

**Town of Hudson, Colorado**  
**Financial Statements**  
**with Independent Auditors' Report**  
**December 31, 2017**

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Office of the State Auditor

July 31, 2018



# Town of Hudson, Colorado

## Table of Contents

December 31, 2017

### **Financial Section**

**Independent Auditors' Report**..... 1

**Management's Discussion and Analysis** ..... i

### **Basic Financial Statements**

#### ***Government-Wide Financial Statements***

Statement of Net Position .....4

Statement of Activities .....5

#### ***Governmental Funds***

Balance Sheet .....6

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position.....7

Statement of Revenues, Expenditures and Changes in Fund Balances.....8

Reconciliation of the Statement of Revenues, Expenditures and Changes  
In Fund Balances of Governmental Funds to the Statement of Activities .....9

#### ***Proprietary Funds***

Statement of Net Position .....10

Statement of Revenues, Expenses and Changes in Net Position .....11

Statement of Cash Flows .....12

***Notes to Financial Statements*** .....13

### **Required Supplementary Information**

Budgetary Comparison Schedule – General Fund .....26

Budgetary Comparison Schedule – Hudson Public Library Fund .....28

Notes to Required Supplementary Information.....29

### **Supplementary Information**

#### ***Combining Statements***

Combining Balance Sheet – Nonmajor Governmental Funds .....30

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Governmental Funds.....31

# Town of Hudson, Colorado

Table of Contents  
December 31, 2017  
(Continued)

## **Financial Section** (Continued)

### **Supplementary Information** (Continued)

#### ***Budgetary Comparison Schedules***

Property Tax Special Revenue Fund.....	32
Paving Sales Tax Fund.....	33
Sales Tax Capital Improvement Fund.....	34
Capital Reserve Fund.....	35
Conservation Trust Fund.....	36
Park Impact Fee Fund.....	37
Facilities Impact Fee Fund.....	38
Street Impact Fee Fund.....	39
Water Fund.....	40
Wastewater Fund.....	41

## **Compliance Section**

### **Report Required by *Government Auditing Standards***

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 <i>Government Auditing Standards</i> .....	42
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### **State Compliance**

Local Highway Finance Report.....	44
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## **Financial Section**



## Independent Auditors' Report

Honorable Mayor and Board of Trustees  
Town of Hudson  
Hudson, Colorado

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hudson as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Hudson, 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.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

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

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hudson's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Honorable Mayor and Board of Trustees  
Town of Hudson  
Page 3

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2018, on our consideration of the Town of Hudson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hudson's internal control over financial reporting and compliance.

*Hick & Company, PC*

Greenwood Village, Colorado  
July 13, 2018



## Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Hudson, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the financial statements.

### FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$2,726,796 (10.4%) during 2017.
- At December 31, 2017, the Town's governmental funds reported combined ending fund balances of \$10,978,411. This marked an increase of \$1,297,370 (13.4%) from the prior year's ending governmental fund balances due primarily to increases in the Hudson Public Library Fund.
- The Town's water and wastewater funds' net positions declined by \$197,875 (2.3%) during 2017 primarily due to depreciation of the water and wastewater capital assets.
- The Town completed construction of a new Town Hall during 2017. The Town received State of Colorado grant funds of \$1,131,400, and expended \$1,807,657 toward construction of the new building.

### USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town of Hudson's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide financial statements

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

The *Statement of Net Position* presents information on all of the Town's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators 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 are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both of the government-wide financial statements distinguish functions of the Town of Hudson 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, public safety (police), public works, parks and recreation, and library. The business-type activities of the Town include water and wastewater operations.

#### Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hudson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

**Governmental Funds** -- Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using 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 detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

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 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 near-term financing decisions. Both the governmental fund *Balance Sheet* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Hudson maintains ten individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for four of the ten governmental funds that meet the criteria to be designated as major funds (General Fund, Property Tax Special Revenue Fund, Paving Sales Tax Fund, and Hudson Public Library Fund). The other governmental funds (Sales Tax Capital Improvement Fund, Capital Reserve Fund, Conservation Trust Fund, Park Impact Fee Fund, Facilities Impact Fee Fund, and Street Impact Fee Fund) are shown in a column titled "Other Nonmajor Governmental Funds." Individual fund data for these nonmajor governmental funds are provided in the back of this report following the "Notes to Financial Statements."

**Proprietary Funds** -- The Town's utility services are reported in proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for the Town's Water Fund and Wastewater Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

### **Other information**

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2017, all funds had budgeted expenditures/expenses.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hudson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,988,554 at the close of 2017. As shown below, the Town's financial position improved by \$2,726,796 (10.4%) during 2017.

### Town of Hudson's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$12,118,253	\$11,379,676	\$ 970,669	\$ 912,624	\$ 13,088,922	\$ 12,292,300
Capital assets, net	12,922,542	11,437,359	12,160,966	12,568,161	25,083,508	24,005,520
<b>Total assets</b>	<b>\$25,040,795</b>	<b>\$22,817,035</b>	<b>\$13,131,635</b>	<b>\$ 13,480,785</b>	<b>\$ 38,172,430</b>	<b>\$ 36,297,820</b>
Deferred outflows of resources	\$ 253,339	\$ 266,673	\$ -	\$ -	\$ 253,339	\$ 266,673
Current liabilities	101,307	604,124	113,311	137,768	214,618	741,892
Noncurrent Liabilities	3,604,944	3,760,109	4,570,597	4,697,415	8,175,541	8,457,524
<b>Total liabilities</b>	<b>\$ 3,706,251</b>	<b>\$ 4,364,233</b>	<b>\$ 4,683,908</b>	<b>\$ 4,835,183</b>	<b>\$ 8,390,159</b>	<b>\$ 9,199,416</b>
Deferred inflows of resources	\$ 1,047,056	\$ 1,103,319	\$ -	\$ -	\$ 1,047,056	\$ 1,103,319
Net position:						
Net investment in capital assets	\$ 9,584,442	\$ 7,688,405	\$ 7,593,884	\$ 7,875,061	\$ 17,178,326	\$ 15,563,466
Restricted	1,929,427	1,767,941	102,207	55,813	2,031,634	1,823,754
Unrestricted	9,026,958	8,159,810	751,636	714,728	9,778,594	8,874,538
<b>Total net position</b>	<b>\$20,540,827</b>	<b>\$17,616,156</b>	<b>\$ 8,447,727</b>	<b>\$ 8,645,602</b>	<b>\$ 28,988,554</b>	<b>\$ 26,261,758</b>

A significant portion (59.3%) of the Town's total net position at December 31, 2017 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 7.0% (\$2,031,634) of the Town's total net position at the end of 2017 represents resources that are subject to external restrictions on how they may be used. They are primarily fund balance restrictions of sales taxes collected for paving and maintenance of streets (\$964,305), debt service reserves required for the Town's 2016 Limited Property and Sales Tax Refunding Bonds (\$245,300) and wastewater obligations (\$102,207), and fund balance restrictions of sales taxes collected for capital improvements (\$456,544). An additional \$88,278 is restricted for parks and \$175,000 for emergencies.

The remaining amount of the Town's total net position at the end of 2017 (\$9,778,594) represents 33.7% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors. The Town utilizes a working policy to maintain a minimum of approximately one year's operating expenses in the General Fund balance.

The following chart displays the changes in net position experienced by the Town over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

