revenues collected under the 2018 General Obligation Bond debt service mill levy exceeding certain limitations contained in the bond documents. The Town is consulting with bond counsel and expects to implement corrective actions by December 31, 2026, to ensure compliance with the bond requirements.

Note 4. Deposits and Investments

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

Cash on hand	$ 400
Cash in bank	4,407,730
Colorado Trust	10,747
Total cash and investments	$ 4,418,877
Cash and cash equivalents	$ 3,963,435
Restricted cash	455,442
	$ 4,418,877

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, 2025 cash on hand was $400 and the carrying amount of the Town's deposits was $4,407,731. As of December 31, 2025 the bank balance of the Town's deposits was $5,366,616 of which $500,000 was insured by federal depository insurance and $4,866,616 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, 2025 the Town's investments included certificates of deposit and funds held in the Colorado Government Liquid Asset Trust (COLOTRUST).

Note 4. Deposits and Investments, Continued

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

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

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

As of December 31, 2025 the Town had $10,747 invested in the COLOTRUST with a fair market value of $10,747 and maturities of less than one year. The COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

Interest rate risk

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

Credit risk

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

Note 5. Restricted Assets

A summary of restricted assets of the Town at December 31, 2025 is as follows:

Operation and maintenance reserves	$ 374,727
Customer deposits	80,715
	$ 455,442

Loan reserves:

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

Customer deposits:

The Town collects deposits from utility customers. These deposits are temporarily restricted or unavailable for current expenditure. The amount reflected above is the amount of deposits on hand at December 31, 2025.

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Note 6. Capital Assets

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

Governmental Activities:	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Capital assets, not being depreciated:				
Land	$ 2,874,356	$ -	$ (145,801)	$ 2,728,555
Construction in progress	10,107,728	4,939,386	(1,467,963)	13,579,151
Total capital assets, not being depreciated	12,982,084	4,939,386	(1,613,764)	16,307,706
Capital assets, being depreciated/amortized:				
Buildings	12,241,282	40,000	-	12,281,282
Furniture, equipment & vehicles	2,614,158	1,782,527	-	4,396,685
Right-to-use leased equipment	481,877	-	-	481,877
Infrastructure	14,851,164	413,045	-	15,264,209
Total capital assets, being depreciated/amortized	30,188,481	2,235,572	-	32,424,053
Less accumulated depreciation/amortization for:				
Buildings	(1,686,757)	(305,027)	-	(1,991,784)
Furniture, equipment & vehicles	(2,027,152)	(189,738)	-	(2,216,890)
Right-to-use leased equipment	(228,258)	(76,086)	-	(304,344)
Infrastructure	(6,421,345)	(438,941)	-	(6,860,286)
Total accumulated depreciation/amortization	(10,363,512)	(1,009,792)	-	(11,373,304)
Total capital assets, being depreciated, net	19,824,969	1,225,780	-	21,050,749
Governmental activities capital assets, net	$ 32,807,053	$ 6,165,166	$ (1,613,764)	$ 37,358,455

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

Governmental Activities:	
General government	$ 22,378
Public safety	190,991
Public works/streets	456,978
Parks & recreation	339,445
Total depreciation/amortization expense - governmental activities	$ 1,009,792

Note 6. Capital Assets, Continued

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

Business Type Activities:	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Capital assets not being depreciated:				
Land and water rights	$ 340,273	$ -	$ -	$ 340,273
Total capital assets, not being depreciated	340,273	-	-	340,273
Capital assets being depreciated/amortized:				
Utility system and improvements	25,766,255	416,827	-	26,183,082
Equipment & vehicles	418,326	-	-	418,326
Right-to-use leased equipment	318,505	-	-	318,505
Total capital assets, being depreciated/amortized	26,503,086	416,827	-	26,919,913
Less accumulated depreciation/amortization for:				
Utility system and improvements	(13,185,147)	(644,166)	-	(13,829,313)
Equipment & vehicles	(389,301)	(6,787)	-	(396,088)
Right-to-use leased equipment	(150,871)	(50,290)	-	(201,161)
Total accumulated depreciation/amortization	(13,725,319)	(701,243)	-	(14,426,562)
Total capital assets, being depreciated, net	12,777,767	(284,416)	-	12,493,351
Business-type activities capital assets, net	$ 13,118,040	$ (284,416)	$ -	$ 12,833,624

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

Business-Type Activities:	
Water	573,006
Sewer	128,237
Total depreciation/amortization expense - business-type activities	$ 701,243

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended December 31, 2025:

