

---

Town of Hotchkiss  
Financial Statements and  
Independent Auditor's Report  
as of  
December 31, 2017

---

E

**RECEIVED**

Office of the State Auditor

July 27, 2018

**Town of Hotchkiss**

---

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	17
Statement of Net Position-Enterprise Funds.....	18
Statement of Revenues, Expenses and Changes in Net Position-Enterprise Funds.....	19
Statement of Cash Flows-Enterprise Funds.....	20
Notes to Basic Financial Statements.....	21
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual:	
General Fund.....	34
Sales Tax Capital Improvement Fund.....	35
Other Supplementary Information	
Balance Sheet-Nonmajor Governmental Funds.....	36
Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds.....	37
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Governmental Funds:	
Conservation Trust.....	38
Schedules of Revenues, Expenditures and Changes in Available Resources-Budget and Actual-Enterprise Funds:	
Water Fund.....	39
Sanitation Fund.....	40
Garbage Fund.....	41
Local Highway Finance Report.....	42

INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Hotchkiss, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Hotchkiss, Colorado (the Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Hotchkiss, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 34 through 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund financial statements and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Blair and Associates, P.C.*

Cedaredge, Colorado  
June 20, 2018

**TOWN OF HOTCHKISS**  
Management's Discussion and Analysis  
Fiscal Year Ended December 31, 2017

As management of the Town of Hotchkiss (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

**FINANCIAL HIGHLIGHTS**

- The Town's assets exceeded its liabilities by \$ 11,404,344 (i.e. net position) as of December 31, 2017, an increase of \$ 373,278 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 2,599,851, increase of \$ 243,759 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 1,561,963 increase of \$ 58,123 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 46,338 during the 2017 fiscal year with new no debt issued.
- General property tax, sales tax, and other tax totaled \$ 677,261 or 68% of general revenues.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-wide Financial Statements***

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

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

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

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include general government administration, police, public works, and community center. The Business-type Activities of the Town include the following utilities: water, sanitation, and garbage.

### ***Fund Financial Statements***

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

**Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains two major government funds, the General Fund and the Sales Tax Capital Improvement Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

**Proprietary Funds** – The Town maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses a separate enterprise fund to account for each of its utility funds: Water, Sanitation and Garbage Funds.

### ***Notes to Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2017, the Town's combined assets exceeded liabilities by \$ 11,404,344. Of this amount, \$ 4,875,762 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 \$ 6,493,482 (57% of 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 following table summarizes the Town's governmental and business-type net position for 2017:

	Governmental Activities 2017	Governmental Activities 2016	Business Type Activities 2017	Business Type Activities 2016	Totals 2017	Totals 2016
Assets						
Current and other assets	\$ 2,672,929	\$ 2,430,039	\$ 2,363,758	\$ 2,237,064	\$ 5,036,687	\$ 4,667,103
Capital assets	1,304,865	1,333,070	5,783,109	5,815,022	7,087,974	7,148,092
Total assets	<u>\$ 3,977,794</u>	<u>\$ 3,763,109</u>	<u>\$ 8,146,867</u>	<u>\$ 8,052,086</u>	<u>\$ 12,124,661</u>	<u>\$ 11,815,195</u>
Current Liabilities	\$ 25,321	\$ 4,702	\$ 15,411	\$ 30,773	\$ 40,732	\$ 35,475
Non-current liabilities						
Compensated absences	37,336	38,579	-	-	37,336	38,579
Loans payable	-	-	594,492	640,830	594,492	640,830
Total liabilities	<u>62,657</u>	<u>43,281</u>	<u>609,903</u>	<u>671,603</u>	<u>672,560</u>	<u>714,884</u>
Deferred inflow of resources	<u>47,757</u>	<u>69,245</u>	<u>-</u>	<u>-</u>	<u>47,757</u>	<u>69,245</u>
Net Position						
Investment in capital assets, net of related debt	1,304,865	1,333,070	5,188,617	5,174,192	6,493,482	6,507,262
Restricted	35,100	32,500	-	-	35,100	32,500
Unrestricted	2,527,415	2,285,013	2,348,347	2,206,291	4,875,762	4,491,304
Total net position	<u>\$ 3,867,380</u>	<u>\$ 3,650,583</u>	<u>\$ 7,536,964</u>	<u>\$ 7,380,483</u>	<u>\$ 11,404,344</u>	<u>\$ 11,031,066</u>

An additional portion of net position, \$ 35,100, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 4,875,762 (43% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

## Change in Net Position

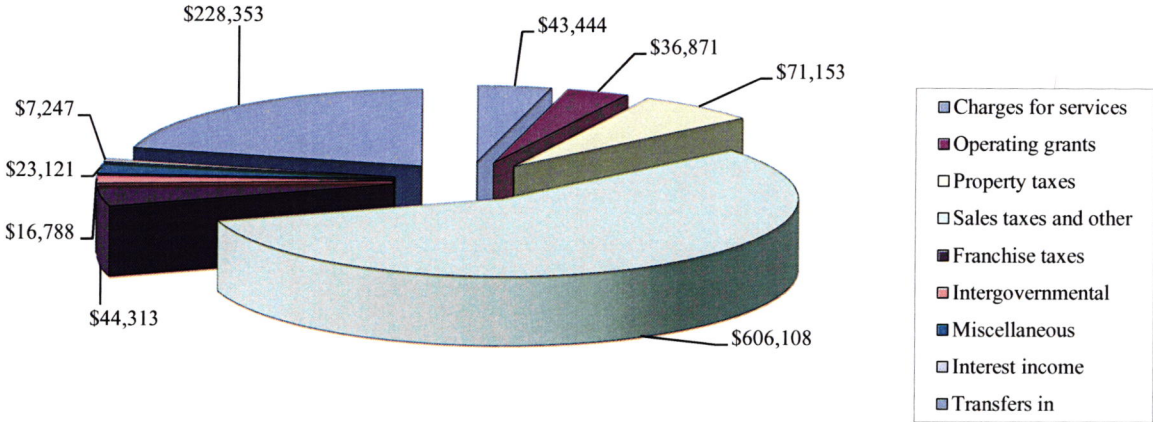
Governmental and business-type activities increased the Town's net position by \$ 373,278 in 2017.