## Town of Hudson's Changes in Net Position

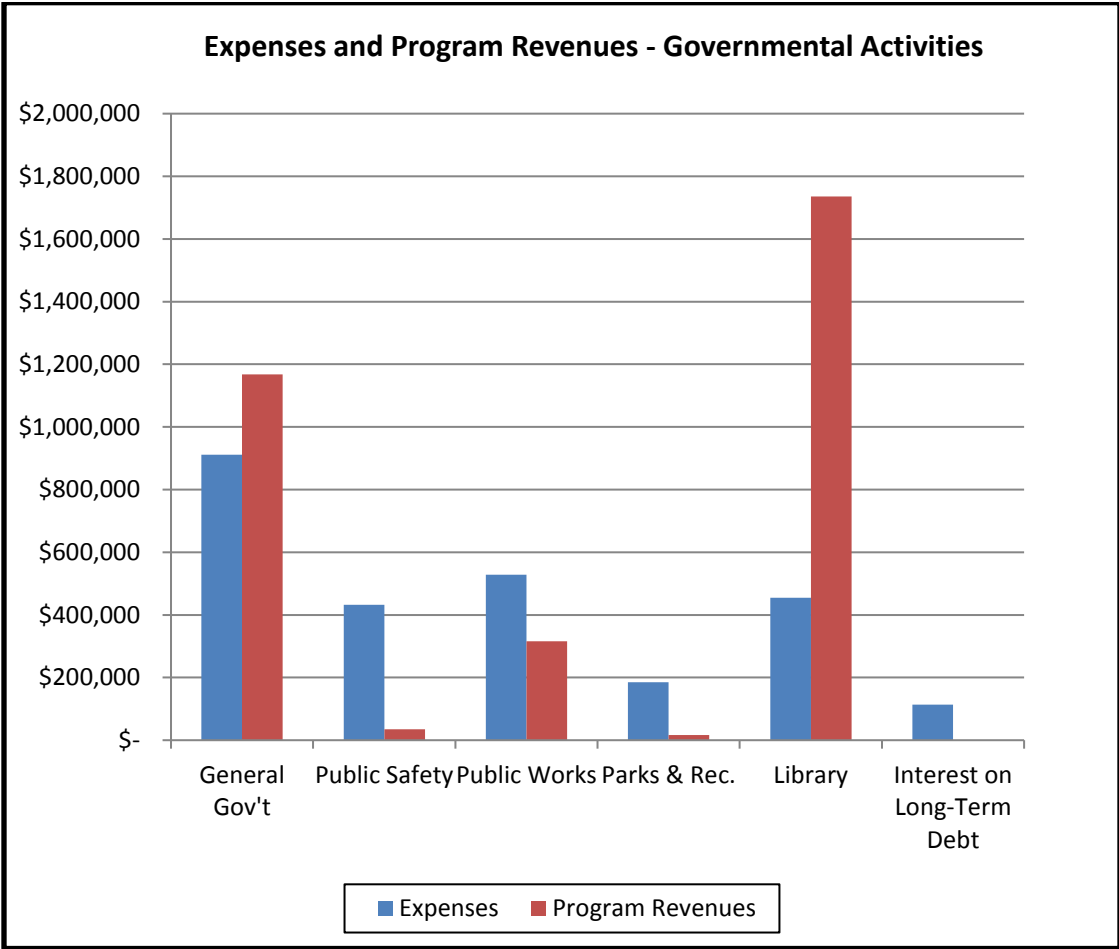
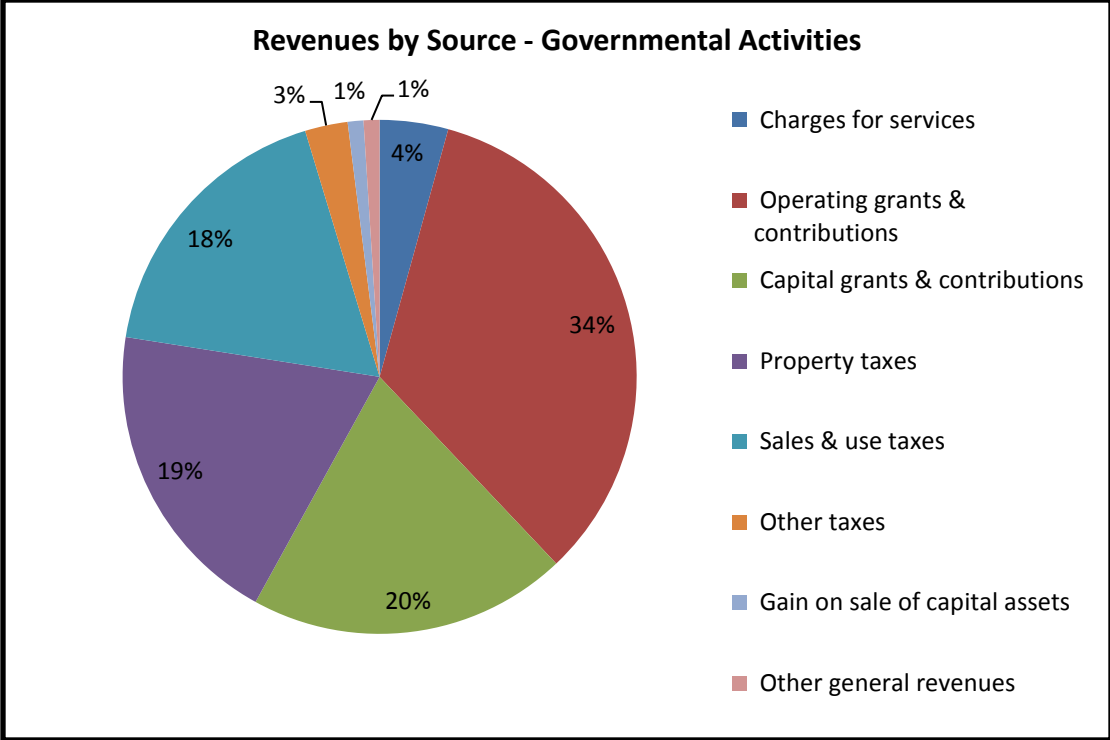
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Program revenues:</b>						
Charges for services	\$ 242,716	\$ 167,661	\$ 1,136,371	\$ 1,111,184	\$ 1,379,087	\$ 1,278,845
Operating grants & contributions	1,895,356	3,364,942	-	-	1,895,356	3,364,942
Capital grants & contributions	1,131,400	627,276	-	-	1,131,400	627,276
<b>General revenues:</b>						
Property taxes	1,096,588	2,124,514	-	-	1,096,588	2,124,514
Sales & use taxes	1,005,600	823,012	-	-	1,005,600	823,012
Other taxes	151,473	199,378	-	-	151,473	199,378
Gain on sale of capital assets	55,824	-	-	-	55,824	-
Other general revenues	55,991	32,654	3,686	2,124	59,677	34,778
<b>Total revenues</b>	<b>\$ 5,634,948</b>	<b>\$ 7,339,437</b>	<b>\$ 1,140,057</b>	<b>\$ 1,113,308</b>	<b>\$ 6,775,005</b>	<b>\$ 8,452,745</b>
<b>Program expenses:</b>						
General government	\$ 911,627	\$ 822,403	\$ -	\$ -	\$ 911,627	\$ 822,403
Public safety	432,743	252,357	-	-	432,743	252,357
Public works	528,025	518,876	-	-	528,025	518,876
Parks and Recreation	185,088	193,797	-	-	185,088	193,797
Library	454,903	411,208	-	-	454,903	411,208
Water utility	-	-	770,349	755,971	770,349	755,971
Wastewater utility	-	-	651,850	676,621	651,850	676,621
Debt issuance costs	-	97,622	-	-	-	97,622
Interest on long-term debt	113,624	99,490	-	-	113,624	99,490
<b>Total expenses</b>	<b>\$ 2,626,010</b>	<b>\$ 2,395,753</b>	<b>\$ 1,422,199</b>	<b>\$ 1,432,592</b>	<b>\$ 4,048,209</b>	<b>\$ 3,828,345</b>
Transfers In/(Out)	\$ (84,267)	\$ (89,333)	\$ 84,267	\$ 89,333	\$ -	\$ -
Increase/(decrease) in net position	\$ 2,924,671	\$ 4,854,351	\$ (197,875)	\$ (229,951)	\$ 2,726,796	\$ 4,624,400
Net Position, Beginning	17,616,156	12,761,805	8,645,602	8,875,553	26,261,758	21,637,358
<b>Net Position, Ending</b>	<b>\$20,540,827</b>	<b>\$17,616,156</b>	<b>\$ 8,447,727</b>	<b>\$ 8,645,602</b>	<b>\$28,988,554</b>	<b>\$26,261,758</b>

### Governmental Activities

The Town's Governmental Activities increased in net position by \$2,924,671 (16.6%) in 2017. Key elements of this increase are as follows:

- Shared revenues from the High Plains Library District of \$1,733,466 outpaced Library expenses by \$1,278,563 in 2017. These revenues are tied to assessed property valuations which have increased in recent years due to growth in oil and gas production and other development within the district.
- The Town received a grant from the State of Colorado for \$1,131,400 to assist with the construction of the new Town Hall.
- Sales tax collections for reduction of principal and interest on long-term debt exceeded current year needs by \$168,126.
- Other general revenues, charges for services, and operating grants and contributions exceeded other expenses for governmental activities by \$346,582.

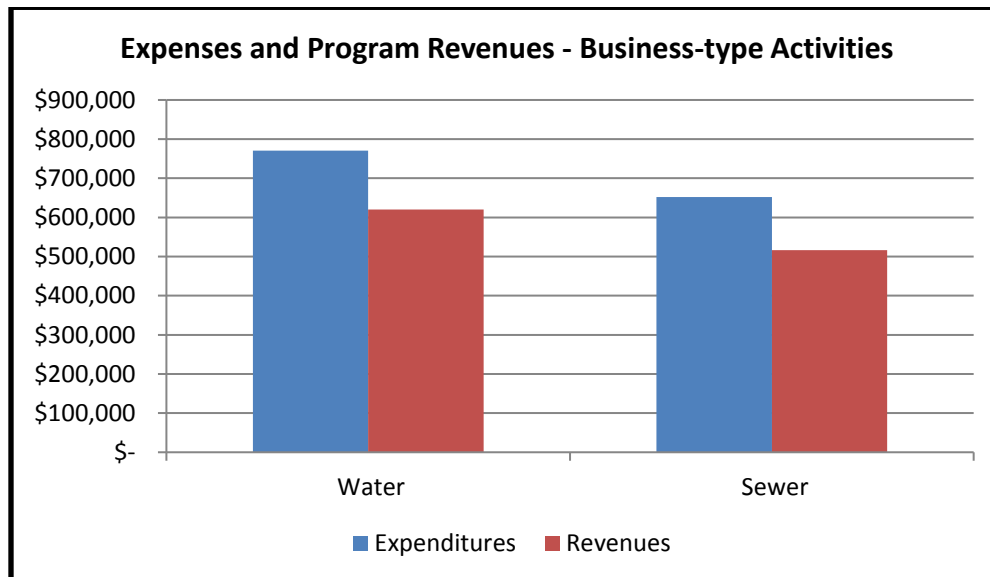
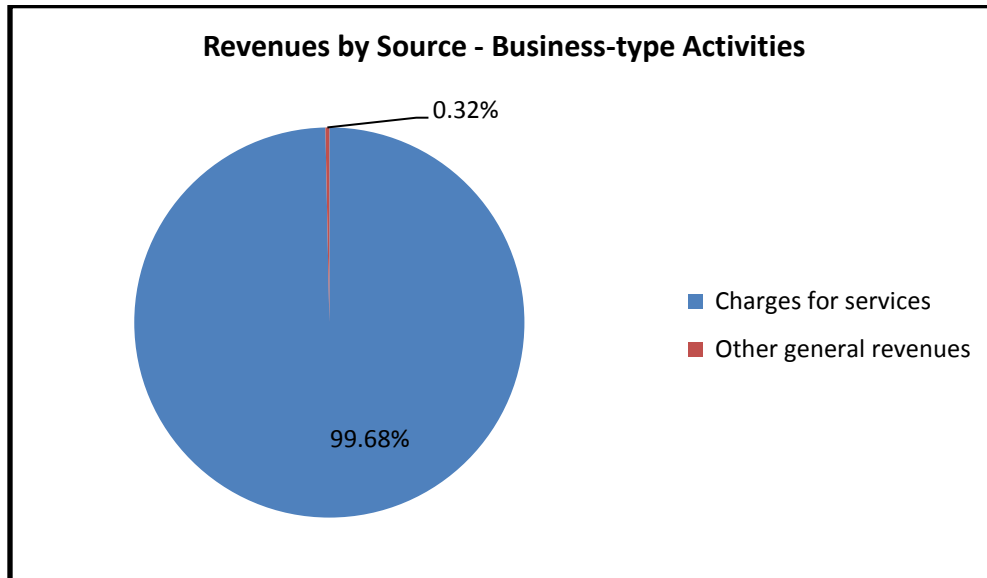
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



### Business-type Activities

Business-type Activities declined in net position by \$197,875 (-2.3%) during 2017. This was a small improvement over 2016 when these activities reduced the Town's total net position \$229,951. Operational expenses including depreciation exceeded operating revenues by \$110,205 and \$29,149 in the Water and Wastewater Funds respectively. Management anticipates future rate increases as well as gradual growth in customer bases will address future revenue needs in these funds. In addition, the future sale of the decommissioned lagoon property will improve the net position of the Wastewater Fund.

The following two charts illustrate the Business-type Activities revenues and expenses for 2017.