	Balance 12/31/24	Additions	Retirements	Balance 12/31/25	Current Portion
Governmental Activities:					
General Obligation 2018 Bond	$ 2,169,500	$ -	$ (245,000)	$ 1,924,500	$ 250,000
Sales Tax Bond Series 2021	1,501,194	-	(73,080)	1,428,114	75,524
Notes from direct borrowings:					
Finance Purchase-Alpine Bank	391,500	-	(92,500)	299,000	95,500
Finance Purchase-Zions Bank	67,125	-	(44,552)	22,573	22,573
Finance Purchase-Valley Bank	1,800,000	-	-	1,800,000	-
Finance Purchase-Zions Bank	-	513,500	-	513,500	65,009
Leases payable	282,501	-	(68,798)	213,703	70,002
Compensated absences	330,585	308,599	(211,056)	428,128	428,128
Total Governmental activity Long-term liabilities	$ 6,542,405	$ 822,099	$ (734,986)	$ 6,629,518	$ 1,006,736
Business-Type Activities:					
Notes from direct borrowings:					
CWRPDA (2012)	$ 215,893	$ -	$ (22,123)	$ 193,770	$ 22,568
CWRPDA (2014)	404,247	-	(34,964)	369,283	35,667
CRWPDA (2021)	771,459	-	(40,158)	731,301	40,763
Total notes from direct borrowings	1,391,599	-	(97,245)	1,294,354	98,998
Leases payable	186,247	-	(45,473)	140,774	46,269
Compensated absences	142,127	92,101	(77,341)	156,887	156,887
Total Business-type activity Long-term liabilities	$ 1,719,973	$ 92,101	$ (220,059)	$ 1,592,015	$ 302,154

The Town had no unused line of credits as of December 31, 2025.

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Note 7. Long-Term Debt, Continued

The following is a listing of Bonds and Loans and Notes Payable outstanding as of December 31, 2025:

Bonds Payable	
General Obligation Bonds	
General Obligation Bonds Series 2018, original issue $3,700,000, secured by ad valorem taxes, bearing interest at 3.07%, due in semi-annual principal and interest installments ranging from $306,836-$311,619, maturing December 1, 2032. This bond was approved in January 2018 for water improvements.	$ 1,924,500
Sales Tax Bonds	
Sales Tax Bonds Series 2021, original issue $1,777,007, secured by revenue derived from the imposition of sales taxes, bearing interest at a fixed rate of 1.92% through 2035 and then 2.31% variable rate through 2040, due in semi-annual principal and interest installments raning from $120,811-$101,000,maturing December 1, 2040. This bond was approved in January 2021 for the town recreation center.	1,428,114
Total Bonds Payable	$ 3,352,614
Loans and Notes Payable:	
Governmental Activities:	
Direct borrowings:	
Note payable to Alpine Bank, secured by police station land, bearing interest at 4.0%, due in semi-annual principal and interest installments ranging from $106,060-$107,270, maturing November 10, 2028. This loan was approved in November 2008 for construction of a new police station.	$ 299,000
Note payable to Zions Bank, secured by equipment, bearing interest at 2.32%, due in semi-annual principal and interest installments of $45,854, maturing June 1, 2026. This loan was approved in June 2020 for purchase of a road grader.	22,573
Note payable to Yampa Valley Bank, secured by real property and assignment of rents, bearing interest at a variable rate, due in semi-annual principal and interest installments ranging from $23,485-$160,391, maturing June 30, 2034. This loan was approved in October 2024 to finance infrastructure development in the Northwest Colorado Business Park.	1,800,000
Note payable to Zions Bank, secured by equipment, bearing interest at 5.35%, due in annual principal payments of approx. $65k and semi-annual interest installments of $12k, maturing August 1, 2032. This loan was approved in August 2025 for purchase of a Vac Truck.	513,500
Total Governmental Loans and Notes Payable	2,635,073

Note 7. Long-Term Debt, Continued

Business-Type Activities:

Direct borrowings:

Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 2.0%, due in semi-annual principal installments of $18,438, maturing November 1, 2033. This loan was approved in November 2012 with a maximum principal balance of $603,300 for wastewater improvements.	193,770
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.	369,283
Loan payable to Colorado Water Resources and Power Development Authority, secured by net system revenue, bearing interest at 1.5%, due in semi-annual principal installments of $25,790.30, Maturing November 1, 2041. This loan was approved in June 2021 with a maximum principal balance of $872,400 for Drinking Water Revolving fund.	731,301
Total Business-Type Loans and Notes Payable	1,294,354
Total Loans and Notes Payable	$ 3,929,427

Debt service maturities are as follows:

	Business-Type Activities		Governmental Activities		Governmental Activities	
Years ending	Notes from Direct Borrowings		Bonds		Notes from Direct Borrowings	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 98,998	$ 21,789	$ 325,524	$ 88,674	$ 183,082	$ 148,331
2027	100,783	20,004	338,025	79,549	269,434	140,721
2028	102,600	18,187	345,585	70,069	391,932	123,587
2029	104,450	16,337	358,204	60,386	305,568	102,626
2030	106,335	14,452	370,885	50,346	324,084	84,006
2031	108,254	12,533	378,628	39,948	343,727	64,254
2032	110,208	10,579	390,934	29,343	364,437	54,036
2033	112,198	8,589	94,305	18,378	297,312	23,471
2034	87,762	6,693	97,242	16,567	155,497	4,798
2035	67,856	5,161	100,248	14,700	-	-
2036	47,334	4,247	103,322	12,775	-	-
2037	48,046	3,534	106,870	10,388	-	-
2038	48,770	2,811	110,511	7,920	-	-
2039	49,504	2,076	114,248	5,367	-	-
2040	50,250	1,331	118,083	2,728	-	-
2041	51,006	575	-	-	-	
	$ 1,294,354	$ 148,900	$ 3,352,614	$ 507,138	$ 2,635,073	$ 745,831