	Governmental Activities 2017	Governmental Activities 2016	Business Type Activities 2017	Business Type Activities 2016	Total 2017	Total 2016
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 43,444	\$ 8,677	\$ 753,967	\$ 734,114	\$ 797,411	\$ 742,791
Operating grants	36,871	37,295	-	-	36,871	37,295
Capital grants	-	-	42,042	15,800	42,042	15,800
General Revenues						
Property taxes	71,153	68,138	-	-	71,153	68,138
Sales taxes and other	606,108	566,108	-	-	606,108	566,108
Franchise taxes	44,313	44,755	-	-	44,313	44,755
Interest income	7,247	4,436	20,434	11,664	27,681	16,100
Intergovernmental	16,788	32,039	97,611	848,903	114,399	880,942
Miscellaneous	23,121	35,574	12,233	16,271	35,354	51,845
Transfers in (out)	228,353	224,034	(228,353)	(224,034)	-	-
Totals	<u>1,077,398</u>	<u>1,021,056</u>	<u>697,934</u>	<u>1,402,718</u>	<u>1,775,332</u>	<u>2,423,774</u>
<b>Expenses</b>						
General government	228,148	283,166			228,148	283,166
Public safety	275,556	270,135			275,556	270,135
Public works	345,602	351,521	541,453	511,027	887,055	862,548
Culture and recreation	11,295	11,292			11,295	11,292
Total expenses	<u>860,601</u>	<u>916,114</u>	<u>541,453</u>	<u>511,027</u>	<u>1,402,054</u>	<u>1,427,141</u>
Increase in net assets	216,797	104,942	156,481	891,691	373,278	996,633
Beginning	<u>3,650,583</u>	<u>3,545,641</u>	<u>7,380,483</u>	<u>6,493,792</u>	<u>11,031,066</u>	<u>10,039,433</u>
Ending	<u>\$ 3,867,380</u>	<u>\$ 3,650,583</u>	<u>\$ 7,536,964</u>	<u>\$ 7,385,483</u>	<u>\$ 11,404,344</u>	<u>\$ 11,036,066</u>

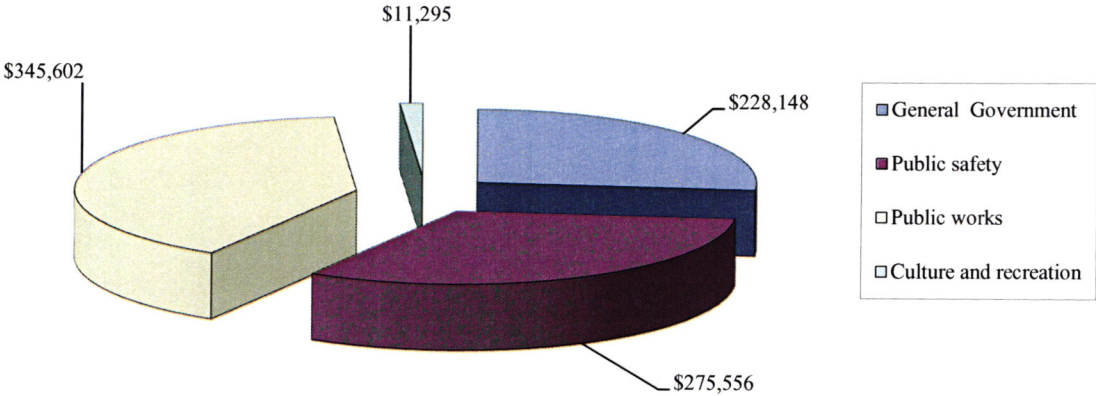
**Governmental Activities**

Governmental activities increased the Town’s net position by \$ 216,797.

**Revenues by Source-Governmental Activities**



**Expenses by Department-Governmental Activities**



### **Business-type Activities**

Business-type activities for the year resulted in an increase in net position of \$ 156,481. Charges for services accounted for 85% of total revenues.

### **FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS**

**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, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of 2017, the Town's governmental funds reported combined ending fund balances of \$ 2,599,851, an increase of \$ 243,759 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 59% of this total amount, \$1,526,863, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve, \$ 35,100.

The Town has two major governmental funds, the General Fund, which is the primary operating fund for the Town, and the Sales Tax Capital Improvement Fund. At the end of 2017, unreserved fund balance of the General Fund was \$ 1,561,963, while the total fund balance was \$ 1,526,863. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the Town's General Fund increased by \$ 58,123 during 2017.

**Proprietary funds.** The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has three enterprise funds: Water, Sanitation and Garbage Funds. At the end of 2017, these funds represented the following net position amounts:

Fund:	Water	Sanitation	Garbage
Unrestricted net position	\$1,905,137	\$ 425,395	\$ 17,815
Total net position	\$4,520,597	\$2,998,552	\$ 17,815
Increase (decrease) in net position	\$ 3,778	\$ 152,966	\$ (263)

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town budgeted \$ 877,887 for 2017 expenditures. Actual expenditures were \$ 790,418. There was no amendment to the original budget for General Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The Town’s investment in capital assets for its governmental and business-type activities as of December 31, 2017, was \$ 6,493,482. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance January 1, 2017	Additions	Dispositions	Balance December 31, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 215,747	\$ -		\$ 215,747
	<u>215,747</u>	<u>-</u>	<u>-</u>	<u>215,747</u>
Capital assets being depreciated				
Buildings	592,526	-	-	592,526
Improvements other than building	139,150	-	-	139,150
Infrastructure	985,172	27,510	-	1,012,682
Equipment and vehicles	644,361	9,129	-	653,490
	<u>2,361,209</u>	<u>36,639</u>	<u>-</u>	<u>2,397,848</u>
Less accumulated depreciation				
Buildings	(351,732)	(11,971)	-	(363,703)
Improvements	(118,277)	(4,713)	-	(122,990)
Infrastructure	(207,591)	(30,348)	-	(237,939)
Equipment and vehicles	(566,286)	(17,812)	-	(584,098)
	<u>(1,243,886)</u>	<u>(64,844)</u>	<u>-</u>	<u>(1,308,730)</u>
Capital asset being depreciated, net	<u>1,117,323</u>	<u>(28,205)</u>	<u>-</u>	<u>1,089,118</u>
Total Governmental Activities Capital Assets	<u>\$ 1,333,070</u>	<u>\$ (28,205)</u>	<u>\$ -</u>	<u>\$ 1,304,865</u>

	Balance January 1, 2017	Additions	Dispositions	Balance December 31, 2017
<b>Business - Type Activities</b>				
Capital assets not being depreciated				
Land and source of supply	\$ 370,647	\$ -	\$ -	\$ 370,647
Construction in progress	1,259,866	173,535	(1,433,401)	-
Total	<u>\$ 1,630,513</u>	<u>\$ 173,535</u>	<u>\$ (1,433,401)</u>	<u>\$ 370,647</u>
Capital assets being depreciated				
Utility systems	8,120,866	1,433,401	-	9,554,267
Equipment and furniture	52,880	-	-	52,880
Less accumulated depreciation	(3,989,237)	(205,448)	-	(4,194,685)
Total	<u>4,184,509</u>	<u>1,227,953</u>	<u>-</u>	<u>5,412,462</u>
Total Business-Type Activities Capital Assets	<u>\$ 5,815,022</u>	<u>\$ 1,401,488</u>	<u>\$ (1,433,401)</u>	<u>\$ 5,783,109</u>