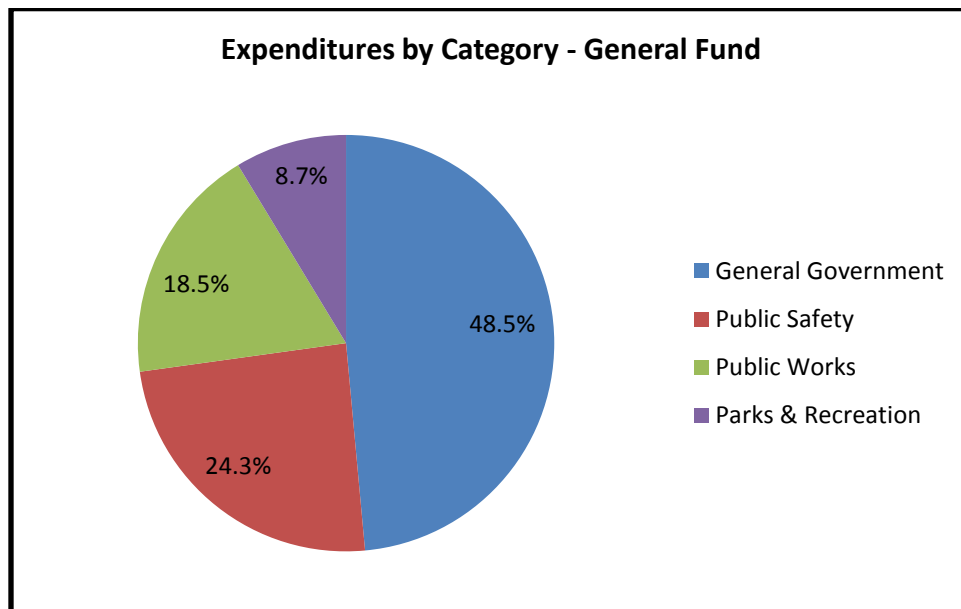
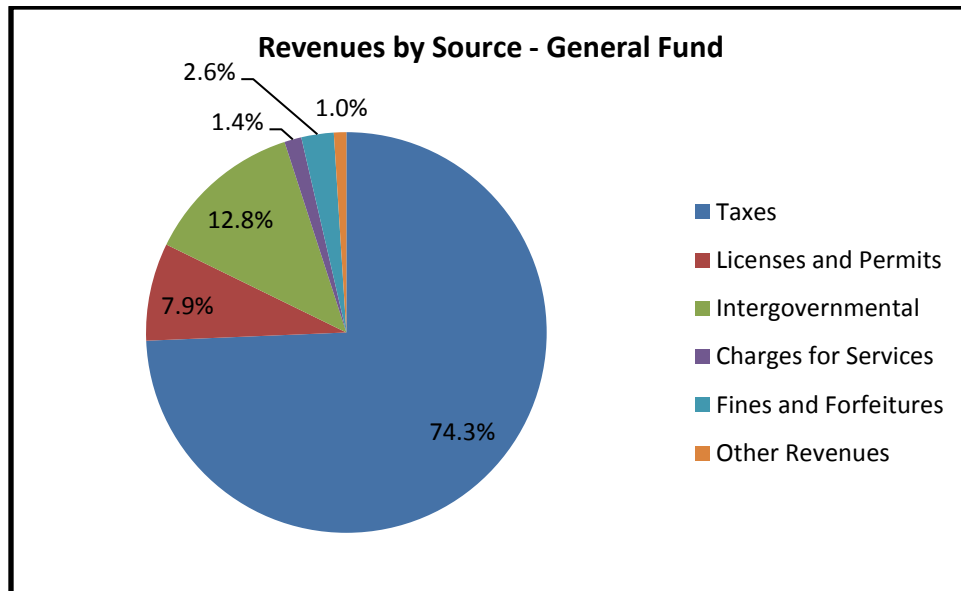


### THE TOWN'S FUNDS

As noted earlier, the Town of Hudson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are

shown at year end. At December 31, 2017 the Town's four major Governmental funds reported combined ending fund balances of \$9,591,026. These funds are discussed below.

*General Fund.* The General Fund is the chief operating fund of the Town of Hudson. It accounts for all of the general services provided by the Town. At the end of 2017, the fund balance of the General Fund totaled \$1,136,112. This was a \$371,945 (24.7%) decrease from 2016 due in large part to reduced property tax revenues. Although General Fund expenditures decreased by \$98,706 (5.3%), revenues from property taxes decreased by \$487,032 (48.4%) in 2017. Fluctuations in assessed property values from varying levels of oil and natural gas production activities had increased property taxes during the few years prior to 2017. At December 31, 2017, the Town did not achieve its goal of maintaining approximately one year of General Fund operating expenses in its fund balance. Expenditures in 2017 totaled \$1,767,960 and the Ending Fund Balance was \$1,136,112 (64.3% of expenditures). Management is aware of the volatility of revenues connected to the oil and gas industry, and seeks to budget accordingly. The following two tables illustrate General Fund revenues and expenditures during 2017.

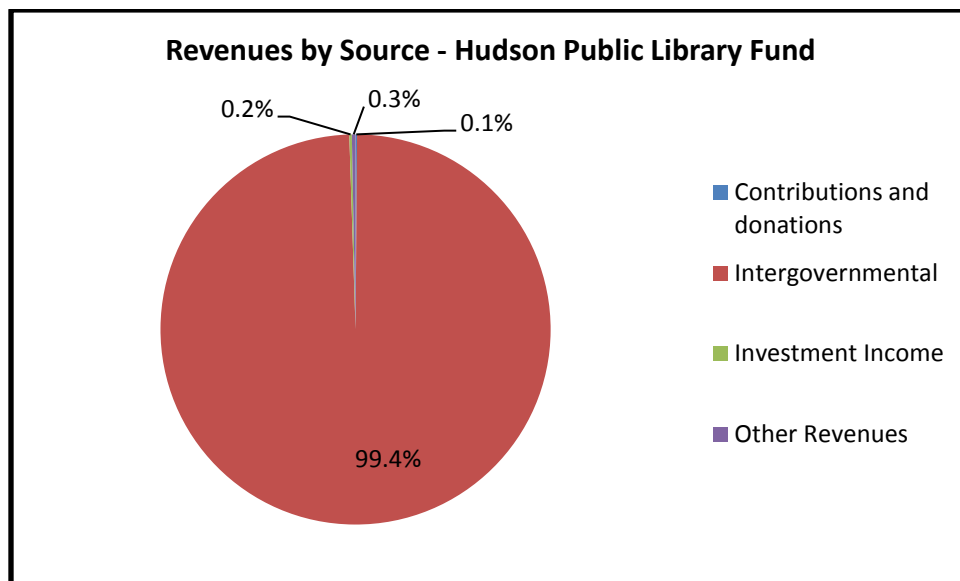


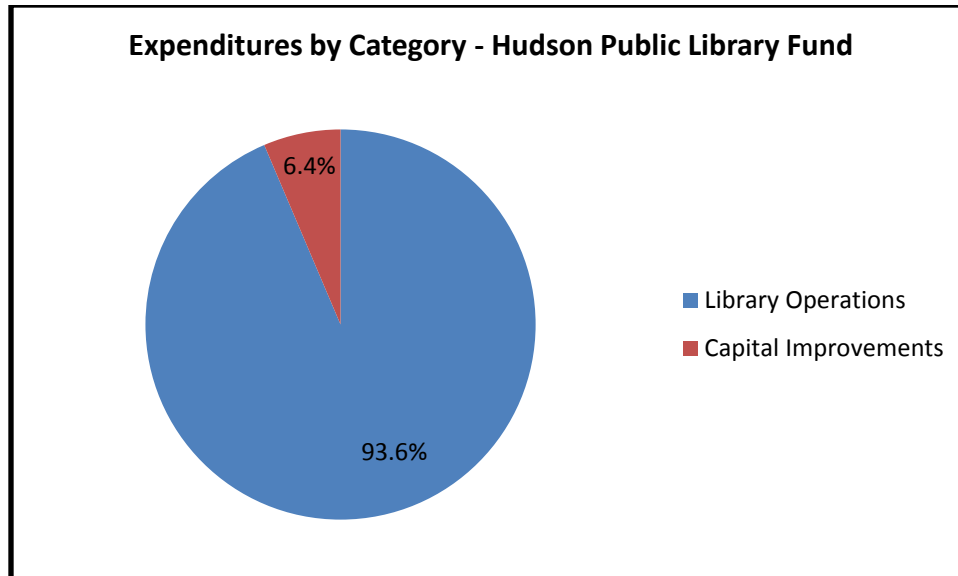
*Property Tax Special Revenue Fund.* This fund is utilized to account for the capital acquisition and/or construction of capital projects and related debt service. Property taxes from a 15.966 mill levy are the primary revenues for the fund. As mentioned above, property tax revenues are subject to fluctuations in assessed property values from varying levels of oil and natural gas production. During 2017, the fund's activity also included grant proceeds of \$1,131,400 from the State of Colorado for the new Town Hall. Expenditures included construction of the new Town Hall. In addition, a transfer of \$84,267 was made to the Water Fund for debt service payments on bonds and loans. Fund revenues exceeded fund expenditures by \$1,502 before transfers in 2017.

The fund's property taxes are pledged to pay the debt service on the 2016 Limited Property and Sales Tax Refunding Bonds if needed. They were not needed during 2017 as sales taxes pledged in the Paving Sales Tax Fund were sufficient to make the debt service payments.

*Paving Sales Tax Fund.* The Paving Sales Tax Fund is utilized to account for the paving and maintenance of town streets, including curbs and gutters. Sales and use taxes are the primary revenues of the fund. They are pledged to pay the debt service on the 2016 Limited Property and Sales Tax Refunding Bonds as needed. During 2017, fund revenues exceeded expenditures by \$162,627 (61.1%) and were sufficient to pay the debt service on the bonds and on the 2015 lease/purchase agreement for a street sweeper.

*Hudson Public Library Fund.* This fund accounts for the operations of the Hudson Public Library. Virtually all the revenues of this fund are shared revenues from property taxes received through an Intergovernmental Agreement with the High Plains Library District. As mentioned above, property tax revenues are subject to fluctuations in assessed property values from varying levels of oil and natural gas production. During 2017 fund revenues totaled \$1,744,579 and exceeded expenditures for operating expenditures (\$380,713) and roof improvements (\$26,016) by \$1,337,850. The following two charts illustrate Hudson Public Library Fund revenues and expenditures during 2017.





*Water Fund.* At December 31, 2017 the net position of the Water Fund was \$3,143,002. This was a decrease of \$62,997 (2.0%) from 2016. Although most of the decrease was caused by depreciation of capital assets (\$175,547), management has addressed fund shortfalls through rate increases and will continue to monitor customer growth. A motel and restaurant opened in 2017 that have added customers for the utility, and construction began on a new neighborhood.

*Wastewater Fund.* At December 31, 2017 the net position of the Wastewater Fund was \$5,304,725. This was a decrease of \$134,878 (2.5%) from 2016. As in the Water Fund, most of the decrease was caused by depreciation of capital assets (\$231,648), and management has addressed shortfalls through rate increases while continuing to monitor customer growth. The new motel and restaurant also provided customers for the wastewater utility.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets.* At December 31, 2017 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, and park equipment. Note 4 of the financial statements provides a summary of changes in capital assets during the year. During 2017, the Town completed the new Town Hall, made improvements to its library, and sold a skid steer.

The Town has specified certain property tax and sales tax revenue streams to fund capital improvements. One-half of one cent of the Town's four cent sales tax is restricted for general governmental capital improvements. Two cents of the Town's four cent sales tax is restricted for street maintenance and construction. Property taxes collected from a 15.966 mill levy are restricted for capital improvements and associated debt.

*Debt Administration.* The Town's long-term debt primarily consists of bonds, loans, and capital leases. At the end of 2017, the governmental activities had a \$3,370,000 balance on the 2016 limited tax refunding bonds for street improvements, and \$72,411 remained outstanding on a capital lease for a street sweeper. Compensated absences are also recorded. See Note 5 on page 20 for more detailed information.

In business-type activities at December 31, 2017, the Town had a \$3,257,277 balance on its 2011 Revenue Bonds, a \$759,380 balance on its 1996 water loan, and a \$463,800 balance on its 1995 general obligation bonds. These debts were incurred for water rights acquisition and water and wastewater system facilities and upgrades. \$86,625 remained outstanding on a capital lease for the water meter system. Compensated absences are also recorded. See Note 5 on page 22 for more detailed information.

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

While traditionally the Town of Hudson's economy has been primarily driven by agriculture, the last few years have been impacted by a privately-owned and operated prison and the oil and gas industry. The prison was built in 2009 and operated for approximately four years, precipitating and enabling the construction of the Town's wastewater treatment plant in 2009-2010. Due to fluctuating economic needs, the prison ceased operations in 2013. When operating, the prison adds significant property taxes and water and wastewater fees to the Town's revenues without burdening the general governmental services provided by the Town. Although conceivable, Management has not budgeted for any prison operations in 2018.

The extent of oil and gas industry operations in the region fluctuates quickly and significantly with the national economy. When active drilling takes place in the region, the Town benefits from increases in sales taxes, property taxes, and state shared excise taxes. Management is optimistic that these revenues will continue to benefit the Town to some extent, but seeks to be conservative in its revenue estimates.

Some measurable growth in the residential and commercial sectors of Hudson's economy is occurring. Small developers have purchased land and begun construction of new houses.

Management carefully monitors the economic factors affecting the Town, and the 2018 Budget anticipates these items.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the Town of Hudson's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town's management at Town of Hudson, 557 Ash Street, P.O. Box 351, Hudson, CO 80642-0351 or call Town Hall at (303) 536-9311.

## **Basic Financial Statements**

# Town of Hudson, Colorado

## Statement of Net Position

December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Investments	\$ 10,299,382	\$ 758,104	\$ 11,057,486
Restricted Cash and Investments	245,300	102,207	347,507
Accounts Receivable	218,807	104,490	323,297
Taxes Receivable	1,047,056	-	1,047,056
Prepaid Expenses	25,164	5,868	31,032
Note Receivable	55,000	-	55,000
Land Held for Resale	227,544	-	227,544
Capital Assets, <i>Not Being Depreciated</i>	140,396	962,266	1,102,662
Capital Assets, <i>Net of Accumulated Depreciation</i>	12,782,146	11,198,700	23,980,846
Total Assets	25,040,795	13,131,635	38,172,430
<b>Deferred Outflows of Resources</b>			
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	253,339	-	253,339
<b>Liabilities</b>			
Accounts Payable	33,241	24,665	57,906
Accrued Liabilities	59,545	11,815	71,360
Deposits	-	1,823	1,823
Accrued Interest Payable	8,521	75,008	83,529
Noncurrent Liabilities			
Due Within One Year	157,035	130,362	287,397
Due in More Than One Year	3,447,909	4,440,235	7,888,144
Total Liabilities	3,706,251	4,683,908	8,390,159
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,047,056	-	1,047,056
<b>Net Position</b>			
Net Investment in Capital Assets	9,584,442	7,593,884	17,178,326
Restricted for:			
Street Paving and Maintenance	964,305	-	964,305
Debt Service	245,300	102,207	347,507
Capital Improvements	456,544	-	456,544
Parks	88,278	-	88,278
Emergencies	175,000	-	175,000
Unrestricted	9,026,958	751,636	9,778,594
Total Net Position	\$ 20,540,827	\$ 8,447,727	\$ 28,988,554

See Notes to Financial Statements.

**Town of Hudson, Colorado**  
**Statement of Activities**  
**Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<i>Governmental Activities</i>							
General Government	\$ 911,627	\$ 36,134	\$ -	\$ 1,131,400	\$ 255,907	\$ -	\$ 255,907
Public Safety	432,743	34,930	-	-	(397,813)	-	(397,813)
Public Works	528,025	171,317	144,023	-	(212,685)	-	(212,685)
Parks and Recreation	185,088	335	15,697	-	(169,056)	-	(169,056)
Library	454,903	-	1,735,636	-	1,280,733	-	1,280,733
Interest on Long-Term Debt	113,624	-	-	-	(113,624)	-	(113,624)
<b>Total Governmental Activities</b>	<b>2,626,010</b>	<b>242,716</b>	<b>1,895,356</b>	<b>1,131,400</b>	<b>643,462</b>	<b>-</b>	<b>643,462</b>
<i>Business-Type Activities</i>							
Water Utility	770,349	619,957	-	-	-	(150,392)	(150,392)
Wastewater Utility	651,850	516,414	-	-	-	(135,436)	(135,436)
<b>Total Business-Type Activities</b>	<b>1,422,199</b>	<b>1,136,371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(285,828)</b>	<b>(285,828)</b>
<b>Total Primary Government</b>	<b>\$ 4,048,209</b>	<b>\$ 1,379,087</b>	<b>\$ 1,895,356</b>	<b>\$ 1,131,400</b>	<b>643,462</b>	<b>(285,828)</b>	<b>357,634</b>
<b>General Revenues</b>							
Property Taxes					1,096,588	-	1,096,588
Specific Ownership Taxes					85,681	-	85,681
Sales and Use Taxes					1,005,600	-	1,005,600
Franchise Taxes					65,792	-	65,792
Contributions Not Restricted to							
Specific Programs					25,649	-	25,649
Investment Income					12,275	3,686	15,961
Gain on Sale of Assets					55,824	-	55,824
Other					18,067	-	18,067
<b>Transfers</b>					(84,267)	84,267	-
<b>Total General Revenues and Transfers</b>					<b>2,281,209</b>	<b>87,953</b>	<b>2,369,162</b>
<b>Change in Net Position</b>					<b>2,924,671</b>	<b>(197,875)</b>	<b>2,726,796</b>
<b>Net Position, Beginning of year</b>					<b>17,616,156</b>	<b>8,645,602</b>	<b>26,261,758</b>
<b>Net Position, End of year</b>					<b>\$ 20,540,827</b>	<b>\$ 8,447,727</b>	<b>\$ 28,988,554</b>

**Town of Hudson, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General	Property Tax Special Revenue	Paving Sales Tax	Hudson Public Library	Nonmajor Governmental Funds	Total
<b>Assets</b>						
Cash and Investments	\$ 797,292	\$ 477,129	\$ 881,853	\$ 6,776,819	\$ 1,366,289	\$ 10,299,382
Restricted Cash and Investments	-	-	245,300	-	-	245,300
Accounts Receivable	113,235	13	84,385	78	21,096	218,807
Taxes Receivable	496,112	550,944	-	-	-	1,047,056
Prepaid Expenditures	18,564	-	-	6,600	-	25,164
Note Receivable	55,000	-	-	-	-	55,000
Land Held for Resale	227,544	-	-	-	-	227,544
<b>Total Assets</b>	<b><u>\$ 1,707,747</u></b>	<b><u>\$ 1,028,086</u></b>	<b><u>\$ 1,211,538</u></b>	<b><u>\$ 6,783,497</u></b>	<b><u>\$ 1,387,385</u></b>	<b><u>\$ 12,118,253</u></b>
<b>Liabilities</b>						
Accounts Payable	\$ 23,987	\$ 1,949	\$ 1,933	\$ 5,372	\$ -	\$ 33,241
Accrued Liabilities	51,536	-	-	8,009	-	59,545
<b>Total Liabilities</b>	<b><u>75,523</u></b>	<b><u>1,949</u></b>	<b><u>1,933</u></b>	<b><u>13,381</u></b>	<b><u>-</u></b>	<b><u>92,786</u></b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	496,112	550,944	-	-	-	1,047,056
<b>Fund Balances</b>						
Nonspendable:						
Prepaid Expenditures	18,564	-	-	6,600	-	25,164
Note Receivable	55,000	-	-	-	-	55,000
Land Held for Resale	227,544	-	-	-	-	227,544
Restricted for:						
Street Paving and Maintenance	-	-	964,305	-	-	964,305
Debt Service	-	-	245,300	-	-	245,300
Capital Improvements	-	-	-	-	456,544	456,544
Parks	-	-	-	-	88,278	88,278
Emergencies	175,000	-	-	-	-	175,000
Committed to:						
Debt Service	-	475,193	-	-	-	475,193
Capital Improvements	-	-	-	-	842,563	842,563
Public Library Activities	-	-	-	6,763,516	-	6,763,516
Unrestricted, Unassigned	660,004	-	-	-	-	660,004
<b>Total Fund Balances</b>	<b><u>1,136,112</u></b>	<b><u>475,193</u></b>	<b><u>1,209,605</u></b>	<b><u>6,770,116</u></b>	<b><u>1,387,385</u></b>	<b><u>10,978,411</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 1,707,747</u></b>	<b><u>\$ 1,028,086</u></b>	<b><u>\$ 1,211,538</u></b>	<b><u>\$ 6,783,497</u></b>	<b><u>\$ 1,387,385</u></b>	<b><u>\$ 12,118,253</u></b>

See Notes to Financial Statements.