Note 8. Leases

Lease Payable

During fiscal year 2022, the Town fully commenced a seven-year lease agreement as lessee for the use of solar panels at various locations. An initial lease liability was recorded in the amount of $481,877 for governmental funds and $318,505 for the business-type fund. As of December 31, 2025, the value of the lease liability for governmental funds was $213,703 and $140,774 for the business-type fund. The Town is required to make annual principal and interest payments of $73,742 and $48,741, respectively. The leases have an interest rate of 1.75%. The equipment has a seven-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was $481,877 and $318,505, respectively, and had accumulated amortization of $304,344 and $150,871, respectively.

The future principal and interest lease payments as of December 31, 2025, were as follows:

	Governmental Leases Payable		Business-Type Leases Payable	
December 31,	Princpal	Interest	Princpal	Interest
2026	$ 70,002	$ 3,740	$ 46,269	$ 2,472
2027	71,227	2,515	47,079	1,662
2028	72,474	1,268	47,426	838
Totals	$ 213,703	$ 7,523	$ 140,774	$ 4,972

Note 9. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the year ending December 31, 2025 are as follows:

	Due from Other Funds	Due to Other Funds
General fund	$ 2,050,441	$ -
Capital improvements fund	-	2,127,523
Northwestern GID fund	-	469,499
Non-Major Funds	-	356,616
Water-Sewer-Refuse	1,000,442	97,245
	$ 3,050,883	$ 3,050,883

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

Note 9. Interfund Receivables, Payables and Transfers, Continued

Interfund transfers for the year ended December 31, 2025 are as follows:

	Transfers In							
				Non-Major				
Transfers Out:	General Fund	Capital Improvements Fund	Debt Service Fund	Economic Development Fund	Recreation Fund	Climate Action Fund	Water-Sewer-Refuse	Total
General Fund	$ -	$ 400,000	$ -	$ 83,671	$ 243,213	$ 1,500	$ 100,000	$ 828,384
Non-Major Funds								
Recreation Fund	-	-	102,010	-	-	-	-	102,010
Water-Sewer-Refuse	60,000	58,630	-	-	-	-		118,630
	$ 60,000	$ 458,630	$ 102,010	$ 83,671	$ 243,213	$ 1,500	$ 100,000	$ 1,049,024

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Retirement and Pension Plans

Town employees may voluntarily contribute to a deferred compensation plan. The defined contribution plan is administered by ICMA Retirement Corporation and was created in accordance with Internal Revenue Code Section 457B. The plan, available to all full-time permanent employees of the Town at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are held in trust for the exclusive benefit of participating employees and are not accessible by the Town or tis 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 $157,230 during the year ended December 31, 2025.

Note 11. Risk Management

Public Entity Risk Pool

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

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

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

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

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

CIRSA is financed by annual contributions and interest earnings on the contributions. The contributions are used, in part, to establish loss funds from which member claims and associated costs are paid. Excess reinsurance coverage is also purchased. Certain surplus funds are used to the benefit of members and may include reductions in future contributions. Although none have occurred to date, additional member contributions may be required if necessary. The Town's contribution to CIRSA for insurance coverage is reported as an expenditure in the General fund. The Town is unaware of any excess losses which may have been incurred by CIRSA and there have been no settled claims which exceed insurance coverage in any of the last three years. The Town's share of surplus contributions held by CIRSA at December 31, 2012 was $65,295. The Town's share of the surplus as of December 31, 2025 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.

Note 12. Contingencies and Commitments

Litigation

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

Grants

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

Yamcolo Reservoir Storage Agreement

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

Stagecoach Reservoir Water Allotment Contract

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

Note 13. Local Taxes on Aviation Fuel

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

Note 13. Local Taxes on Aviation Fuel, Continued

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

Note 14. Related Party Transactions

A Town Board member is the owner of Hayden Merc, a company that provides goods, supplies and food items to the Town. During the year ended December 31, 2025, the Town purchased goods from the company totaling approximately $31,049. At year-end, the Town had accounts payable to the company of $1,489.

Note 15. Long-Term Receivable

The Town entered into a loan agreement with Prairie Run Community, LLC to provide financing for the acquisition, development, construction, and operation of a workforce housing project within the Town of up to $8,600,000. The loan bears interest at 1.0% per annum on outstanding principal advances and is secured by a deed of trust, security agreement, and assignment of rents and revenues on the related property.

Interest accrues from the date funds are advanced through the fifth anniversary of the project's conversion from construction to permanent financing; however, no payments are required during that period. Beginning on the first July 1 following the fifth anniversary of the conversion date and continuing through the final July 1 prior to maturity, annual interest payments are due only to the extent of available project cash flow and are limited to 75% of available cash flow. The outstanding principal balance and any accrued but unpaid interest are due in a lump-sum payment on October 8, 2039. The loan may be prepaid without penalty and becomes immediately due upon the sale, transfer, or refinancing of the property before maturity.