### Long-term Debt

As of December 31, 2017, the Town had long-term debt as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due within one year
<b>Governmental Activities</b>					
Compensated absences	\$ 38,579	\$ -	\$ (1,243)	\$ 37,336	\$ -
Total	<u>\$ 38,579</u>	<u>\$ -</u>	<u>\$ (1,243)</u>	<u>\$ 37,336</u>	<u>\$ -</u>
<b>Enterprise Activities</b>					
Loans payable	\$ 640,830	\$ -	\$ (46,338)	\$ 594,492	\$ 46,337
Total	<u>\$ 640,830</u>	<u>\$ -</u>	<u>\$ (46,338)</u>	<u>\$ 594,492</u>	<u>\$ 46,337</u>

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

- The Town of Hotchkiss is in good financial condition.
- The Town's General fund has a fund balance that will cover at least six months of normal expenditures.
- The Wal-Mart store within the County just east of the City of Delta continues to increase the Town's portion of County Sales tax.
- We anticipate some slow growth over the next few years.
- The service levels for Animal Control, Police, Street Maintenance, and Parks are budgeted to remain the same.
- The Town is currently installing Wastewater Treatment Plant.
- Improvement of streets within Town will continue, using the 1% sales tax generated within the Capital Improvement Fund.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Town Clerk  
Town of Hotchkiss  
Hotchkiss, Co

**Town of Hotchkiss  
Statement of Net Position  
December 31, 2017**

	<b>Governmental Activities</b>	<b>Business -Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,538,256	\$ 1,995,759	\$ 4,534,015
Property taxes receivable	71,635	-	71,635
Accounts receivable	11,820	63,903	75,723
Note receivable	-	210,977	210,977
Due from other governments	-	96,859	96,859
Internal balances	3,740	(3,740)	-
Due from other governments	47,478	-	47,478
Capital assets (Note 10)			
Nondepreciable	215,747	370,647	586,394
Depreciable, net of accumulated depreciation	1,089,118	5,412,462	6,501,580
<b>Total assets</b>	<u>3,977,794</u>	<u>8,146,867</u>	<u>12,124,661</u>
<b>LIABILITIES</b>			
Accounts payable	25,321	15,411	40,732
Compensated absences (Note 1-K)	37,336	-	37,336
Non current liabilities			
Due within one year (Note 7)	-	46,337	46,337
Due in more than one year (Note 7)	-	548,155	548,155
<b>Total liabilities</b>	<u>62,657</u>	<u>609,903</u>	<u>672,560</u>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue (Note 1-H)	47,757	-	47,757
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,304,865	5,188,617	6,493,482
Restricted for:			
Emergencies	35,100	-	35,100
Unrestricted	2,527,415	2,348,347	4,875,762
<b>Total net position</b>	<u>\$ 3,867,380</u>	<u>\$ 7,536,964</u>	<u>\$ 11,404,344</u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss  
Statement of Activities  
For the Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 228,148	\$ 6,876	\$ -	\$ -
Public Safety	275,556	36,568		-
Public Works	345,602	-	32,416	-
Culture and Recreation	11,295	-	4,455	-
<b>Total governmental activities</b>	<u>860,601</u>	<u>43,444</u>	<u>36,871</u>	<u>-</u>
<b>Business-type activities:</b>				
Water	303,068	394,166	-	35,742
Sanitation	125,140	243,824	-	6,300
Garbage	113,245	115,977	-	
<b>Total business- type activities</b>	<u>541,453</u>	<u>753,967</u>	<u>-</u>	<u>42,042</u>
<b>Total primary government</b>	<u>\$ 1,402,054</u>	<u>\$ 797,411</u>	<u>\$ 36,871</u>	<u>\$ 42,042</u>

**General Revenues**

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Miscellaneous

Intergovernmental

Investment earnings

**Transfers In (out)**

**Total General Revenues and Transfers**

**Changes in Net Position**

**Net Position-January 1**

**Net Position-December 31**

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (221,272)	\$ -	\$ (221,272)
(238,988)	-	(238,988)
(313,186)	-	(313,186)
(6,840)	-	(6,840)
<u>(780,286)</u>		<u>(780,286)</u>
-	126,840	126,840
-	124,984	124,984
-	2,732	2,732
<u>-</u>	<u>254,556</u>	<u>251,824</u>
<u>(780,286)</u>	<u>254,556</u>	<u>(528,462)</u>
71,153	-	71,153
11,892	-	11,892
594,216	-	594,216
44,313	-	44,313
23,121	12,233	35,354
16,788	97,611	114,399
7,247	20,434	27,681
228,353	(228,353)	-
<u>997,083</u>	<u>(98,075)</u>	<u>899,008</u>
216,797	156,481	373,278
3,650,583	7,380,483	11,031,066
<u>\$ 3,867,380</u>	<u>\$ 7,536,964</u>	<u>\$ 11,404,344</u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss  
Governmental Funds  
Balance Sheet  
December 31, 2017**

	<u>General Fund</u>	<u>Sales Tax Capital Improvement</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,520,569	\$ 1,004,444	\$ 13,243	\$ 2,538,256
Taxes receivable	47,757	23,878	-	71,635
Due from other funds	3,740	225	-	3,965
Due from other governments	27,688	19,790	-	47,478
Accounts receivable	11,573	247	-	11,820
<b>Total assets</b>	<u>\$ 1,611,327</u>	<u>\$ 1,048,584</u>	<u>\$ 13,243</u>	<u>\$ 2,673,154</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,382	\$ 23,878	\$ 61	\$ 25,321
Due to other funds	225	-	-	225
<b>Total liabilities</b>	<u>1,607</u>	<u>23,878</u>	<u>61</u>	<u>25,546</u>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	47,757	-	-	47,757
<b>Fund balances:</b>				
<b>Restricted</b>				
Reserve for emergencies	35,100	-	-	35,100
Parks and recreation	-	-	13,182	13,182
<b>Committed</b>				
Capital purchases	-	1,024,706	-	1,024,706
<b>Unassigned</b>	<u>1,526,863</u>	<u>-</u>	<u>-</u>	<u>1,526,863</u>
<b>Total fund balance</b>	<u>1,561,963</u>	<u>1,024,706</u>	<u>13,182</u>	<u>2,599,851</u>
<b>Total liabilities and fund balance</b>	<u>\$ 1,611,327</u>	<u>\$ 1,048,584</u>	<u>\$ 13,243</u>	<u>\$ 2,673,154</u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss  
Reconciliation of the Governmental Funds Balance  
Sheet to the Statement of Net Position  
December 31, 2017**