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

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 10,978,411
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	12,922,542
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Bonds payable	(3,370,000)
Bond premium	(149,028)
Lease payable	(72,411)
Accrued compensated absences	(13,505)
Accrued interest payable	(8,521)
Loss on debt refunding	253,339
Total Net Position of Governmental Activities	\$ 20,540,827

**Town of Hudson, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2017**

	General	Property Tax Special Revenue	Paving Sales Tax	Hudson Public Library	Nonmajor Governmental Funds	Total
<b>Revenues</b>						
Taxes	\$ 992,998	\$ 577,025	\$ 426,218	\$ -	\$ 257,420	\$ 2,253,661
Licenses and Permits	105,357	-	-	-	-	105,357
Contributions and Donations	100	-	-	2,170	-	2,270
Intergovernmental	170,585	1,131,400	-	1,733,466	15,697	3,051,148
Charges for Services	18,429	-	-	-	84,000	102,429
Fines and Forfeitures	34,930	-	-	-	-	34,930
Investment Income	1,449	42	2,489	3,622	4,673	12,275
Other	11,733	-	-	5,321	-	17,054
<b>Total Revenues</b>	<u>1,335,581</u>	<u>1,708,467</u>	<u>428,707</u>	<u>1,744,579</u>	<u>361,790</u>	<u>5,579,124</u>
<b>Expenditures</b>						
Current						
General Government	858,214	6,174	500	-	-	864,888
Public Safety	428,993	-	-	-	-	428,993
Public Works	327,340	-	944	-	-	328,284
Parks and Recreation	153,413	-	-	-	-	153,413
Library	-	-	-	380,713	-	380,713
Capital Outlay	-	1,700,791	6,544	26,016	110,187	1,843,538
Debt Service						
Principal	-	-	149,671	-	-	149,671
Interest and Fiscal Charges	-	-	108,421	-	-	108,421
<b>Total Expenditures</b>	<u>1,767,960</u>	<u>1,706,965</u>	<u>266,080</u>	<u>406,729</u>	<u>110,187</u>	<u>4,257,921</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(432,379)</u>	<u>1,502</u>	<u>162,627</u>	<u>1,337,850</u>	<u>251,603</u>	<u>1,321,203</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	12,000	-	-	-	-	12,000
Gain on Sale of Land Held for Resale	48,434	-	-	-	-	48,434
Transfers Out	-	(84,267)	-	-	-	(84,267)
<b>Total Other Financing Sources (Uses)</b>	<u>60,434</u>	<u>(84,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,833)</u>
<b>Net Change in Fund Balances</b>	<u>(371,945)</u>	<u>(82,765)</u>	<u>162,627</u>	<u>1,337,850</u>	<u>251,603</u>	<u>1,297,370</u>
<b>Fund Balances, Beginning of year</b>	<u>1,508,057</u>	<u>557,958</u>	<u>1,046,978</u>	<u>5,432,266</u>	<u>1,135,782</u>	<u>9,681,041</u>
<b>Fund Balances, End of year</b>	<u>\$ 1,136,112</u>	<u>\$ 475,193</u>	<u>\$ 1,209,605</u>	<u>\$ 6,770,116</u>	<u>\$ 1,387,385</u>	<u>\$ 10,978,411</u>

## Town of Hudson, Colorado

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

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$ 1,297,370
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital outlay	1,833,673
Depreciation expense	(343,880)
Disposals	(4,610)
<p>Repayments of long-term debt principal are reported as expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities:</p>	
Bond payments	115,000
Lease payments	34,671
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>	
Amortization of loss on debt refunding	(13,334)
Amortization of premium	7,844
<p>Some 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:</p>	
Accrued compensated absences	(2,350)
Accrued interest payable	287
	<hr/>
Change in Net Position of Governmental Activities	\$ <u><u>2,924,671</u></u>

# Town of Hudson, Colorado

## Statement of Net Position

### Proprietary Funds

December 31, 2017

	Water	Wastewater	Total
<b>Assets</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 180,237	\$ 577,867	\$ 758,104
Restricted Cash and Investments	-	102,207	102,207
Accounts Receivable	52,160	52,330	104,490
Prepaid Expenses	2,951	2,917	5,868
Total Current Assets	235,348	735,321	970,669
<i>Noncurrent Assets</i>			
Capital Assets, <i>Not Being Depreciated</i>	962,266	-	962,266
Capital Assets, <i>Net of Accumulated Depreciation</i>	3,305,391	7,893,309	11,198,700
Total Noncurrent Assets	4,267,657	7,893,309	12,160,966
Total Assets	4,503,005	8,628,630	13,131,635
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	18,645	6,020	24,665
Accrued Liabilities	5,671	6,144	11,815
Deposits	1,823	-	1,823
Accrued Interest Payable	22,077	52,931	75,008
Compensated Absences Payable, <i>Current Portion</i>	198	153	351
Lease Payable, <i>Current Portion</i>	27,957	-	27,957
Bonds and Loans Payable, <i>Current Portion</i>	48,454	53,600	102,054
Total Current Liabilities	124,825	118,848	243,673
<i>Noncurrent Liabilities</i>			
Compensated Absences Payable	1,784	1,380	3,164
Lease Payable	58,668	-	58,668
Bonds and Loans Payable	1,174,726	3,203,677	4,378,403
Total Noncurrent Liabilities	1,235,178	3,205,057	4,440,235
Total Liabilities	1,360,003	3,323,905	4,683,908
<b>Net Position</b>			
Net Investment in Capital Assets	2,957,852	4,636,032	7,593,884
Restricted for Debt Service	-	102,207	102,207
Unrestricted	185,150	566,486	751,636
Total Net Position	\$ 3,143,002	\$ 5,304,725	\$ 8,447,727

See Notes to Financial Statements.

**Town of Hudson, Colorado**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2017**

	Water	Wastewater	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 615,888	\$ 516,414	\$ 1,132,302
Other	4,069	-	4,069
Total Operating Revenues	619,957	516,414	1,136,371
<b>Operating Expenses</b>			
Operations and Maintenance	448,415	272,608	721,023
Administration	61,598	41,307	102,905
Water Acquisition	44,602	-	44,602
Depreciation	175,547	231,648	407,195
Total Operating Expenses	730,162	545,563	1,275,725
<b>Net Operating Loss</b>	(110,205)	(29,149)	(139,354)
<b>Nonoperating Revenues (Expenses)</b>			
Investment Income	3,128	558	3,686
Interest and Fiscal Charges	(40,187)	(106,287)	(146,474)
Total Nonoperating Revenues (Expenses)	(37,059)	(105,729)	(142,788)
<b>Net Loss Before Transfers</b>	(147,264)	(134,878)	(282,142)
<b>Transfers</b>			
Transfers In	84,267	-	84,267
<b>Change in Net Position</b>	(62,997)	(134,878)	(197,875)
<b>Net Position, Beginning of year</b>	3,205,999	5,439,603	8,645,602
<b>Net Position, End of year</b>	\$ 3,143,002	\$ 5,304,725	\$ 8,447,727

**Town of Hudson, Colorado**  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2017

	Water	Wastewater	Total
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 612,084	\$ 512,157	\$ 1,124,241
Cash Received from Others	4,069	-	4,069
Cash Payments to Employees	(107,135)	(90,355)	(197,490)
Cash Payments to Vendors and Suppliers	(460,639)	(232,839)	(693,478)
Net Cash Provided by Operating Activities	48,379	188,963	237,342
<b>Cash Flows From Capital and Related Financing Activities</b>			
Payments From Other Funds	84,267	-	84,267
Debt Principal Payments	(74,118)	(51,900)	(126,018)
Debt Interest and Fiscal Charges Paid	(40,923)	(107,130)	(148,053)
Net Cash Used in Capital and Related Financing Activities	(30,774)	(159,030)	(189,804)
<b>Cash Flows From Investing Activities</b>			
Interest Received	3,128	558	3,686
<b>Net Change in Cash and Cash Equivalents</b>	20,733	30,491	51,224
<b>Cash and Cash Equivalents, <i>Beginning of year</i></b>	159,504	649,583	809,087
<b>Cash and Cash Equivalents, <i>End of year</i></b>	\$ 180,237	\$ 680,074	\$ 860,311
<b>Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities</b>			
Net Operating Loss	\$ (110,205)	\$ (29,149)	\$ (139,354)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided by Operating Activities			
Depreciation	175,547	231,648	407,195
Changes in Assets and Liabilities			
Accounts Receivable	(2,300)	(4,257)	(6,557)
Prepaid Expenses	302	(566)	(264)
Accounts Payable	(9,832)	(8,472)	(18,304)
Accrued Liabilities	(3,161)	91	(3,070)
Deposits	(1,504)	-	(1,504)
Compensated Absences Payable	(468)	(332)	(800)
Net Cash Provided by Operating Activities	\$ 48,379	\$ 188,963	\$ 237,342

See Notes to Financial Statements.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### Note 1: Summary of Significant Accounting Policies

The financial statements of the Town of Hudson (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

#### ***Reporting Entity***

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Town includes the Hudson Public Library (the Library) in its reporting entity. The Library provides services to the citizens of the Town through an intergovernmental agreement between the Town and the High Plains Library District. The Town's Board of Trustees appoints the governing board of the Library and management of the Town has operational responsibility for the Library. Therefore, the financial activities of the Library are blended into the Town's financial statements.

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 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*.

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

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### Note 1: Summary of Significant Accounting Policies (Continued)

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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 fund's principal ongoing operations. 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.

When both restricted and unrestricted resources are available for a specific use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

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 Town, except those accounted for in another fund.

The *Property Tax Special Revenue Fund* accounts for the collection of property taxes established for capital improvements and the related debt.

The *Paving Sales Tax Fund* accounts for a 2% sales tax that is restricted by election for paving, curb and gutter, and maintenance of streets within the Town.

The *Hudson Public Library Fund* accounts for the operations of the library utilizing two-thirds of the property tax proceeds collected by the High Plains Library District from within the library's service area.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### Note 1: Summary of Significant Accounting Policies (Continued)

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

(Continued)

Additionally, the Town reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Wastewater Fund* accounts for the financial activities associated with the provision of sewer services.

#### **Assets, Liabilities and Net Position/Fund Balances**

*Cash Equivalents* - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The Town considers all pooled cash and investments to be cash equivalents.

*Receivables* - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Expenses* - Certain payments to vendors reflect costs applicable to future accounting periods, and are reported as prepaid expenses using the consumption method.

*Land Held for Resale* - Land held for resale is carried at cost, which approximates fair value.

*Capital Assets* - Capital assets, which include land, buildings, utility systems, streets constructed since January 1, 2004, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	20 years
Streets	10 - 50 years
Buildings and Improvements	10 - 50 years
Water and Sewer Plants and Lines	40 years
Machinery and Equipment	3 - 30 years

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### Note 1: Summary of Significant Accounting Policies (Continued)

#### ***Assets, Liabilities and Net Position/Fund Balances*** (Continued)

*Compensated Absences* - Employees of the Town are allowed to accumulate unused vacation and compensatory time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay up to 40 hours and 8 hours, respectively. Law enforcement employees may accumulate up to 480 hours of compensatory time at their current rate of pay. Accumulated, unpaid vacation and compensatory time is accrued when earned in the government-wide financial statements and the proprietary fund financial statements. An expenditure is recorded in the governmental fund financial statements only when payment is due.

*Long-Term Obligations* - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts, and refunding losses are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Deferred Inflows of Resources* - Deferred inflows of resources include property taxes earned but levied for a subsequent year.

*Net Position/Fund Balances* - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Trustees approves an ordinance or a contractual agreement with a third party that places constraints on the use of resources for a specific purpose. Assigned fund balances arise from an informal action of the Board of Trustees.

The Town has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Town uses restricted fund balances first, followed by committed, assigned, and unassigned balances.

#### ***Property Taxes***

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year end.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### Note 2: Cash and Investments

A summary of cash and investments at December 31, 2017, follows:

Petty Cash	\$ 300
Cash Deposits	10,435,740
Investments	<u>968,953</u>
Total	<u>\$ 11,404,993</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 11,057,486
Restricted Cash and Investments	<u>347,507</u>
Total	<u>\$ 11,404,993</u>

#### ***Cash Deposits***

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2017, the Town and the Library had bank deposits of \$9,689,284 collateralized with securities held by the financial institutions' agents but not in their name.

#### ***Investments***

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the Town may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. 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
- Guaranteed investment contracts (GICs)

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2017

**Note 2: Cash and Investments (Continued)**

***Investments*** (Continued)

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings established by nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the Town may invest in a single issuer of investment securities, except for corporate securities.

*Local Government Investment Pool* - At December 31, 2017, the Town had \$968,953 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is measured at the net asset value per share, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

***Restricted Cash and Investments***

At December 31, 2017, the Paving Sales Tax Fund reported debt reserves of \$245,300 as required by the Limited Property and Sales Tax Refunding Bonds, Series 2016, agreement. In addition, as required by the USDA debt agreement, debt reserves of \$102,207 are held in a separate account on behalf of the Wastewater Fund.

**Note 3: Note Receivable**

During the year ended December 31, 2017, the Town agreed to lease a portion of its land held for resale. In accordance with the agreement, the lessee will have the option to purchase the property after three years for the total purchase price of \$56,000. Monthly lease payments of \$250 for the three-year lease term will be applicable toward the purchase price. At December 31, 2017, the outstanding balance of the total purchase price is reported as a note receivable in the financial statements, in the amount of \$55,000. The purchase resulted in a gain of \$48,434, which is reported in the General Fund.

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2017

**Note 4: Capital Assets**

Capital asset activity for the year ended December 31, 2017, is summarized below.

	<u>Balance 12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 140,396	\$ —	\$ —	\$ 140,396
Construction in Progress	<u>1,887,584</u>	<u>1,807,657</u>	<u>(3,695,241)</u>	<u>—</u>
Total Capital Assets, not being depreciated	<u>2,027,980</u>	<u>1,807,657</u>	<u>(3,695,241)</u>	<u>140,396</u>
Capital Assets, being depreciated:				
Land Improvements	633,502	—	—	633,502
Infrastructure	5,180,300	—	—	5,180,300
Buildings	4,333,295	3,721,257	—	8,054,552
Equipment	<u>829,989</u>	<u>—</u>	<u>(21,515)</u>	<u>808,474</u>
Total Capital Assets, being depreciated	<u>10,977,086</u>	<u>3,721,257</u>	<u>(21,515)</u>	<u>14,676,828</u>
Less Accumulated Depreciation:				
Land Improvements	(115,507)	(31,675)	—	(147,182)
Infrastructure	(787,790)	(129,508)	—	(917,298)
Buildings	(284,213)	(124,692)	—	(408,905)
Equipment	<u>(380,197)</u>	<u>(58,005)</u>	<u>16,905</u>	<u>(421,297)</u>
Total Accumulated Depreciation	<u>(1,567,707)</u>	<u>(343,880)</u>	<u>16,905</u>	<u>(1,894,682)</u>
Capital Assets, being depreciated, net	<u>9,409,379</u>	<u>3,377,377</u>	<u>(4,610)</u>	<u>12,782,146</u>
Governmental Activities Capital Assets, net	<u>\$ 11,437,359</u>	<u>\$ 5,185,034</u>	<u>\$ (3,699,851)</u>	<u>\$ 12,922,542</u>
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated:				
Land and Water Rights	<u>\$ 962,266</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 962,266</u>
Capital Assets, being depreciated:				
Collection and Distribution Systems	16,292,807	—	—	16,292,807
Equipment	<u>273,512</u>	<u>—</u>	<u>—</u>	<u>273,512</u>
Total Capital Assets, being depreciated	<u>16,566,319</u>	<u>—</u>	<u>—</u>	<u>16,566,319</u>
Less Accumulated Depreciation:				
Collection and Distribution Systems	(4,852,801)	(393,784)	—	(5,246,585)
Equipment	<u>(107,623)</u>	<u>(13,411)</u>	<u>—</u>	<u>(121,034)</u>
Total Accumulated Depreciation	<u>(4,960,424)</u>	<u>(407,195)</u>	<u>—</u>	<u>(5,367,619)</u>
Capital Assets, being depreciated, net	<u>11,605,895</u>	<u>(407,195)</u>	<u>—</u>	<u>11,198,700</u>
Business-Type Activities Capital Assets, net	<u>\$ 12,568,161</u>	<u>\$ (407,195)</u>	<u>\$ —</u>	<u>\$ 12,160,966</u>

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

**Note 4: Capital Assets** (Continued)

Depreciation expense was charged to programs of the Town as follows:

Governmental Activities	
General Government	\$ 44,389
Public Safety	3,750
Public Works	189,876
Parks and Recreation	31,675
Library	<u>74,190</u>
 Total	 <u>\$ 343,880</u>

**Note 5: Long-Term Debt**

**Governmental Activities**

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2017:

	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Due Within One Year
2016 Limited Tax Refunding Bonds	\$ 3,485,000	\$ —	\$ (115,000)	\$ 3,370,000	\$ 120,000
Bond Premium	156,872	—	(7,844)	149,028	—
2015 Street Sweeper Lease	107,082	—	(34,671)	72,411	35,684
Compensated Absences	<u>11,155</u>	<u>2,350</u>	<u>—</u>	<u>13,505</u>	<u>1,351</u>
 Total	 <u>\$ 3,760,109</u>	 <u>\$ 2,350</u>	 <u>\$ (157,515)</u>	 <u>\$ 3,604,944</u>	 <u>\$ 157,035</u>

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

On October 26, 2016, the Town issued \$3,485,000 Limited Property and Sales Tax Refunding Bonds, Series 2016, to refund the outstanding Sales Tax Revenue Bonds, Series 2009, and Limited Tax General Obligation Bonds, Series 2009, originally issued to finance street improvements. Interest accrues on the bonds at rates ranging from 3% to 3.25% per annum. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, from 2017 through 2036. These bonds are payable solely from the Town's 2% street paving sales taxes reported in the Paving Sales Tax Fund and a 15.966 mill levy reported in the Property Tax Special Revenue Fund. During the year ended December 31, 2017, revenues of \$1,003,243 were available to pay annual debt service of \$220,700.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

**Note 5: Long-Term Debt** (Continued)

**Governmental Activities** (Continued)

Future debt service requirements for the outstanding bonds are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 120,000	\$ 102,250	\$ 222,250
2019	130,000	98,650	228,650
2020	135,000	94,750	229,750
2021	135,000	90,700	225,700
2022	145,000	86,650	231,650
2023 – 2027	845,000	362,000	1,207,000
2028 – 2032	970,000	228,950	1,198,950
2033 – 2036	<u>890,000</u>	<u>71,988</u>	<u>961,988</u>
 Total	 <u>\$ 3,370,000</u>	 <u>\$ 1,135,938</u>	 <u>\$ 4,505,938</u>

Proceeds of the Limited Property and Sales Tax Refunding Bonds, Series 2016, in the amount of \$3,428,895 were deposited in an irrevocable trust with an escrow agent to refund the Sales Tax Revenue Bonds, Series 2009, and the Limited Tax General Obligation Bonds, Series 2009. The refunded debt was called and paid in full on December 1, 2017.

During January 2015, the Town entered into a capital lease agreement to finance the purchase of a street sweeper. Principal and interest payments of \$9,348 are due quarterly, through December 1, 2019. Interest accrues at 2.89% per annum. Capital assets of \$173,500 net of accumulated depreciation of \$14,458, have been capitalized under this lease.

Capital lease payments to maturity are as follows.

<u>Year Ended December 31,</u>	
2018	\$ 37,392
2019	<u>37,392</u>
Total Minimum Lease Payments	74,784
Less: Interest Portion	<u>(2,373)</u>
 Present Value of Future Minimum Lease Payments	 <u>\$ 72,411</u>

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### Note 5: Long-Term Debt (Continued)

#### ***Business-Type Activities***

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2017:

	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Due Within One Year
1995 GO Bonds	\$ 480,200	\$ —	\$ (16,400)	\$ 463,800	\$ 17,200
1996 CWCB Loan	790,021	—	(30,641)	759,380	31,254
2011 Revenue Bonds	3,309,177	—	(51,900)	3,257,277	53,600
2015 Water Meters Lease	113,702	—	(27,077)	86,625	27,957
Compensated Absences	<u>4,315</u>	<u>—</u>	<u>(800)</u>	<u>3,515</u>	<u>351</u>
Total	<u>\$ 4,697,415</u>	<u>\$ —</u>	<u>\$ (126,818)</u>	<u>\$ 4,570,597</u>	<u>\$ 130,362</u>

During 1995, the Town issued \$700,000 General Obligation Bonds to finance the acquisition of water rights and the construction of improvements to the water system. The bonds were purchased by the United States Department of Agriculture (USDA), allowing the Town to obtain favorable interest rates, and payments are made directly to the USDA. Interest accrues on the bonds at 4.5% per annum. Interest and principal payments are due semi-annually in May and November, through 2035.

During 1996, the Town entered into a loan agreement with the Colorado Water Conservation Board in the amount of \$1,270,420 to purchase a portion of the Southern Water Supply Project, a pipeline that carries water from Carter Lake to several Northeastern Colorado communities. The Town is a 0.3% participant in the Southern Water Supply Project. Principal and interest payments of \$46,441 are due annually on January 1, through 2037. Interest accrues at 2% per annum. The loan is payable solely from the water user charges and fees.

For the year ended December 31, 2017, net revenues of \$68,470 were available to pay total debt service of the Water Fund of \$115,041. Interfund transfers of \$84,267 were utilized to pay the required debt service as scheduled. The remaining bond and loan debt service of the Water Fund at December 31, 2017, was \$1,610,321.