At December 31, 2025, the outstanding balance of the loan receivable was $8,170,000. Management evaluated the collectability of the loan receivable, including the value of the underlying collateral, and determined that no allowance for uncollectible amounts was necessary as of year-end. Accordingly, the loan receivable is reported at its outstanding balance.

Note 16. Subsequent Events

Subsequent to year-end, the GID paid in full its note payable to Yampa Valley Bank using proceeds from the sale of lots within the Northwest Colorado Business Park.

Subsequent to year-end, the Town and Hayden Municipal Housing Authority (the Authority) via intergovernmental agreement entered into an agreement to acquire Pinyon Pine Estates Mobile Home Park for $8,250,000. The Town's contribution was covering of closing costs, legal fees, and associated acquisition costs. The acquisition is being financed through loans from Alpine Bank and the Yampa Valley Community Foundation. The property consists of 63 manufactured home spaces and one single-family residence and will continue to be operated as affordable housing.

Subsequent to year-end, the Authority was awarded a $1,600,000 grant from the Colorado Department of Local Affairs to support the development of Poplar Commons, an eight-unit workforce housing project.

Subsequent to year-end, the Town Council approved a plan to reduce the debt service mill levy and utilize debt service reserve funds to accelerate repayment of the Town's 2017 debt, with the objective of retiring the outstanding debt by 2030.

Subsequent to year-end the Town advanced the remaining $430,000 of loan funds to Prairie Run Community, LLC.

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, 2025

REVENUES:	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Taxes:				
Sales tax	$ 2,298,234	$ 2,298,234	$ 2,402,746	$ 104,512
Property tax	1,057,256	1,057,256	1,061,290	4,034
Vehicle rental tax	351,458	351,458	387,211	35,753
Excise tax	-	6,956	7,451	495
Other taxes	105,265	113,208	104,711	(8,497)
Franchise tax	114,647	130,492	121,933	(8,559)
Total Taxes	3,926,860	3,957,604	4,085,342	127,738
Licenses, Permits and Fees:				
Licenses, permits and fees	9,863	8,937	9,705	768
Building permits	15,000	15,000	4,652	(10,348)
Total Licenses, Permits and Fees	24,863	23,937	14,357	(9,580)
Intergovernmental:				
Highway users tax	68,961	66,832	80,361	13,529
Severance tax	64,748	6,192	6,192	-
Other	80,574	88,960	87,817	(1,143)
Grant revenues	90,000	158,500	208,306	49,806
Total Intergovernmental	304,283	320,484	382,676	62,192
Fines and Forfeitures:				
Fines and forfeitures	87,788	128,966	119,824	(9,142)
Total Fines and Forfeitures	87,788	128,966	119,824	(9,142)
Charges for Services:				
Other charges	53,710	53,561	25,135	(28,426)
Total Charges for Services	53,710	53,561	25,135	(28,426)
Interest:				
Interest revenue	87,288	76,586	73,368	(3,218)
Total Interest	87,288	76,586	73,368	(3,218)
Other Revenues:				
Sale of capital assets	80,000	80,000	76,000	(4,000)
Miscellaneous revenue	22,700	852,095	102,817	(749,278)
Total Other Revenues	102,700	932,095	178,817	(753,278)
TOTAL REVENUES	4,587,492	5,493,233	4,879,519	(613,714)

(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, 2025

EXPENDITURES	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
General Government:				
Administrative:				
Salaries and wages	$ 265,000	$ 268,896	$ 268,773	$ 123
Benefits	131,370	130,430	135,236	(4,806)
Services, supplies and other	164,901	359,997	306,309	53,688
Total administration	561,271	759,323	710,318	49,005
Legislative:				
Salaries and wages	9,300	9,300	10,450	(1,150)
Benefits	36,291	23,279	21,486	1,793
Treasurer fees	21,145	26,755	22,705	4,050
Services, supplies and other	81,300	63,404	63,104	300
Total legislation	148,036	122,738	117,745	4,993
Building department	123,760	34,526	30,990	3,536
Data processing department	45,652	80,490	71,946	8,544
Judicial department	27,633	28,118	27,664	454
Planning department	195,790	371,143	391,732	(20,589)
Elections department	5,000	5,000	172	4,828
Total General Government	1,107,142	1,401,338	1,350,567	50,771
Public Safety:				
Police department:				
Salaries and wages	793,850	759,165	757,078	2,087
Benefits	227,224	286,250	274,449	11,801
Services, supplies and other	299,186	243,953	219,152	24,801
Capital outlay	118,830	131,825	119,175	12,650
Total Public Safety	1,439,090	1,421,193	1,369,854	51,339