---

**Total fund balance, governmental funds** \$ 2,599,851

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of capital assets	\$ 2,613,595	
Less accumulated depreciation	<u>(1,308,730)</u>	1,304,865

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Compensated absences		(37,336)
----------------------	--	----------

<b>Net Position of Governmental Activities in the Statement of Net Position</b>		<u><u>\$ 3,867,380</u></u>
---------------------------------------------------------------------------------	--	----------------------------

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2017**

	<b>General Fund</b>	<b>Sales Tax Capital Improvement Fund</b>	<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 437,354	\$ 284,220	\$ -	\$ 721,574
Fees and fines	36,568	-	-	36,568
Licenses and permits	6,876	-	-	6,876
Intergovernmental	49,204	-	4,455	53,659
Miscellaneous	27,570	2,798	-	30,368
<b>Total revenues</b>	<b>557,572</b>	<b>287,018</b>	<b>4,455</b>	<b>849,045</b>
<b>Expenditures</b>				
Current:				
General government	220,617	-	-	220,617
Public safety	262,436	-	-	262,436
Public works	307,365	-	-	307,365
Culture and recreation	-	-	6,582	6,582
Capital outlay	-	36,639	-	36,639
<b>Total expenditures</b>	<b>790,418</b>	<b>36,639</b>	<b>6,582</b>	<b>833,639</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(232,846)</b>	<b>250,379</b>	<b>(2,127)</b>	<b>15,406</b>
<b>OTHER FINANCING (USES)</b>				
Transfers in (out)	290,969	(69,051)	6,435	228,353
<b>Total other financing (uses)</b>	<b>290,969</b>	<b>(69,051)</b>	<b>6,435</b>	<b>228,353</b>
<b>Net change to fund balance</b>	<b>58,123</b>	<b>181,328</b>	<b>4,308</b>	<b>243,759</b>
<b>Fund balance, January 1</b>	<b>1,503,840</b>	<b>843,378</b>	<b>8,874</b>	<b>2,356,092</b>
<b>Fund balance, December 31</b>	<b>\$ 1,561,963</b>	<b>\$ 1,024,706</b>	<b>\$ 13,182</b>	<b>\$ 2,599,851</b>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended December 31, 2017**

---

**Net change in fund balances - total governmental funds** \$ 243,759

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed assets current additions	\$ 36,639	
Depreciation expense	<u>(64,844)</u>	
Excess of capital outlay over depreciation		(28,205)

Repayment of long-term debt principal is reported as an expenditure in the governmental funds but reduces long-term liabilities in the statement of net position.

Decrease of compensated absences	<u>1,243</u>
----------------------------------	--------------

**Change in net position of governmental funds** \$ 216,797

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss  
Statement of Net Position  
Enterprise Funds  
December 31, 2017**

	<b>Enterprise Funds</b>	
	<b>Water Fund</b>	<b>Sanitation Fund</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,325,800	\$ 653,986
Notes receivable	210,977	-
Due from other governments	-	96,859
Due from other funds	344,919	-
Accounts receivable, net	30,431	22,216
<b>Total Current Assets</b>	<u>1,912,127</u>	<u>773,061</u>
<b>Noncurrent Assets</b>		
Capital assets		
Land and improvements	-	251,425
Water rights	119,222	-
Utility system	5,621,374	3,932,895
Equipment and furniture	41,834	11,046
Less accumulated depreciation	(2,790,493)	(1,404,194)
<b>Total Noncurrent Assets</b>	<u>2,991,937</u>	<u>2,791,172</u>
<b>Total Assets</b>	<u>\$ 4,904,064</u>	<u>\$ 3,564,233</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,250	\$ 2,747
Due to other funds	3,740	344,919
Current portion on long-term debt	34,225	12,112
<b>Total Current Liabilities</b>	<u>41,215</u>	<u>359,778</u>
<b>Long-Term Debt</b>		
Loans payable	<u>342,252</u>	<u>205,903</u>
<b>Total Long-Term Debt</b>	<u>342,252</u>	<u>205,903</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	2,615,460	2,573,157
Unrestricted	1,905,137	425,395
<b>Total Net Position</b>	<u>\$ 4,520,597</u>	<u>\$ 2,998,552</u>

The accompanying notes are an integral part of this statement.

<u>Garbage Fund</u>	<u>Total Enterprise Funds</u>
\$ 15,973	\$ 1,995,759
-	210,977
-	96,859
-	344,919
11,256	63,903
27,229	2,712,417

-	251,425
-	119,222
-	9,554,269
-	52,880
-	(4,194,687)
-	5,783,109
\$ 27,229	\$ 8,495,526

\$ 9,414	\$ 15,411
-	348,659
-	46,337
9,414	410,407

-	548,155
-	548,155

-	5,188,617
17,815	2,348,347
\$ 17,815	\$ 7,536,964

**Town of Hotchkiss**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Enterprise Funds**  
**Year Ended December 31, 2017**

	<b>Enterprise Funds</b>	
	<b>Water Fund</b>	<b>Sanitation Fund</b>
<b>Operating revenues:</b>		
Charges for services	\$ 394,166	\$ 243,824
<b>Total operating revenues</b>	<u>394,166</u>	<u>243,824</u>
<b>Operating expenses:</b>		
Purchased services	17,319	12,971
Contractual services	-	-
Utilities	21,502	33,791
Repairs and maintenance	47,676	3,630
Other supplies and expenses	64,067	9,376
Insurance claims and expenses	6,214	6,214
Depreciation	146,290	59,158
<b>Total operating expenses</b>	<u>303,068</u>	<u>125,140</u>
<b>Operating income (loss)</b>	<u>91,098</u>	<u>118,684</u>
<b>Nonoperating revenues (expenses):</b>		
Transfers in (out)	(147,201)	(78,152)
Interest income	14,174	6,255
Miscellaneous	9,965	2,268
Grants	-	97,611
Interest expense	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>(123,062)</u>	<u>27,982</u>
<b>Income (loss) before capital contributions</b>	(31,964)	146,666
<b>Capital contributions-Tap fees</b>	35,742	6,300
<b>Change in net assets</b>	3,778	152,966
<b>Total net position, January 1</b>	4,516,819	2,845,586
<b>Total net position, December 31</b>	<u>\$ 4,520,597</u>	<u>\$ 2,998,552</u>

The accompanying notes are an integral part of this statement.