During 2011, the Town issued \$3,545,000 Wastewater Revenue Bonds to finance the construction, operation, repair, and replacement of wastewater facilities and to refinance the outstanding bond anticipation loan. The bonds were purchased by the United States Department of Agriculture (USDA), allowing the Town to obtain favorable interest rates, and payments are made directly to the USDA. Interest accrues on the bonds at 3.25% per annum. Interest and principal payments of \$79,515 are due semi-annually in January and July, through 2051. The bonds are payable solely from all fees and charges for services of the Town's wastewater system after deducting the operation and maintenance expenses as defined in the agreement. For the year ended December 31, 2017, net revenues of \$203,057 were available to pay total debt service of \$159,030. Remaining debt service at December 31, 2017, was \$5,404,617.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

**Note 5: Long-Term Debt** (Continued)

**Business-Type Activities** (Continued)

Annual debt service requirements for the outstanding bonds and loan at December 31, 2017, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 102,054	\$ 141,298	\$ 243,352
2019	105,235	138,134	243,369
2020	108,487	134,862	243,349
2021	111,911	131,484	243,395
2022	115,308	127,990	243,298
2023 – 2027	633,475	583,311	1,216,786
2028 – 2032	740,370	476,472	1,216,842
2033 – 2037	787,795	352,735	1,140,530
2038 – 2042	545,275	249,875	795,150
2043 – 2047	640,651	154,499	795,150
2048 – 2051	<u>589,896</u>	<u>43,821</u>	<u>633,717</u>
Total	<u>\$ 4,480,457</u>	<u>\$ 2,534,481</u>	<u>\$ 7,014,938</u>

During April 2015, the Town entered into a capital lease agreement to finance the purchase of water meters. Principal and interest payments of \$30,772 are due annually, through April 8, 2020. Interest accrues at 3.25% per annum. Capital assets of \$139,926 net of accumulated depreciation of \$17,491, have been capitalized under this lease.

Capital lease payments to maturity are as follows.

<u>Year Ended December 31,</u>	
2018	\$ 30,772
2019	30,772
2020	<u>30,772</u>
Total Minimum Lease Payments	92,316
Less: Interest Portion	<u>(5,691)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 86,625</u>

**Note 6: Interfund Transactions**

The Property Tax Special Revenue Fund collects and remits the property taxes established for capital improvements and the related debt service to other funds. During the year ended December 31, 2017, the Property Tax Special Revenue Fund transferred \$84,267 to the Water Fund to service debt.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### **Note 7: 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. For these risks of loss, the Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes, and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages 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 and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

### **Note 8: Retirement Commitments**

#### ***Employee Pension Plan***

The Town has established a deferred compensation pension plan authorized under Internal Revenue Code Section 457(b) on behalf of all employees. The Town is required to contribute 5% of each employee's compensation to the Plan. Employees are not required to contribute to the Plan. Employees become vested in Town contributions at 20% annually after one year of employment. The contribution requirements of Plan members and the Town are established and may be amended by the Board of Trustees. During the year ended December 31, 2017, the Town contributed \$42,111 to the Plan, equal to the required contributions. All Plan assets are held by the Plan administrator, Great-West Financial.

### **Note 9: Commitments and Contingencies**

#### ***Tabor Amendment***

In November 1992, Colorado voters passed the Tabor Amendment to the Colorado Constitution, Article X, Section 20, which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the Town believes it is in substantial compliance with the Amendment.

# Town of Hudson, Colorado

## Notes to Financial Statements

December 31, 2017

### **Note 9: Commitments and Contingencies** (Continued)

#### ***Tabor Amendment*** (Continued)

In November of 2009, the citizens of the Town approved a ballot question which authorized the Town to collect, retain, and expend the full proceeds generated by any revenue source of the Town notwithstanding any limitation contained in Article X, Section 20, of the Colorado Constitution and without limiting in any year the amount of other revenues that may be collected and spent by the Town under Article X, Section 20.

The Town has established an emergency reserve representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$175,000.

#### ***Claims and Judgements***

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2017, significant amounts of grant expenditures have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

#### ***Litigation***

The Town is involved in various threatened and pending litigation. The outcome of this litigation cannot be determined at this time. However, management believes the outcome of any litigation will not have a significant effect on the Town's financial position.

## **Required Supplementary Information**

**Town of Hudson, Colorado**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<i>Taxes</i>			
Property Taxes	\$ 522,770	\$ 519,563	\$ (3,207)
Specific Ownership Taxes	110,000	85,681	(24,319)
Sales and Use Taxes	276,125	321,962	45,837
Franchise Taxes	72,000	65,792	(6,208)
<b>Total Taxes</b>	<b>980,895</b>	<b>992,998</b>	<b>12,103</b>
<i>Licenses and Permits</i>			
Building Permits	90,000	87,317	(2,683)
Transportation Permits	10,000	14,050	4,050
Other Permits and Licenses	2,375	3,990	1,615
<b>Total Licenses and Permits</b>	<b>102,375</b>	<b>105,357</b>	<b>2,982</b>
<i>Contributions and Donations</i>	-	100	100
<i>Intergovernmental</i>			
Grants	30,000	-	(30,000)
Auto Registration Fees	10,000	17,498	7,498
Highway Users Taxes	83,550	85,410	1,860
Severance Taxes	20,000	13,044	(6,956)
Road and Bridge Fees	66,182	41,115	(25,067)
Cigarette Taxes	2,200	2,191	(9)
Mineral Lease	17,000	10,314	(6,686)
Other	1,200	1,013	(187)
<b>Total Intergovernmental</b>	<b>230,132</b>	<b>170,585</b>	<b>(59,547)</b>
<i>Charges for Services</i>			
Development Review Fees	25,000	5,850	(19,150)
Other Charges for Services	12,540	12,579	39
<b>Total Charges for Services</b>	<b>37,540</b>	<b>18,429</b>	<b>(19,111)</b>
<i>Court Fines and Forfeitures</i>	9,650	34,930	25,280
<i>Investment Income</i>	300	1,449	1,149
<i>Other</i>	12,000	11,733	(267)
<b>Total Revenues</b>	<b>\$ 1,372,892</b>	<b>\$ 1,335,581</b>	<b>\$ (37,311)</b>

(Continued)

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended December 31, 2017  
 (Continued)

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures</b>			
Current			
General Government	\$ 916,147	\$ 858,214	\$ 57,933
Public Safety	424,318	428,993	(4,675)
Public Works	401,251	327,340	73,911
Parks and Recreation	215,428	153,413	62,015
Total Expenditures	<u>1,957,144</u>	<u>1,767,960</u>	<u>189,184</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(584,252)</u>	<u>(432,379)</u>	<u>151,873</u>
<b>Other Financing Sources</b>			
Proceeds from Sale of Capital Assets	470,000	12,000	(458,000)
Gain on Sale of Land Held for Resale	-	48,434	48,434
Total Other Financing Sources	<u>470,000</u>	<u>60,434</u>	<u>(409,566)</u>
<b>Net Change in Fund Balance</b>	(114,252)	(371,945)	(257,693)
<b>Fund Balance, Beginning of year</b>	<u>1,445,217</u>	<u>1,508,057</u>	<u>62,840</u>
<b>Fund Balance, End of year</b>	<u><u>\$ 1,330,965</u></u>	<u><u>\$ 1,136,112</u></u>	<u><u>\$ (194,853)</u></u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Hudson Public Library Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Contributions and Donations	\$ -	\$ 2,170	\$ 2,170
Intergovernmental	1,724,405	1,733,466	9,061
Investment Income	1,300	3,622	2,322
Other	4,000	5,321	1,321
	<u>1,729,705</u>	<u>1,744,579</u>	<u>14,874</u>
<b>Expenditures</b>			
Library	892,000	380,713	511,287
Capital Outlay	259,000	26,016	232,984
	<u>1,151,000</u>	<u>406,729</u>	<u>744,271</u>
<b>Net Change in Fund Balance</b>	578,705	1,337,850	759,145
<b>Fund Balance, Beginning of year</b>	<u>5,334,907</u>	<u>5,432,266</u>	<u>97,359</u>
<b>Fund Balance, End of year</b>	<u><u>\$ 5,913,612</u></u>	<u><u>\$ 6,770,116</u></u>	<u><u>\$ 856,504</u></u>

**Town of Hudson, Colorado**  
Notes to Required Supplementary Information  
December 31, 2017

**Note 1: Stewardship, Compliance, and Accountability**

***Budgets***

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted.

The Town adheres to the following procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at the end of each fiscal year.

## **Supplementary Information**

**Town of Hudson, Colorado**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2017**

	Sales Tax Capital Improvement	Capital Reserve	Conservation Trust	Park Impact Fee	Facilities Impact Fee	Street Impact Fee	Total
<b>Assets</b>							
Cash and Investments	\$ 435,448	\$ 739,415	\$ 88,278	\$ 2,579	\$ 13,487	\$ 87,082	\$ 1,366,289
Accounts Receivable	21,096	-	-	-	-	-	21,096
<b>Total Assets</b>	<u>\$ 456,544</u>	<u>\$ 739,415</u>	<u>\$ 88,278</u>	<u>\$ 2,579</u>	<u>\$ 13,487</u>	<u>\$ 87,082</u>	<u>\$ 1,387,385</u>
<b>Fund Balances</b>							
Restricted for:							
Capital Improvements	456,544	-	-	-	-	-	456,544
Parks	-	-	88,278	-	-	-	88,278
Committed to:							
Capital Improvements	-	739,415	-	2,579	13,487	87,082	842,563
<b>Total Fund Balances</b>	<u>\$ 456,544</u>	<u>\$ 739,415</u>	<u>\$ 88,278</u>	<u>\$ 2,579</u>	<u>\$ 13,487</u>	<u>\$ 87,082</u>	<u>\$ 1,387,385</u>

**Town of Hudson, Colorado**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2017

	Sales Tax Capital Improvement	Capital Reserve	Conservation Trust	Park Impact Fee	Facilities Impact Fee	Street Impact Fee	Total
<b>Revenues</b>							
Taxes	\$ 106,554	\$ 150,866	\$ -	\$ -	\$ -	\$ -	\$ 257,420
Intergovernmental	-	-	15,697	-	-	-	15,697
Charges for Services	-	-	-	2,100	8,904	72,996	84,000
Investment Income	53	4,071	544	-	1	4	4,673
<b>Total Revenues</b>	<u>106,607</u>	<u>154,937</u>	<u>16,241</u>	<u>2,100</u>	<u>8,905</u>	<u>73,000</u>	<u>361,790</u>
<b>Expenditures</b>							
Capital Outlay	78,989	3,248	-	-	-	27,950	110,187
<b>Total Expenditures</b>	<u>78,989</u>	<u>3,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,950</u>	<u>110,187</u>
<b>Net Change in Fund Balances</b>	27,618	151,689	16,241	2,100	8,905	45,050	251,603
<b>Fund Balances,</b>							
<i>Beginning of year</i>	428,926	587,726	72,037	479	4,582	42,032	1,135,782
<b>Fund Balances, End of year</b>	<u>\$ 456,544</u>	<u>\$ 739,415</u>	<u>\$ 88,278</u>	<u>\$ 2,579</u>	<u>\$ 13,487</u>	<u>\$ 87,082</u>	<u>\$ 1,387,385</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Property Tax Special Revenue Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$ 580,549	\$ 577,025	\$ (3,524)
Intergovernmental	912,440	1,131,400	218,960
Investment Income	250	42	(208)
Total Revenues	1,493,239	1,708,467	215,228
<b>Expenditures</b>			
General Government	5,841	6,174	(333)
Capital Outlay	1,816,430	1,700,791	115,639
Total Expenditures	1,822,271	1,706,965	115,306
<b>Excess of Revenues Over (Under) Expenditures</b>	(329,032)	1,502	330,534
<b>Other Financing Sources (Uses)</b>			
Transfer Out	(84,267)	(84,267)	-
<b>Net Change in Fund Balance</b>	(413,299)	(82,765)	330,534
<b>Fund Balance, Beginning of year</b>	897,092	557,958	(339,134)
<b>Fund Balance, End of year</b>	\$ 483,793	\$ 475,193	\$ (8,600)

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Paving Sales Tax Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Sales and Use Taxes	\$ 365,500	\$ 426,218	\$ 60,718
Investment Income	300	2,489	2,189
Total Revenues	365,800	428,707	62,907
<b>Expenditures</b>			
General Government	1,000	500	500
Public Works	-	944	(944)
Capital Outlay	745,000	6,544	738,456
Debt Service			
Principal	149,671	149,671	-
Interest and Fiscal Charges	118,171	108,421	9,750
Total Expenditures	1,013,842	266,080	747,762
<b>Net Change in Fund Balance</b>	(648,042)	162,627	810,669
<b>Fund Balance, Beginning of year</b>	1,121,229	1,046,978	(74,251)
<b>Fund Balance, End of year</b>	\$ 473,187	\$ 1,209,605	\$ 736,418

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Sales Tax Capital Improvement Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Sales Taxes	\$ 91,375	\$ 106,554	\$ 15,179
Investment Income	-	53	53
<b>Total Revenues</b>	<u>91,375</u>	<u>106,607</u>	<u>15,232</u>
<b>Expenditures</b>			
Capital Outlay	<u>364,111</u>	<u>78,989</u>	<u>285,122</u>
<b>Total Expenditures</b>	<u>364,111</u>	<u>78,989</u>	<u>285,122</u>
<b>Net Change in Fund Balance</b>	(272,736)	27,618	300,354
<b>Fund Balance, Beginning of year</b>	<u>396,542</u>	<u>428,926</u>	<u>32,384</u>
<b>Fund Balance, End of year</b>	<u>\$ 123,806</u>	<u>\$ 456,544</u>	<u>\$ 332,738</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Capital Reserve Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Use Taxes	\$ 115,000	\$ 150,866	\$ 35,866
Investment Income	100	4,071	3,971
Total Revenues	<u>115,100</u>	<u>154,937</u>	<u>39,837</u>
<b>Expenditures</b>			
Capital Outlay	<u>111,800</u>	<u>3,248</u>	<u>108,552</u>
Total Expenditures	<u>111,800</u>	<u>3,248</u>	<u>108,552</u>
<b>Net Change in Fund Balance</b>	3,300	151,689	148,389
<b>Fund Balance, Beginning of year</b>	<u>572,071</u>	<u>587,726</u>	<u>15,655</u>
<b>Fund Balance, End of year</b>	<u><u>\$ 575,371</u></u>	<u><u>\$ 739,415</u></u>	<u><u>\$ 164,044</u></u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Conservation Trust Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 17,900	\$ 15,697	\$ (2,203)
Investment Income	20	544	524
Total Revenues	<u>17,920</u>	<u>16,241</u>	<u>(1,679)</u>
<b>Expenditures</b>			
Capital Outlay	<u>76,000</u>	<u>-</u>	<u>76,000</u>
Total Expenditures	<u>76,000</u>	<u>-</u>	<u>76,000</u>
<b>Net Change in Fund Balance</b>	(58,080)	16,241	74,321
<b>Fund Balance, Beginning of year</b>	<u>72,681</u>	<u>72,037</u>	<u>(644)</u>
<b>Fund Balance, End of year</b>	<u>\$ 14,601</u>	<u>\$ 88,278</u>	<u>\$ 73,677</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Park Impact Fee Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Impact Fees	\$ 1,103	\$ 2,100	\$ 997
Total Revenues	<u>1,103</u>	<u>2,100</u>	<u>997</u>
<b>Net Change in Fund Balance</b>	1,103	2,100	997
<b>Fund Balance, Beginning of year</b>	<u>780</u>	<u>479</u>	<u>(301)</u>
<b>Fund Balance, End of year</b>	<u>\$ 1,883</u>	<u>\$ 2,579</u>	<u>\$ 696</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Facilities Impact Fee Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Impact Fees	\$ 6,467	\$ 8,904	\$ 2,437
Investment Income	-	1	1
Total Revenues	<u>6,467</u>	<u>8,905</u>	<u>2,438</u>
<b>Net Change in Fund Balance</b>	6,467	8,905	2,438
<b>Fund Balance, Beginning of year</b>	<u>5,854</u>	<u>4,582</u>	<u>(1,272)</u>
<b>Fund Balance, End of year</b>	<u>\$ 12,321</u>	<u>\$ 13,487</u>	<u>\$ 1,166</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Street Impact Fee Fund  
 Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Impact Fees	\$ 80,160	\$ 72,996	\$ (7,164)
Investment Income	15	4	(11)
Total Revenues	<u>80,175</u>	<u>73,000</u>	<u>(7,175)</u>
<b>Expenditures</b>			
Capital Outlay	<u>50,000</u>	<u>27,950</u>	<u>22,050</u>
Total Expenditures	<u>50,000</u>	<u>27,950</u>	<u>22,050</u>
<b>Net Change in Fund Balance</b>	30,175	45,050	14,875
<b>Fund Balance, Beginning of year</b>	<u>19,479</u>	<u>42,032</u>	<u>22,553</u>
<b>Fund Balance, End of year</b>	<u>\$ 49,654</u>	<u>\$ 87,082</u>	<u>\$ 37,428</u>

**Town of Hudson, Colorado**  
**Budgetary Comparison Schedule**  
**Water Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 420,659	\$ 615,888	\$ 195,229
Investment Income	1,000	3,128	2,128
Other	-	4,069	4,069
Capital Contributions	1,055,841	-	(1,055,841)
Transfers In	84,267	84,267	-
Total Revenues	1,561,767	707,352	(854,415)
<b>Expenditures</b>			
Operations and Maintenance	440,683	448,415	(7,732)
Administration	96,676	61,598	35,078
Water Acquisition	48,547	44,602	3,945
Capital Outlay	907,000	-	907,000
Debt Principal	74,117	74,118	(1)
Debt Interest and Fiscal Charges	40,922	40,187	735
Contingency	25,000	-	25,000
Total Expenditures	1,632,945	668,920	964,025
<b>Change in Net Position, Budgetary Basis</b>	<b>\$ (71,178)</b>	<b>38,432</b>	<b>\$ 109,610</b>
Adjustments to GAAP Basis			
Depreciation		(175,547)	
Debt Principal		74,118	
<b>Change in Net Position, GAAP Basis</b>		<b>\$ (62,997)</b>	

**Town of Hudson, Colorado**  
**Budgetary Comparison Schedule**  
**Wastewater Fund**  
**Year Ended December 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 473,988	\$ 516,414	\$ 42,426
Investment Income	100	558	458
Total Revenues	474,088	516,972	42,884
<b>Expenditures</b>			
Operations and Maintenance	325,584	272,608	(52,976)
Administration	80,489	41,307	(39,182)
Capital Outlay	77,850	-	(77,850)
Debt Principal	51,900	51,900	-
Debt Interest and Fiscal Charges	107,130	106,287	(843)
Contingency	25,000	-	(25,000)
Total Expenditures	667,953	472,102	195,851
<b>Change in Net Position, Budgetary Basis</b>	<b>\$ (193,865)</b>	44,870	<b>\$ 238,735</b>
Adjustments to GAAP Basis			
Depreciation		(231,648)	
Debt Principal		51,900	
<b>Change in Net Position, GAAP Basis</b>		<b>\$ (134,878)</b>	

## **Compliance Section**



**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***

Honorable Mayor and Board of Trustees  
Town of Hudson  
Hudson, Colorado

We have audited, in accordance with 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 Hudson as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Hudson, and have issued our report thereon dated July 13, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Hudson's internal control over financial reporting 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 Hudson's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hudson's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Hudson's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 the Town of Hudson's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 of Hudson's financial statements are free from 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 Town of Hudson'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 Town of Hudson's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Hick & Company, PC*

Greenwood Village, Colorado  
July 13, 2018



## **State Compliance**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: <span style="float: right;">Town of Hudson</span>
		YEAR ENDING : December 2017
This Information From The Records Of Town of Hudson	Prepared By: Phone:	Lorraine Trotter, Prof'l Mgmt Solutions 303-910-9197

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

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

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

ITEM	AMOUNT
<b>A. Receipts from local sources:</b>	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	584,895
4. Miscellaneous local receipts (from page 2)	97,471
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	0
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	682,366
<b>B. Private Contributions</b>	
<b>C. Receipts from State government</b> (from page 2)	94,923
<b>D. Receipts from Federal Government</b> (from page 2)	0
<b>E. Total receipts (A.7 + B + C + D)</b>	777,289

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

ITEM	AMOUNT
<b>A. Local highway disbursements:</b>	
1. Capital outlay (from page 2)	0
2. Maintenance:	289,696
3. Road and street services:	
a. Traffic control operations	33,018
b. Snow and ice removal	12,888
c. Other	
d. Total (a. through c.)	45,906
4. General administration & miscellaneous	11,998
5. Highway law enforcement and safety	171,597
6. Total (1 through 5)	519,197
<b>B. Debt service on local obligations:</b>	
1. Bonds:	
a. Interest & Costs of Issuance	105,700
b. Redemption	115,000
c. Total (a. + b.)	220,700
2. Notes:	
a. Interest	2,721
b. Redemption	34,671
c. Total (a. + b.)	37,392
3. Total (1.c + 2.c)	258,092
<b>C. Payments to State for highways</b>	
<b>D. Payments to toll facilities</b>	
<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	777,289

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	3,485,000	0	115,000	3,370,000
1. Bonds (Refunding Portion)		0	0	
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	777,289	777,289	(0)	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 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 Assessments	0	a. Interest on investments	2,494
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	426,218	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	72,996	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	85,681	g. Other Misc. Receipts Co. Rd & Bridge	41,115
6. Total (1. through 5.)	584,895	h. Other General Sales Taxes	53,862
c. Total (a. + b.)	584,895	i. Total (a. through h.)	97,471
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	85,410	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,513	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,513	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	94,923	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

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

**Notes and Comments:**