(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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Public Works:				
Streets department:				
Salaries and wages	$ 366,927	$ 396,733	$ 394,476	$ 2,257
Benefits	160,136	127,739	122,871	4,868
Services, supplies and other	420,999	440,409	409,797	30,612
Capital outlay	-	-	584,058	(584,058)
Total streets department	948,062	964,881	1,511,202	(546,321)
Mosquito control:				
Services, supplies and other	21,053	16,120	16,120	-
Total mosquito control	21,053	16,520	16,120	400
Total Public Works	969,115	981,401	1,527,322	(545,921)
Parks, Culture and Recreation:				
Parks:				
Salaries and wages	168,778	157,552	142,375	15,177
Benefits	61,375	59,247	56,008	3,239
Services, supplies and other	222,065	227,596	216,808	10,788
Capital outlay	132,000	132,000	131,957	43
Total Parks	584,218	576,395	547,148	29,247
Total Parks, Culture & Recreation	584,218	576,395	547,148	29,247

(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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Housing and Economic Development:				
Other	$ 100,000	$ 100,000	$ 59,558	$ 40,442
Total Economic Development	100,000	100,000	59,558	40,442
Debt Service:				
Principal	228,188	228,188	160,377	67,811
Interest	22,882	22,882	28,326	(5,444)
Total Debt Service	251,070	251,070	188,703	62,367
TOTAL EXPENDITURES	4,450,635	4,731,397	5,043,152	(311,755)
Excess of Revenues Over (Under) Expenditures	136,857	761,836	(163,633)	(925,469)
Other Financing Sources (Uses):				
Debt proceeds	85,000	85,000	513,500	428,500
Transfers in	20,000	20,000	60,000	40,000
Transfer out	(779,311)	(1,014,404)	(828,384)	186,020
Total Other Financing Sources (Uses)	(674,311)	(909,404)	(254,884)	654,520
Net change in fund balance	(537,454)	(147,568)	(418,517)	(270,949)
Fund balance, beginning of year	2,538,615	2,538,615	2,538,615	-
Fund balance, end of year	$ 2,001,161	$ 2,391,047	$ 2,120,098	$ (270,949)

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING FUNDS:

Major Capital Projects Fund

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

The **Northwest Colorado GID Fund** is used to account for the activities of Northwest Colorado Business Park including construction and development of the business park.

Major Debt Service Fund

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

Nonmajor Special Revenue Funds

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

- The **Conservation Trust Fund** is used to account for State of Colorado lottery funds to be used for parks and recreation services and capital improvement.

- The **Economic Development Fund** is used to account for economic developments and improvements.

- The **Recreation Fund** is used to account for recreational activities related to the town's recreational center.

- The **Climate Action Fund** is a fund that was required out of an IGA with all governments in Routt County to work on climate change and the Town is the fiscal agent within the IGA.

- The **Opioid Settlement Fund** is a fund that was required out of an IGA with all governments in Northwest Colorado as a result of the Opioid settlement from the State of Colorado and is designated for work to combat the Opioid Crisis and the Town is the fiscal agent within the IGA.

Major Enterprise Funds

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

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

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Improvements Fund - Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental revenue:				
Grants	$ 3,050,000	$ 12,911,370	$ 11,901,166	$ (1,010,204)
Total revenue	3,050,000	12,911,370	11,901,166	(1,010,204)
EXPENDITURES:				
Capital outlay	$ 4,300,000	$ 13,365,000	$ 4,940,217	$ 8,424,783
Total Expenditures	4,300,000	13,365,000	4,940,217	8,424,783
Excess of Revenues Over (Under) Expenditures	(1,250,000)	(453,630)	6,960,949	7,414,579
Other Financing Sources (Uses):				
Transfers in	458,630	458,630	458,630	-
Total Other Financing Sources (Uses)	458,630	458,630	458,630	-
Net change in fund balance	(791,370)	5,000	7,419,579	7,414,579
Fund balance, beginning of year	499,820	499,820	499,820	-
Fund balance, end of year	$ (291,550)	$ 504,820	$ 7,919,399	$ 7,414,579

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Northwest Colordo GID - Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property tax	$ 150	$ 150	$ 8	$ (142)
Interest income	-	-	41,622	41,622
Total revenue	150	150	41,630	41,480
EXPENDITURES:				
Capital outlay	50,000	50,000	-	50,000
Debt Service:				
Bond issuance costs	200,000	200,000	-	200,000
Interest	111,020	111,020	111,325	(305)
Total Debt Service	311,020	311,020	111,325	199,695
Total Expenditures	361,020	361,020	111,325	249,695
Excess of Revenues Over (Under) Expenditures	(360,870)	(360,870)	(69,695)	291,175
Other Financing Sources (Uses):				
Sale of business park lots	-	-	826,701	826,701
Total Other Financing Sources (Uses)	-	-	826,701	826,701
Net change in fund balance	(360,870)	(360,870)	757,006	1,117,876
Fund balance, beginning of year	380,165	380,165	380,165	-
Fund balance, end of year	$ 19,295	$ 19,295	$ 1,137,171	$ 1,117,876