<u>Garbage Fund</u>	<u>Total</u>
\$ 115,977	\$ 753,967
<u>115,977</u>	<u>753,967</u>
-	30,290
113,245	113,245
-	55,293
-	51,306
-	73,443
-	12,428
-	205,448
<u>113,245</u>	<u>541,453</u>
<u>2,732</u>	<u>212,514</u>
(3,000)	(228,353)
5	20,434
-	12,233
-	97,611
-	-
<u>(2,995)</u>	<u>(98,075)</u>
(263)	114,439
-	42,042
(263)	156,481
18,078	7,380,483
<u>\$ 17,815</u>	<u>\$ 7,536,964</u>

**Town of Hotchkiss  
Statement of Cash Flows  
Enterprise Funds  
Year Ended December 31, 2017**

	<b>Enterprise Funds</b>	
	<b>Water Fund</b>	<b>Sanitation Fund</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from charges for services	\$ 408,763	\$ 150,082
Cash received other	38,199	(38,199)
Cash payments for goods and services	(167,437)	(70,817)
<b>Net cash provided (used) by operating activities</b>	<u>279,525</u>	<u>41,066</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers (out)	(147,201)	(78,152)
Miscellaneous revenues	9,965	2,268
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(137,236)</u>	<u>(75,884)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Tap fees	35,742	6,300
Acquisition of capital assets	-	(173,535)
Principal paid on loans and leases	(34,225)	(12,112)
Grants and loan proceeds	-	97,611
Interest expense	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>1,517</u>	<u>(81,736)</u>
<b>Cash Flows from Investing Activities</b>		
Interest on investments	<u>14,174</u>	<u>6,255</u>
<b>Net increase (decrease) in cash and equivalents</b>	157,980	(110,299)
<b>Cash balances, January 1</b>	<u>1,167,820</u>	<u>764,285</u>
<b>Cash balances, December 31</b>	<u>\$ 1,325,800</u>	<u>\$ 653,986</u>
<b>Reconciling of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>91,098</u>	<u>118,684</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	146,290	59,158
Assets (increase) decrease:		
Accounts receivable	(4,583)	(93,742)
Notes receivable	19,180	-
Due from or to other funds	38,199	-
Liabilities increase (decrease):		
Due to other funds	-	(38,199)
Accounts payable	(10,659)	(4,835)
Total adjustments	<u>188,427</u>	<u>(77,618)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 279,525</u>	<u>\$ 41,066</u>

See accompanying notes to the basic financial statements.

---

**Enterprise Funds****Garbage  
Fund****Total  
Enterprise  
Funds**

\$ 115,362	\$ 674,207
-	-
(113,114)	(351,368)
<u>2,248</u>	<u>322,839</u>

(3,000)	(228,353)
-	12,233
<u>(3,000)</u>	<u>(216,120)</u>

-	42,042
-	(173,535)
-	(46,337)
-	97,611
-	-
<u>-</u>	<u>(80,219)</u>

<u>5</u>	<u>20,434</u>
(747)	46,934
16,720	1,948,825
<u>\$ 15,973</u>	<u>\$ 1,995,759</u>

<u>2,732</u>	<u>212,514</u>
--------------	----------------

-	205,448
(615)	(98,940)
-	19,180
-	38,199
-	(38,199)
131	(15,363)
(484)	110,325
<u>\$ 2,248</u>	<u>\$ 322,839</u>

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

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

The financial statements of the Town of Hotchkiss, Colorado (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Financial Reporting Entity**

The Town is a statutory municipality with a mayor – council form of government with seven elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Hotchkiss (the primary government). The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

**B. Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**C. Fund Financial Statements**

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

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

**C. Fund Financial Statements** (continued)

The Town reports the following major governmental funds:

- The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- The Sales Tax Capital Improvement Fund, which accounts for 50% of the town's sales tax to be used for capital improvements and acquisition.

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

Enterprise Funds 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. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the Town are charges for water, sewer and garbage fees. Operating expenses for the enterprise funds include purchased services, utilities, repairs and maintenance, supplies, insurance and depreciation cost. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major enterprise fund business-type activities:

- Water, Sanitation and Garbage Funds, which account for all operations of the Town's water, sanitation and garbage services. They are primarily financed by user charges.

**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. 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.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

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

**D. Measurement Focus and Basis of Accounting** (continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section of 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 will not recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of 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 will not be recognize as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

**E. Cash and Cash Equivalents**

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

**F. Investments**

Money market funds and sweep accounts are stated at cost, which is equal to fair market value.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

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

**G. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Property Taxes**

Property taxes for the current year are levied and attached 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. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflows of resources in the governmental and enterprise funds.

**I. Capital Assets**

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds \$ 5,000.

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Building and Other Improvements	20-40 years
Utility Plant and System	40-50 years
Furniture and Equipment	3-10 years
Infrastructure	15-50 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Under GASB 34 the town is not required to retroactively report on infrastructure assets before June 30, 2004. Therefore, infrastructure assets before that date are not shown on the financial statements.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

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

**J. Long-Term Liabilities**

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net assets. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

**K. Compensated Absences**

Vacation time accumulates at the rate of five (5) days a year for employees with one year of service. For employees with 2-9 years, ten (10) days per year, and ten (10) years and after of service, fifteen (15) days. The maximum accumulation of vacation time is five (5) days per year. Sick leave accumulates at one (1) day per month with a maximum unused sick leave accumulated at 60 days. Sick leave will be paid at three (3) days of sick leave equivalent to one (1) vacation day at termination or retirement

Accrued vacation and sick leave consist of the following at December 31, 2017:

Vacation time	\$ 16,648
Sick leave	<u>20,688</u>
Total	<u>\$ 37,336</u>

**L. Net Position**

Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**M. Interfund Transactions**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**N. Encumbrances**

The Town does not use an encumbrance system for budgetary control.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

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

**O. Accounts Receivable**

The Town considers accounts receivable for water and sewer to be fully collectible because the Town can place liens on the individual properties; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**P. Fund Equity**

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

**Note 2 - Reconciliation of Government-wide and Fund Financial Statements**

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The enterprise fund statement of net position and statement of revenues, expenses and changes in net position also includes reconciliation to the government-wide statement of net position and activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

**Note 3 - 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 Town’s voters on November 8, 1994, approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town’s sales tax, and state and federal grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment.

**Note 4 - Budgets**

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- A. By September of each year, the Town Clerk gives public notice of the budget calendar for the next fiscal year. The Town Clerk asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The Town Clerk then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.
- B. 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.
- C. A public hearing on the proposed budget is held by the Council in early December.
- D. The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year’s tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.
- E. If during the fiscal year the Town Clerk determines that there are expenses in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the Town Clerk that the revenues available will be insufficient to meet the amount appropriated, the Town Clerk reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. Any time during the fiscal year the Town Clerk may transfer part or all of any unencumbered appropriation balance within a department.
- F. Budget appropriations lapse at the end of each year.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

**Note 4 - Budgets (continued)**

- G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. There was one revision made to the original budgeted expenditures for the year. The town could be in violation of Colorado Budget Law because expenses exceed budgetary amounts in the Garbage Fund.
- H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.
- I. Budget for the Enterprise Funds are adopted on a basis consistent with the Governmental Funds. Following are the adjustments to convert GAAP Basis expenditures to budgetary basis expenditures:

	Water	Sanitation	Garbage
GAAP Basis	\$ 450,270	\$ 203,292	\$ 116,245
Add (deduct):			
Depreciation	(146,290)	(59,158)	-
Capital outlay	-	173,535	-
Debt principal payments	34,225	50,311	-
Budgetary basis	338,205	367,980	116,245
Final budget	429,193	1,105,581	116,000
Variance	\$ 90,988	\$ 737,601	\$ (245)

**Note 5 - Deposits and Investments**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The 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 at least equal to 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, 2017, the bank balance of the Town's deposits was \$ 2,235,259 of which \$ 250,000 was covered by federal depository insurance and \$ 1,985,259 was collateralized under PDPA.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

**Note 5 - Deposits and Investments** (continued)

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 has no formal investment policy. At December 31, 2017 the Town's investments included funds held in government Colotrust.

The Town had invested \$ 2,329,438 in the Colorado Government Liquid Asset Trust (COLOTRUST), 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 the 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. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

The composition of all cash and cash investments held by the Town at December 31, 2017 is as follows:

Cash on hand and with the County Treasurer	\$ 1,739
Cash in bank	2,202,838
Colotrust	<u>2,329,438</u>
Total cash and investments	<u>\$ 4,534,015</u>

Interest rate risk-The town does not have a formal policy limiting investment maturities, other than that established by the state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

**Note 6 - Interfund Transactions**

Interfund receivable and payable balances as of December 31, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 3,740
Capital Improvement	General	<u>225</u>
		<u>\$ 3,965</u>

The outstanding balance between funds result mainly from the time lag between the date of payments between funds are made and borrowing from the pooled cash account.

The following are the interfund transfers that occurred in 2017:

Funds	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Water Fund	\$	\$ 147,201
Garbage Fund		3,000
General Fund	297,404	6,435
Sanitation Fund		78,152
Conservation Trust Fund	6,435	
Sales Tax Capital Improvement Fund		69,051
Totals	<u>\$ 303,839</u>	<u>\$ 303,839</u>

Transfers are used to reimburse the general fund for personnel cost and administrative fees.

**Note 7 - Long-Term Liabilities**

	<b>Balance January 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2017</b>	<b>Due within one year</b>
<b>Governmental Activities</b>					
Compensated absences	\$ 38,579	\$ -	\$ (1,243)	\$ 37,336	\$ -
Total	<u>\$ 38,579</u>	<u>\$ -</u>	<u>\$ (1,243)</u>	<u>\$ 37,336</u>	<u>\$ -</u>
<b>Enterprise Activities</b>					
Loans payable	\$ 640,830	\$ -	\$ (46,338)	\$ 594,492	\$ 46,337
Total	<u>\$ 640,830</u>	<u>\$ -</u>	<u>\$ (46,338)</u>	<u>\$ 594,492</u>	<u>\$ 46,337</u>

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

---

**Note 7 - Long-Term Liabilities** (continued)

**A. Colorado Water Resources and Power Development Authority:**

Total amount owed at December 31, 2017 was \$376,478. This loan is interest free. Semiannual payments of \$17,112.62.

	<u>Principal</u>
2018	\$ 34,225
2019	34,225
2020	34,225
2021	34,225
2022	34,225
2023 to 2027	171,125
2028	34,228
Total	<u>\$ 376,478</u>

**B. Colorado Water Resources and Power Development Authority:**

The Colorado Water Resources and Power Development Authority loaned the Town \$242,239, through Water Pollution Control Revolving Fund Disadvantage Communities Loan Program, an interest free loan and is payable in principal installments of \$ 6,055.98 on May 1 and November 1 of each year. The loan mature on November 1, 2035.

	<u>Principal</u>
2018	\$ 12,112
2019	12,112
2020	12,112
2021	12,112
2022	12,112
2023 to 2027	60,560
2028 to 2032	60,560
2033 to 2035	36,335
Total	<u>\$ 218,015</u>

**Note 8 - Contingent liabilities**

Risk management

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town pays an annual premium to Colorado State Compensation for its workmen's compensation insurance coverage, and has purchased general liability and property insurance through commercial insurers. There were no settlements exceeding insurance coverage over the last three years.

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

**Note 9 - Retirement Plans**

Defined Contribution Plan

The Town has a defined contribution plan for its employees which is administered by Colorado County Officials and Employees Retirement Association (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate six months from the date of employment. Both the employees and the Town make a basic contribution of 6% of the employee's salary (except for police officers whose contribution is 2.87% to CCOERA and 3.13% to another plan). Employees may make additional voluntary contributions not to exceed 10% of compensations. Participants vest in employer contributions and in earnings, losses and changes in fair market value of Plan assets at a rate of 20% per year. Any nonvested Town contributions forfeited by an employee who leaves the Town's employment are remitted to the Town. The Town's total payroll in 2017 was \$ 464,637. The total payroll covered by the plan was \$381,067. A contribution of \$ 27,833 was made to the plan in 2017. This contribution consisted of the Town's contribution of \$ 11,432 and the employee's contributions of \$ 16,401, which is 4.95 % of the covered payroll per group of contributor.

**Note 10 - Capital Assets**

	Balance January 1, 2017	Additions	Dispositions	Balance December 31, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 215,747	\$ -	\$ -	\$ 215,747
	<u>215,747</u>	<u>-</u>	<u>-</u>	<u>215,747</u>
Capital assets being depreciated				
Buildings	592,526	-	-	592,526
Improvements other than building	139,150	-	-	139,150
Infrastructure	985,172	27,510	-	1,012,682
Equipment and vehicles	644,361	9,129	-	653,490
	<u>2,361,209</u>	<u>36,639</u>	<u>-</u>	<u>2,397,848</u>
Less accumulated depreciation				
Buildings	(351,732)	(11,971)	-	(363,703)
Improvements	(118,277)	(4,713)	-	(122,990)
Infrastructure	(207,591)	(30,348)	-	(237,939)
Equipment and vehicles	(566,286)	(17,812)	-	(584,098)
	<u>(1,243,886)</u>	<u>(64,844)</u>	<u>-</u>	<u>(1,308,730)</u>
Capital asset being depreciated, net	<u>1,117,323</u>	<u>(28,205)</u>	<u>-</u>	<u>1,089,118</u>
Total Governmental Activities Capital Assets	<u>\$ 1,333,070</u>	<u>\$ (28,205)</u>	<u>\$ -</u>	<u>\$ 1,304,865</u>