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund - Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 679,926	$ 679,926	$ 688,860	$ 8,934
Interest income	320	320	1,459	1,139
Total revenue	680,246	680,246	690,319	10,073
EXPENDITURES:				
General government:				
Bank fees	13,066	13,066	13,013	53
Debt Service:				
Principal	258,320	258,320	318,080	(59,760)
Interest	94,249	94,249	97,891	(3,642)
Bond issuance costs	57,770	57,770	-	57,770
Total Debt Service	410,339	410,339	415,971	(5,632)
Total Expenditures	423,405	423,405	428,984	(5,579)
Excess of Revenues Over (Under) Expenditures	256,841	256,841	261,335	4,494
Other Financing Sources (Uses):				
Transfers in	100,000	100,000	102,010	2,010
Net change in fund balance	356,841	356,841	363,345	6,504
Fund balance, beginning of year	917,041	917,041	917,041	-
Fund balance, end of year	$ 1,273,882	$ 1,273,882	$ 1,280,386	$ 6,504

TOWN OF HAYDEN, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Recreation Fund	Economic Development Fund	Conservation Trust Fund	Climate Action Fund	Opioid Settlement Fund	Total
ASSETS						
Cash and cash equivalents	$ -	$ 633	$ 111,450	$ 40,126	$ 828,333	$ 980,542
Accounts receivable	15,552	-	-	-	-	15,552
Due from other governments	95,522	-	-	30,363	-	125,885
Total Assets	$ 111,074	$ 633	$ 111,450	$ 70,489	$ 828,333	$ 1,121,979
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ 19,523	$ -	$ 19,523
Accrued wages and benefits	11,985	-	-	-	-	11,985
Due to other funds	291,773	-	-	64,843	-	356,616
Total Liabilities	303,758	-	-	84,366	-	388,124
Fund Balance:						
Restricted for:						
Parks and recreation	5,514	-	111,450	-	-	116,964
Public safety					828,333	828,333
Committed to:						
Economic development	-	633	-	-	-	633
Unassigned	(198,198)	-	-	(13,877)	-	(212,075)
Total fund balances	(192,684)	633	111,450	(13,877)	828,333	733,855
Total Liabilities, deferred inflows of resources, and fund balances	$ 111,074	$ 633	$ 111,450	$ 70,489	$ 828,333	$ 1,121,979

TOWN OF HAYDEN, COLORADO
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

REVENUES:	Recreation Fund	Economic Development Fund	Conservation Trust Fund	Climate Action Fund	Opioid Settlement Fund	Total
Taxes	$ 598,353	$ -	$ -	$ -	$ -	$ 598,353
Intergovernmental	40,053	3,500	23,503	-	-	67,056
Charges for services	305,357	-	-	-	-	305,357
Other revenues	6,796	16,000	-	327,499	535,555	885,850
Total Revenues	950,559	19,500	23,503	327,499	535,555	1,856,616
EXPENDITURES:						
General government	$ -	$ -	$ -	$ 278,523	$ -	$ 278,523
Public safety	-	-	-	-	112,600	112,600
Recreation programs and operations	1,114,673	-	-	-	-	1,114,673
Economic development	-	103,171	-	-	-	103,171
Debt service:						
Principal	45,473	-	-	-	-	45,473
Interest and fiscal charges	3,268	-	-	-	-	3,268
Total Expenditures	1,163,414	103,171	-	278,523	112,600	1,657,708
Excess of Revenues Over (Under) Expenditures	(212,855)	(83,671)	23,503	48,976	422,955	198,908
Other Financing Sources (Uses):						
Transfers in:	243,213	83,671	-	1,500	-	328,384
Transfers out:	(102,010)	-	-	-	-	(102,010)
Total Other Financing Sources (Uses):	141,203	83,671	-	1,500	-	226,374
Net change in fund balances	(71,652)	-	23,503	50,476	422,955	425,282
Fund balances, beginning of year	(121,032)	633	87,947	(64,353)	405,378	308,573
Fund balances, end of year	$ (192,684)	$ 633	$ 111,450	$ (13,877)	$ 828,333	$ 733,855

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Conservation Trust Fund - Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental revenue:				
State lottery	$ 24,242	$ 24,242	$ 23,503	$ (739)
Interest income	250	250	-	(250)
Total revenue	24,492	24,492	23,503	(989)
EXPENDITURES:				
Parks, culture and recreation:				
Capital outlay	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Net change in fund balance	19,492	19,492	23,503	4,011
Fund balance, beginning of year	87,947	87,947	87,947	-
Fund balance, end of year	$ 126,931	$ 126,931	$ 111,450	$ 4,011

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Economic Development Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental revenue	$ 10,000	$ 10,000	$ 3,500	$ (6,500)
Other revenue	21,500	21,500	16,000	(5,500)
Total revenue	31,500	31,500	19,500	(12,000)
EXPENDITURES:				
Economic development:				
Salaries	37,103	37,103	38,319	(1,216)
Employee benefits	22,446	22,446	5,888	16,558
Services, supplies, and other	106,800	106,800	58,964	47,836
Total Expenditures	166,349	166,349	103,171	63,178
Excess of Revenues Over (Under) Expenditures	(134,849)	(134,849)	(83,671)	51,178
Other Financing Sources (Uses):				
Transfers in	134,598	134,598	83,671	(50,927)
Net change in fund balance	(251)	(251)	-	251
Fund balance, beginning of year	633	633	633	-
Fund balance, end of year	$ 131	$ 131	$ 633	$ 502

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Recreation Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes	$ 613,519	$ 595,452	$ 598,353	$ 2,901
Intergovernmental revenue	44,211	44,211	40,053	(4,158)
Charges for services	306,679	317,987	305,357	(12,630)
Other revenue	2,500	6,622	6,796	174
Total revenue	966,909	964,272	950,559	(13,713)
EXPENDITURES:				
Parks, culture and recreation:				
Salaries	517,874	508,601	507,002	1,599
Employee benefits	244,384	253,643	239,708	13,935
Services, supplies, and other	391,789	414,792	367,963	46,829
Total parks, culture and recreation	1,154,047	1,177,036	1,114,673	62,363
Debt Service:				
Principal	42,451	45,473	45,473	-
Interest	5,481	5,481	3,268	2,213
Total Debt Service	47,932	50,954	48,741	2,213
Total Expenditures	1,201,979	1,227,990	1,163,414	64,576
Excess of Revenues Over (Under) Expenditures	(235,070)	(263,718)	(212,855)	50,863
Other Financing Sources (Uses):				
Transfers in	243,213	355,274	243,213	(112,061)
Transfers out	(102,010)	(102,010)	(102,010)	-
Total Other Financing Sources (Uses)	141,203	253,264	141,203	(112,061)
Net change in fund balance	(93,867)	(10,454)	(71,652)	(61,198)
Fund balance, beginning of year	(121,032)	(121,032)	(121,032)	-
Fund balance, end of year	$ (214,899)	$ (131,486)	$ (192,684)	$ (61,198)

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Climate Action Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Other revenue	$ 278,666	$ 278,666	$ 327,499	$ 48,833
Total revenue	278,666	278,666	327,499	48,833
EXPENDITURES:				
General government:				
Services, supplies, and other	169,200	169,200	278,523	(109,323)
Capital outlay	106,666	106,666	-	106,666
Total Expenditures	275,866	275,866	278,523	(2,657)
Excess of Revenues Over (Under) Expenditures	2,800	2,800	48,976	46,176
Other Financing Sources (Uses):				
Transfers in	1,500	1,500	1,500	-
Net change in fund balance	4,300	4,300	50,476	46,176
Fund balance, beginning of year	(64,353)	(64,353)	(64,353)	-
Fund balance, end of year	$ (60,053)	$ (60,053)	$ (13,877)	$ 46,176

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Opioid Settlement Special Revenue Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Other revenue	$ 378,000	$ 378,000	$ 535,555	$ 157,555
Total revenue	378,000	378,000	535,555	157,555
EXPENDITURES:				
Public Safety				
Services, supplies, and other	416,396	416,396	112,600	303,796
Total Expenditures	416,396	416,396	112,600	303,796
Excess of Revenues Over (Under) Expenditures	(38,396)	(38,396)	422,955	461,351
Net change in fund balance	(38,396)	(38,396)	422,955	461,351
Fund balance, beginning of year	405,378	405,378	405,378	-
Fund balance, end of year	$ 366,982	$ 366,982	$ 828,333	$ 461,351

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenses and Changes in Net Position
Water-Sewer-Refuse Fund
Budget and Actual with Reconciliation to US GAAP Basis
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Charges for services:				
Water	$ 1,224,140	$ 1,224,140	$ 1,276,679	$ 52,539
Sewer	577,361	577,361	584,372	7,011
Refuse	353,478	353,478	354,587	1,109
Other revenues	51,637	51,637	40,865	(10,772)
Total Revenues	2,206,616	2,206,616	2,256,503	49,887
Expenses				
Water:				
Operating water	349,824	349,824	372,165	(22,341)
Water treatment plant	144,861	144,861	119,385	25,476
Golden meadows	13,041	13,041	11,847	1,194
Hospital hill	11,712	11,712	14,466	(2,754)
Seneca hill	3,793	3,793	5,018	(1,225)
Meters	55,666	55,666	20,993	34,673
Water rights	58,215	58,215	66,958	(8,743)
Water distribution	31,000	31,000	40,386	(9,386)
Administration water	166,792	166,792	162,755	4,037
Sewer:				
Operating sewer	289,394	289,394	341,177	(51,783)
Sewer treatment plant	134,052	134,052	62,994	71,058
Washington street	3,040	3,040	4,467	(1,427)
Sewer collection system	26,100	26,100	23,525	2,575
Lift stations	14,835	14,835	18,653	(3,818)
Administration sewer	166,580	166,580	154,963	11,617
Refuse Collection	336,949	336,949	354,592	(17,643)
Total Expenses	1,805,854	1,805,854	1,774,344	31,510
Operating Income(loss) excluding depreciation	400,762	400,762	482,159	81,397
Non-operating Revenues (Expenses)				
Interest income	1,000	1,000	-	(1,000)
Connection and tap fees	194,553	194,553	134,953	(59,600)
Total Non-Operating Revenue (Expense)	195,553	195,553	134,953	(60,600)
Income(loss) before contributions, transfers and capital and related financing activities	$ 596,315	$ 596,315	$ 617,112	$ 20,797

(continued)

TOWN OF HAYDEN, COLORADO
Schedule of Revenues, Expenses and Changes in Net Position
Water-Sewer-Refuse Fund (Continued)
Budget and Actual with Reconciliation to US GAAP Basis
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Contributions, Transfers and Capital and Related Financing Activities:				
Debt service	(129,229)	(129,229)	(165,884)	(36,655)
Capital contributions and grants	-	-	416,827	416,827
Transfers in	41,237	41,237	100,000	58,763
Transfers out	(118,630)	(118,630)	(118,630)	-
Total Contributions, transfers and capital and related financing activities	(206,622)	(206,622)	232,313	438,935
Excess (deficiency) of revenues and other financing sources over (under) expenditures	389,693	389,693	849,425	459,732
Reconciliation to net income:				
Depreciation			(701,243)	
Debt principal payments			142,718	
US GAAP basis net income (loss)			290,900	
Net position, beginning of year			12,357,863	
Net position, end of year			$ 12,648,763	

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, 2025, 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 2025 Gross Revenue Requirement

Total Gross Revenue requirement	$	1,617,074
Total water fund revenues, exluding capital grants	$	2,036,869
Excess (deficiency) of gross revenues	$	419,795
2025 Actual coverage ratio of CWRPDA debt service		585%

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

SUPPLEMENTARY INFORMATION

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT

STATE:	
COLORADO	

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	REPORT YEAR ENDING DATE(mm/yyyy):
Town of Hayden, Colorado	Andrea Salazar andrea.salazar@haydencolorado.org	12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments		a. Interest on investments	
b. Non-property Taxes and Assessments Imposts		b. Other Misc. Local Receipts	16,755.21
c. Total (a + b)	$ -	**c. Total (a + b)**	$ 16,755.21

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	80,360.67	1. FHWA (from Item I.D.5.)	30,336.12
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	1,370.27		
c. Total (a + b)	$ 1,370.27		
4. Total (1 + 2 + 3c)	$ 81,730.94	**3. Total (1 + 2)**	$ 30,336.12

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	7,732.00
b. Engineering Costs	50,721.80
c. Construction Costs	
d. Total Capital Outlay (a+ b + c)	$ 58,453.80

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LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	872,377.28
3. Other Local Imposts (from page 1, Item II.A3.c)	$ -
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 16,755.21
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 889,132.49
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 81,730.94
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 30,336.12
E. Total receipts (A.7 + B + C + D)	$ 1,001,199.55

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 58,453.80
2. Maintenance:	645,305.78
3. Road and Street Services:	
a. Snow and Ice Removal	136,462.57
b. Other & Traffic Control Operations	54,767.19
c. Total (a + b)	$ 191,229.76
4. General Administration & Miscellaneous	74,084.20
5. Highway Law Enforcement and Safety	152,987.30
6. Total (1 through 5)	$ 1,122,060.84
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 1,122,060.84

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

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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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 11, 2026.

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. 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.

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.

Squire & Company, PC

Squire & Company, PC
St. George, Utah
September 11, 2026

Schedule of Findings and Recommendations
For the Year Ended December 31, 2025

The Honorable Mayor and
Town Council
Hayden, Colorado

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the Town for their administrative achievements and oversight of the Town's accounting and budget system. During our audit of the funds of the Town of Hayden for the year ended December 31, 2025 we noted a few areas that may need corrective action in order for the Town to be in compliance with laws and regulations and we found a few circumstances that, if improved, would strengthen the Town's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None noted.

Significant Deficiencies:

None noted.

COMPLIANCE AND OTHER MATTERS:

Compliance:

2021-003 Budgetary Compliance

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

Condition: The schedule of revenues, expenditures and changes in fund balance – budget-and-actual reports for the general fund, debt service, climate action fund, and water-sewer-refuse fund reported the Town over expended the approved budgets.

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

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

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

Management's Response / View of Responsible Officials: The Town agrees with the finding. The Town will work with its third-party CPA to improve budget monitoring and ensure expenditure remains within the approved budget. The budget-to-actual reports will be reviewed regularly, and any potential budget overages will be brought to management's attention. If a budget adjustment is needed, the Town will complete the required budget amendment in accordance with applicable statutes prior to the end of the fiscal year.

2025-001 Budget Preparation – Deficit Spending

Criteria: No budget shall provide for expenditures in excess of available revenues and beginning fund balances. (29-1-103(2), C.R.S.)

Condition: The recreation fund budget prepared for 2025 planned for expenditures in excess of available revenues and beginning fund balance.

Cause: The Town did not design and implement controls to ensure that expenditures were limited to the available revenues and beginning fund balance.

Effect: The Town did not comply with State code Section 29-1-103(2), C.R.S.

Recommendation: We recommend that the Town design and implement controls to ensure that budgeted expenditures are always limited to available revenues and beginning fund balance.

Management's Response / View of Responsible Officials: The Town agrees with the finding. The Town will work with its third-party CPA during the annual budget process to make sure budgeted expenditure does not exceed available revenues and beginning fund balances. The proposed budget will be reviewed before adoption to identify and correct any projected deficits and to ensure compliance with State requirements.

Other Matters:

None noted.

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

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

Squire & Company, PC

St. George, Utah
September 11, 2026