**Town of Hotchkiss**  
**Notes to the Financial Statements**  
**December 31, 2017**

**Note 10 - Capital Assets** (continued)

Business - Type Activities	January 1, 2017	Additions	Dispositions	December 31, 2017
Capital assets not being depreciated				
Land and source of supply	\$ 370,647	\$ -	\$ -	\$ 370,647
Construction in progress	1,259,866	173,535	(1,433,401)	-
Total	<u>\$ 1,630,513</u>	<u>\$ 173,535</u>	<u>\$ (1,433,401)</u>	<u>\$ 370,647</u>
Capital assets being depreciated				
Utility systems	8,120,866	1,433,401	-	9,554,267
Equipment and furniture	52,880	-	-	52,880
Less accumulated depreciation	<u>(3,989,237)</u>	<u>(205,448)</u>	-	<u>(4,194,685)</u>
Total	<u>4,184,509</u>	<u>1,227,953</u>	<u>-</u>	<u>5,412,462</u>
Total Business-Type Activities Capital Assets	<u>\$ 5,815,022</u>	<u>\$ 1,401,488</u>	<u>\$ (1,433,401)</u>	<u>\$ 5,783,109</u>

Depreciation was charged to governmental activity functions/programs as follows:

General government	\$ 8,774
Public safety	13,120
Public works	38,237
Culture and recreation	4,713
Total	<u>\$ 64,844</u>

Depreciation charged to the Enterprise Funds are as follows:

Water Fund	\$ 146,290
Sanitation Fund	\$ 59,158

**Note 11- Commitment**

Rogers Mesa Domestic Water Company has agreed to pay a portion of the construction costs of the new water system with an annual payment of \$19,179.75 per year for 20 years or a total amount of \$383,595. As of December 31, 2017 the amount owed is \$210,977.

**Town of Hotchkiss**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2017**

	<b>Budgeted</b>		<b>Actual</b>	<b>Favorable</b>
	<b>Original</b>	<b>Final</b>		<b>(Unfavorable)</b>
<b>Revenues</b>				
Taxes	\$ 376,313	\$ 376,313	\$ 437,354	\$ 61,041
Licenses and permits	2,700	2,700	6,876	4,176
Intergovernmental revenues	56,358	56,358	49,204	(7,154)
Fines and forfeitures	7,600	7,600	36,568	28,968
Miscellaneous revenue	16,061	16,061	27,570	11,509
<b>Total revenues</b>	<u>459,032</u>	<u>459,032</u>	<u>557,572</u>	<u>98,540</u>
<b>Expenditures</b>				
General government	232,826	232,826	220,617	12,209
Police department	286,588	286,588	262,436	24,152
Public works	358,473	358,473	307,365	51,108
<b>Total Expenditures</b>	<u>877,887</u>	<u>877,887</u>	<u>790,418</u>	<u>87,469</u>
<b>Excess of revenues over (under) expenditures</b>	(418,855)	(418,855)	(232,846)	186,009
<b>Other financing sources</b>				
Transfers in (out)	298,265	298,265	290,969	(7,296)
<b>Excess of revenues and sources over (under) expenditures and other (uses)</b>	(120,590)	(120,590)	58,123	178,713
<b>Fund balance, January 1</b>	1,195,555	1,195,555	1,503,840	308,285
<b>Fund balance, December 31</b>	<u>\$ 1,074,965</u>	<u>\$ 1,074,965</u>	<u>\$ 1,561,963</u>	<u>\$ 486,998</u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss**  
**Sales Tax Capital Improvement Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>Revenues</b>				
Sales tax	\$ 220,000	\$ 220,000	\$ 261,138	\$ 41,138
Property taxes	23,082	23,082	23,082	-
Miscellaneous	-	-	1,779	1,779
Interest income	800	800	1,019	219
<b>Total revenues</b>	<u>249,333</u>	<u>249,333</u>	<u>287,018</u>	<u>37,685</u>
<b>Expenditures</b>				
Capital outlay	<u>115,350</u>	<u>115,350</u>	<u>36,639</u>	<u>78,711</u>
<b>Total expenditures</b>	<u>115,350</u>	<u>115,350</u>	<u>36,639</u>	<u>78,711</u>
<b>Excess of revenues over (under) expenditures</b>	133,983	133,983	250,379	116,396
<b>Other financing sources</b>				
Transfers (out)	<u>(70,925)</u>	<u>(70,925)</u>	<u>(69,051)</u>	<u>(1,874)</u>
<b>Excess of revenues and sources over (under) expenditures and other (uses)</b>	63,058	63,058	181,328	114,522
<b>Fund balance, January 1</b>	<u>443,367</u>	<u>443,367</u>	<u>843,378</u>	<u>400,011</u>
<b>Fund balance, December 31</b>	<u><u>\$ 506,425</u></u>	<u><u>\$ 506,425</u></u>	<u><u>\$ 1,024,706</u></u>	<u><u>\$ 516,407</u></u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss**  
**Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2017**

---

	<b>Conservation Trust Trust Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 13,243
<b>Total assets</b>	\$ 13,243
 <b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
Accounts payable	\$ 61
<b>Total liabilities</b>	61
 <b>Fund balance</b>	
Unreserved:	13,182
<b>Total fund balance</b>	13,182
<b>Total liabilities and fund balance</b>	\$ 13,243

**Town of Hotchkiss**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**December 31, 2017**

---

	<b>Conservation Trust Fund</b>
<b>Revenues</b>	
Intergovernmental	\$ 4,455
<b>Total revenues</b>	4,455
<b>Expenditures</b>	
Current:	
Culture and recreation	6,582
<b>Total expenditures</b>	6,582
<b>Excess (deficiency) of revenues over expenditures</b>	(2,127)
<b>Fund balance, January 1</b>	8,874
<b>Fund balance, December 31</b>	\$ 13,182

**Town of Hotchkiss  
Conservation Trust Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Lottery	\$ 4,400	\$ 4,400	\$ 4,455	\$ 55
<b>Total revenues</b>	<u>4,400</u>	<u>4,400</u>	<u>4,455</u>	<u>55</u>
<b>Expenditures</b>				
Parks	10,835	10,835	6,582	4,253
<b>Total expenditures</b>	<u>10,835</u>	<u>10,835</u>	<u>6,582</u>	<u>4,253</u>
<b>Excess of revenues over (under) expenditures</b>	(6,435)	(6,435)	(2,127)	4,308
<b>Other financing sources</b>				
Transfers in	<u>6,435</u>	<u>6,435</u>	<u>6,435</u>	<u>-</u>
<b>Excess of revenues and sources over (under) expenditures and other (uses)</b>	-	-	4,308	4,308
<b>Fund balance, January 1</b>	<u>-</u>	<u>-</u>	<u>8,874</u>	<u>8,874</u>
<b>Fund balance, December 31</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,182</u></u>	<u><u>\$ 13,182</u></u>

**Town of Hotchkiss  
Water Fund  
Schedule of Revenues, Expenditures and Changes in Available  
Resources-Budget and Actual  
(Non-GAAP Budgetary Basis)  
Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>Available resources</b>				
<b>January 1</b>	\$ 749,689	\$ 749,689	\$ 1,789,295	\$ 1,039,606
<b>Revenues</b>				
Water fees	376,700	376,700	394,166	17,466
Tap fees	2,400	2,400	35,742	33,342
Interest income	7,500	7,500	14,174	6,674
Miscellaneous	7,200	7,200	9,965	2,765
Grants and loans	57,379	57,379	57,379	-
<b>Total revenues</b>	451,179	451,179	511,426	60,247
<b>Total available resources</b>	1,200,868	1,200,868	2,300,721	1,099,853
<b>Expenditures</b>				
Purchased services	25,303	25,303	17,319	7,984
Utilities	23,700	23,700	21,502	2,198
Repairs and maintenance	65,000	65,000	40,573	24,427
Chemicals	55,300	55,300	45,045	10,255
Other supplies and expenses	44,165	44,165	18,948	25,217
Insurance claims and expenses	7,000	7,000	6,214	786
Transfers-General fund	150,950	150,950	147,201	3,749
Debt service	34,275	34,275	34,300	(25)
Capital outlay	23,500	23,500	7,103	16,397
<b>Total expenditures</b>	429,193	429,193	338,205	90,988
<b>Available resources</b>				
<b>Less Loans</b>	-	-	(57,379)	(57,379)
<b>December 31</b>	\$ 771,675	\$ 771,675	\$ 1,905,137	\$ 1,133,462

**Town of Hotchkiss  
Sanitation Fund  
Schedule of Revenues, Expenditures and Changes in Available  
Resources-Budget and Actual  
(Non-GAAP Budgetary Basis)  
Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>Available resources</b>				
<b>January 1</b>	\$ 941,905	\$ 941,905	\$ 398,918	\$ (542,987)
<b>Revenues</b>				
Sewer fees	240,000	240,000	243,824	3,824
Tap fees	2,400	2,400	6,300	3,900
Interest income	3,000	3,000	6,255	3,255
Grants, Loans	607,685	607,685	97,611	(510,074)
Miscellaneous	3,500	3,500	2,268	(1,232)
<b>Total revenues</b>	<u>856,585</u>	<u>856,585</u>	<u>356,258</u>	<u>(500,327)</u>
<b>Total available resources</b>	<u>1,798,490</u>	<u>1,798,490</u>	<u>755,176</u>	<u>(1,043,314)</u>
<b>Expenditures</b>				
Purchased services	16,150	16,150	12,971	3,179
Utilities	41,100	41,100	33,791	7,309
Repairs and maintenance	26,750	26,750	3,630	23,120
Chemicals	3,700	3,700	2,529	1,171
Other supplies and expenses	11,405	11,405	6,773	4,632
Insurance claims and expenses	6,900	6,900	6,214	686
Transfers-General fund	80,025	80,025	78,151	1,874
Debt service	12,112	12,112	12,187	(75)
Capital outlay	869,240	869,240	173,535	695,705
<b>Total expenditures</b>	<u>1,067,382</u>	<u>1,067,382</u>	<u>329,781</u>	<u>737,601</u>
<b>Interfund loan payment</b>	38,199	38,199	38,199	-
<b>Available resources</b>				
<b>December 31</b>	<u>\$ 692,909</u>	<u>\$ 692,909</u>	<u>\$ 463,594</u>	<u>\$ (305,713)</u>

**Town of Hotchkiss  
Garbage Fund  
Schedule of Revenues, Expenditures and Changes in Available  
Resources-Budget and Actual  
(Non-GAAP Budgetary Basis)  
Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Available resources</b>				
<b>January 1</b>	\$ 4,231	\$ 4,231	\$ 18,078	\$ 13,847
<b>Revenues</b>				
Garbage fees	113,900	113,900	115,977	2,077
Interest income	5	5	5	-
<b>Total revenues</b>	<u>113,905</u>	<u>113,905</u>	<u>115,982</u>	<u>2,077</u>
<b>Total available resources</b>	<u>118,136</u>	<u>118,136</u>	<u>134,060</u>	<u>15,924</u>
<b>Expenditures</b>				
Contract services	110,700	113,000	113,245	(245)
Transfers-General fund	3,000	3,000	3,000	-
<b>Total expenditures</b>	<u>113,700</u>	<u>116,000</u>	<u>116,245</u>	<u>(245)</u>
<b>Available resources</b>				
<b>December 31</b>	<u>\$ 4,436</u>	<u>\$ 2,136</u>	<u>\$ 17,815</u>	<u>\$ 15,679</u>

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): 2017

This Information From The Records Of: This Information From The Records Of: Town of Hotchkiss	Prepared By: Marlene Searle
--------------------------------------------------------------------------------------------------	--------------------------------

**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	0	0	32,386	0
2. Minus amount used for collection expenses	0	0		
3. Minus amount used for nonhighway purposes	0	0		
4. Minus amount used for mass transit	0	0		
5. Remainder used for highway purposes			32,386	

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	36,639
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,127
2. General fund appropriations		b. Snow and ice removal	78
3. Other local imposts (from page 2)	66,588	c. Other	8,298
4. Miscellaneous local receipts (from page 2)	39,721	d. Total (a. through c.)	17,503
5. Transfers from toll facilities		4. General administration & miscellaneous	6,400
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	87,243
a. Bonds - Original Issues		6. Total (1 through 5)	147,785
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)		a. Interest	0
7. Total (1 through 6)	106,309	b. Redemption	0
<b>B. Private Contributions</b>		c. Total (a. + b.)	
<b>C. Receipts from State government</b> (from page 2)	41,476	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)		a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	147,785	b. Redemption	0
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	147,785

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
2017

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines and Penalties	35,043
1. Sales Taxes	54,696	c. (Specify)	
2. (Specify)	0	d. (Specify)	
3. (Specify)	0	e. (Specify)	
4. (Specify)	0	f. (Specify)	
5. S/O Tax	11,892	g. Other Misc Receipts	4,678
6. Total (1. through 5.)	66,588	h. (Specify)	
c. Total (a. + b.)	66,588	i. Total (a. through h.)	39,721
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	32,386	1. FHWA (from Item I.D.5.)	
2. State general funds	0	2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. (Specify)		c. HUD	
c. MV Tax	4,524	d. (Specify)	
d. (Specify)		e. (Specify)	
e. R&B Tax	4,566	f. (Specify)	
f. Total (a. through e.)	9,090	g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	41,476	3. Total (1. + 2.g)	
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

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

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

Notes and Comments: