
Town of Hotchkiss
Financial Statements and
Independent Auditor's Report
as of
December 31, 2018

Town of Hotchkiss

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Hotchkiss, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Hotchkiss, Colorado (the Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Hotchkiss, Colorado, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Blair and Associates, P.C.

Cedaredge, Colorado
June 5, 2019

TOWN OF HOTCHKISS
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2018

As management of the Town of Hotchkiss (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$ 12,511,008 (i.e. net position) as of December 31, 2018, an increase of \$ 984,744 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 2,810,270, increase of \$ 210,419 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 1,594,877 increase of \$ 32,914 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 46,337 during the 2018 fiscal year with new no debt issued.
- General property tax, sales tax, and other tax totaled \$ 700,590 or 71% of general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2018, the Town's combined assets exceeded liabilities by \$ 12,511,008. Of this amount, \$ 5,312,821 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$ 7,133,872 (57% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net position for 2018:

	Governmental Activities 2017	Governmental Activities 2018	Business Type Activities 2017	Business Type Activities 2018	Totals 2017	Totals 2018
Assets						
Current and other assets	\$ 2,672,929	\$ 2,911,181	\$ 2,363,758	\$ 2,680,902	\$ 5,036,687	\$ 5,592,083
Capital assets	1,304,865	1,264,403	5,783,109	6,295,705	7,087,974	7,560,108
Total assets	<u>\$ 3,977,794</u>	<u>\$ 4,175,584</u>	<u>\$ 8,146,867</u>	<u>\$ 8,976,607</u>	<u>\$ 12,124,661</u>	<u>\$ 13,152,191</u>
Current Liabilities	\$ 25,321	\$ 51,688	\$ 15,411	\$ 69,365	\$ 40,732	\$ 121,053
Non-current liabilities						
Compensated absences	37,336	44,671	-	-	37,336	44,671
Loans payable	-	-	472,572	426,236	472,572	426,236
Total liabilities	<u>62,657</u>	<u>96,359</u>	<u>487,983</u>	<u>495,601</u>	<u>550,640</u>	<u>591,960</u>
Deferred inflow of resources	<u>47,757</u>	<u>49,223</u>	<u>-</u>	<u>-</u>	<u>47,757</u>	<u>49,223</u>
Net Position						
Investment in capital assets, net of related debt	1,304,865	1,264,403	5,188,617	5,869,469	6,493,482	7,133,872
Restricted	35,100	64,315	-	-	35,100	64,315
Unrestricted	<u>2,527,415</u>	<u>2,701,284</u>	<u>2,470,267</u>	<u>2,611,537</u>	<u>4,997,682</u>	<u>5,312,821</u>
Total net position	<u>\$ 3,867,380</u>	<u>\$ 4,030,002</u>	<u>\$ 7,658,884</u>	<u>\$ 8,481,006</u>	<u>\$ 11,526,264</u>	<u>\$ 12,511,008</u>

An additional portion of net position, \$ 64,315, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 5,312,821 (42% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

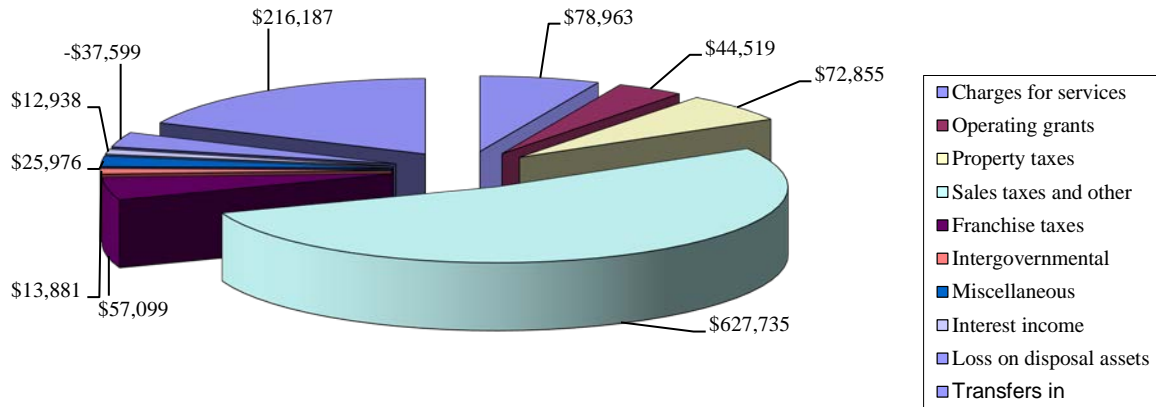
Governmental and business-type activities increased the Town's net position by \$ 984,744 in 2018.

	Governmental Activities 2017	Governmental Activities 2018	Business Type Activities 2017	Business Type Activities 2018	Total 2017	Total 2018
Revenues						
Program revenues						
Charges for services	\$ 43,444	\$ 78,963	\$ 753,967	\$ 769,502	\$ 797,411	\$ 848,465
Operating grants	36,871	44,519	-	-	36,871	44,519
Capital grants	-	-	42,042	808,682	42,042	808,682
General Revenues						
Property taxes	71,153	72,855	-	-	71,153	72,855
Sales taxes and other	606,108	627,735	-	-	606,108	627,735
Franchise taxes	44,313	57,099	-	-	44,313	57,099
Interest income	7,247	12,938	20,434	37,428	27,681	50,366
Intergovernmental	16,788	13,881	97,611	-	114,399	13,881
Miscellaneous	23,121	25,976	12,233	6,592	35,354	32,568
Loss on disposal assets	-	(37,599)	-	-	-	(37,599)
Transfers in (out)	228,353	216,187	(228,353)	(216,187)	-	-
Totals	<u>1,077,398</u>	<u>1,112,554</u>	<u>697,934</u>	<u>1,406,017</u>	<u>1,775,332</u>	<u>2,518,571</u>
Expenses						
General government	228,148	253,025			228,148	253,025
Public safety	275,556	332,577			275,556	332,577
Public works	345,602	352,277	541,453	583,895	887,055	936,172
Culture and recreation	11,295	12,053			11,295	12,053
Total expenses	<u>860,601</u>	<u>949,932</u>	<u>541,453</u>	<u>583,895</u>	<u>1,402,054</u>	<u>1,533,827</u>
Increase in net position	216,797	162,622	156,481	822,122	373,278	984,744
Beginning	3,650,583	3,867,380	7,502,403	7,658,884	11,152,986	11,526,264
Ending	<u>\$ 3,867,380</u>	<u>\$ 4,030,002</u>	<u>\$ 7,658,884</u>	<u>\$ 8,481,006</u>	<u>\$ 11,526,264</u>	<u>\$ 12,511,008</u>

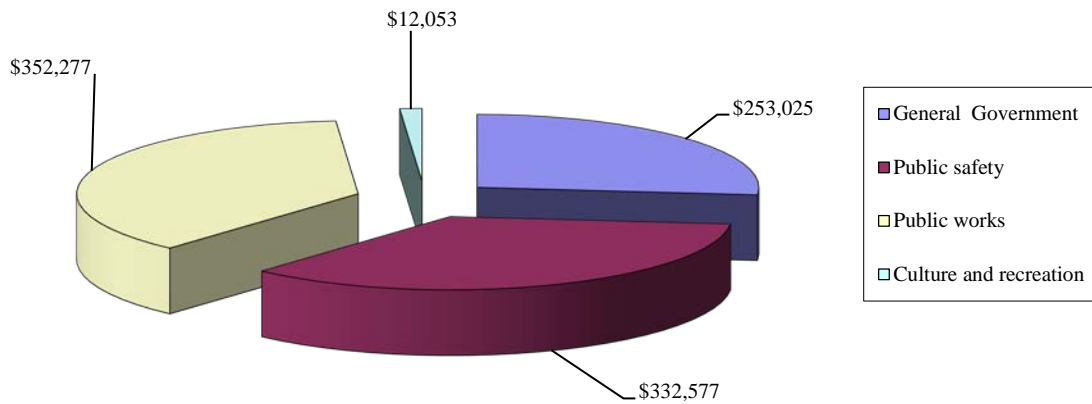
Governmental Activities

Governmental activities increased the Town's net position by \$ 162,622.

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$ 822,122. Charges for services accounted for 47% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

As of the end of 2018, the Town's governmental funds reported combined ending fund balances of \$ 2,810,270, an increase of \$ 210,419 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 54% of this total amount, \$1,530,562, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a State constitution mandated emergency reserve, \$ 64,315.

The Town has two major governmental funds, the General Fund, which is the primary operating fund for the Town, and the Sales Tax Capital Improvement Fund. At the end of 2018, unreserved fund balance of the General Fund was \$ 1,530,562, while the total fund balance was \$ 1,594,877. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the Town's General Fund increased by \$ 32,914 during 2018.

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

The Town has three enterprise funds: Water, Sanitation and Garbage Funds. At the end of 2018, these funds represented the following net position amounts:

Fund:	Water	Sanitation	Garbage
Unrestricted net position	\$1,989,266	\$ 598,941	\$ 23,330
Total net position	\$5,149,460	\$3,308,216	\$ 23,330
Increase (decrease) in net position	\$ 628,863	\$ 187,744	\$ 5,515

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$ 914,737 for 2018 expenditures. Actual expenditures were \$ 871,584. There was no amendment to the original budget for General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2018, was \$ 7,133,872. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 215,747	\$ -		\$ 215,747
Construction in progress	-	15,089		15,089
	<u>215,747</u>	<u>15,089</u>	<u>-</u>	<u>230,836</u>
Capital assets being depreciated				
Buildings	592,526	-	-	592,526
Improvements other than building	139,150	-	-	139,150
Infrastructure	1,012,682	7,928	-	1,020,610
Equipment and vehicles	653,490	42,619	(112,431)	583,678
	<u>2,397,848</u>	<u>50,547</u>	<u>(112,431)</u>	<u>2,335,964</u>
Less accumulated depreciation				
Buildings	(363,703)	(11,969)	-	(375,672)
Improvements	(122,990)	(4,715)	-	(127,705)
Infrastructure	(265,592)	(31,226)	-	(296,818)
Equipment and vehicles	(556,445)	(20,589)	74,832	(502,202)
	<u>(1,308,730)</u>	<u>(68,499)</u>	<u>74,832</u>	<u>(1,302,397)</u>
Capital asset being depreciated, net	<u>1,089,118</u>	<u>(17,952)</u>	<u>(37,599)</u>	<u>1,033,567</u>
Total Governmental Activities Capital Assets	<u>\$ 1,304,865</u>	<u>\$ (2,863)</u>	<u>\$ (37,599)</u>	<u>\$ 1,264,403</u>

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 370,647	\$ -	\$ -	\$ 370,647
Construction in progress	-	643,342	-	643,342
Total	<u>\$ 370,647</u>	<u>\$ 643,342</u>	<u>\$ -</u>	<u>\$ 1,013,989</u>
Capital assets being depreciated				
Utility systems	9,554,267	94,289	(5,430)	9,643,126
Equipment and furniture	52,880	-	(7,314)	45,566
Less accumulated depreciation	(4,194,685)	(225,035)	12,744	(4,406,976)
Total	<u>5,412,462</u>	<u>(130,746)</u>	<u>-</u>	<u>5,281,716</u>
Total Business-Type Activities Capital Assets	<u>\$ 5,783,109</u>	<u>\$ 512,596</u>	<u>\$ -</u>	<u>\$ 6,295,705</u>

Long-term Debt

As of December 31, 2018, the Town had long-term debt as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due within one year
Governmental Activities					
Compensated absences	\$ 37,336	\$ 7,335	\$ -	\$ 44,671	\$ -
Total	<u>\$ 37,336</u>	<u>\$ 7,335</u>	<u>\$ -</u>	<u>\$ 44,671</u>	<u>\$ -</u>
Enterprise Activities					
Loans payable	\$ 472,573	\$ -	\$ (46,337)	\$ 426,236	\$ 46,337
Total	<u>\$ 472,573</u>	<u>\$ -</u>	<u>\$ (46,337)</u>	<u>\$ 426,236</u>	<u>\$ 46,337</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

REQUEST FOR INFORMATION

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

Town Clerk
Town of Hotchkiss
Hotchkiss, Co

**Town of Hotchkiss
Statement of Net Position
December 31, 2018**

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,770,145	\$ 1,997,307	\$ 4,767,452
Property taxes receivable	73,835	-	73,835
Accounts receivable	16,226	59,420	75,646
Note receivable	-	191,797	191,797
Internal balances			-
Due from other governments	50,975	432,378	483,353
Capital assets (Note 10)			
Nondepreciable	230,836	1,013,989	1,244,825
Depreciable, net of accumulated depreciation	1,033,567	5,281,716	6,315,283
Total assets	4,175,584	8,976,607	13,152,191
LIABILITIES			
Accounts payable	51,688	69,365	121,053
Accrued payroll taxes	-	-	-
Compensated absences (Note 1-K)	44,671	-	44,671
Accrued interest payable	-	-	-
Deferred revenue	-	-	-
Non current liabilities			
Due within one year (Note 7)	-	46,337	46,337
Due in more than one year (Note 7)	-	379,899	379,899
Total liabilities	96,359	495,601	591,960
Deferred Inflows of Resources			
Deferred property tax revenue (Note 1-H)	49,223	-	49,223
NET POSITION			
Invested in capital assets, net of related debt	1,264,403	5,869,469	7,133,872
Restricted for:			
Emergencies	64,315	-	64,315
Unrestricted	2,701,284	2,611,537	5,312,821
Total net position	\$ 4,030,002	\$ 8,481,006	\$ 12,511,008

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Statement of Activities
For the Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 253,025	\$ 1,455	\$ -	\$ -
Public Safety	332,577	77,508		-
Public Works	352,277	-	39,846	-
Culture and Recreation	12,053	-	4,673	-
Total governmental activities	949,932	78,963	44,519	-
Business-type activities:				
Water	281,247	395,045	-	625,666
Sanitation	180,140	243,689	-	183,016
Garbage	122,508	130,768	-	
Total business- type activities	583,895	769,502	-	808,682
Total primary government	\$ 1,533,827	\$ 848,465	\$ 44,519	\$ 808,682

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Miscellaneous

Intergovernmental

Investment earnings

Loss on disposal of assets

Transfers In (out)

Total General Revenues and Transfers

Changes in Net Position

Net Position-January 1

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (251,570)	\$ -	\$ (251,570)
(255,069)	-	(255,069)
(312,431)	-	(312,431)
(7,380)	-	(7,380)
<u>(826,450)</u>		<u>(826,450)</u>
-	739,464	739,464
-	246,565	246,565
-	8,260	8,260
<u>-</u>	<u>994,289</u>	<u>986,029</u>
<u>(826,450)</u>	<u>994,289</u>	<u>159,579</u>
72,855	-	72,855
12,844	-	12,844
614,891	-	614,891
57,099	-	57,099
25,976	6,592	32,568
13,881	-	13,881
12,938	37,428	50,366
(37,599)	-	(37,599)
216,187	(216,187)	-
<u>989,072</u>	<u>(172,167)</u>	<u>816,905</u>
162,622	822,122	984,744
3,867,380	7,658,884	11,526,264
<u>\$ 4,030,002</u>	<u>\$ 8,481,006</u>	<u>\$ 12,511,008</u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Governmental Funds
Balance Sheet
December 31, 2018**

	<u>General Fund</u>	<u>Sales Tax Capital Improvement</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 1,579,386	\$ 1,171,481	\$ 19,278	\$ 2,770,145
Taxes receivable	49,223	24,612	-	73,835
Due from other funds	-	-	-	-
Due from other governments	26,466	24,509	-	50,975
Accounts receivable	15,979	247	-	16,226
Total assets	<u>\$ 1,671,054</u>	<u>\$ 1,220,849</u>	<u>\$ 19,278</u>	<u>\$ 2,911,181</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 26,954	\$ 24,612	\$ 122	\$ 51,688
Accrued payroll taxes	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>26,954</u>	<u>24,612</u>	<u>122</u>	<u>51,688</u>
Deferred Inflows of Resources				
Deferred property tax revenue	<u>49,223</u>	<u>-</u>	<u>-</u>	<u>49,223</u>
Fund balances:				
Restricted				
Reserve for emergencies	64,315	-	-	64,315
Parks and recreation	-	-	19,156	19,156
Committed				
Capital purchases	-	1,196,237	-	1,196,237
Unassigned	<u>1,530,562</u>	<u>-</u>	<u>-</u>	<u>1,530,562</u>
Total fund balance	<u>1,594,877</u>	<u>1,196,237</u>	<u>19,156</u>	<u>2,810,270</u>
Total liabilities and fund balance	<u>\$ 1,671,054</u>	<u>\$ 1,220,849</u>	<u>\$ 19,278</u>	<u>\$ 2,911,181</u>

The accompanying notes are an integral part of this statement.

Town of Hotchkiss
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2018

Total fund balance, governmental funds \$ 2,810,270

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

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

Cost of capital assets	\$ 2,566,800	
Less accumulated depreciation	<u>(1,302,397)</u>	1,264,403

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

Compensated absences	(44,671)
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Net Position of Governmental Activities in the Statement of Net Position \$ 4,030,002

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018**

	General Fund	Sales Tax Capital Improvement Fund	Non Major Funds	Total Governmental Funds
Revenues				
Taxes	\$ 460,822	\$ 296,930	\$ -	\$ 757,752
Fees and fines	77,508	-	-	77,508
Licenses and permits	1,455	-	-	1,455
Intergovernmental	53,727	-	4,673	58,400
Miscellaneous	36,944	1,907	-	38,851
Total revenues	<u>630,456</u>	<u>298,837</u>	<u>4,673</u>	<u>933,966</u>
Expenditures				
Current:				
General government	234,506	-	-	234,506
Public safety	314,641	-	-	314,641
Public works	322,437	-	-	322,437
Culture and recreation	-	-	6,184	6,184
Capital outlay	-	61,966	-	61,966
Total expenditures	<u>871,584</u>	<u>61,966</u>	<u>6,184</u>	<u>939,734</u>
Excess (deficiency) of revenues over expenditures	<u>(241,128)</u>	<u>236,871</u>	<u>(1,511)</u>	<u>(5,768)</u>
OTHER FINANCING (USES)				
Transfers in (out)	274,042	(65,340)	7,485	216,187
Total other financing (uses)	<u>274,042</u>	<u>(65,340)</u>	<u>7,485</u>	<u>216,187</u>
Net change to fund balance	32,914	171,531	5,974	210,419
Fund balance, January 1	<u>1,561,963</u>	<u>1,024,706</u>	<u>13,182</u>	<u>2,599,851</u>
Fund balance, December 31	<u>\$ 1,594,877</u>	<u>\$ 1,196,237</u>	<u>\$ 19,156</u>	<u>\$ 2,810,270</u>

The accompanying notes are an integral part of this statement.

Town of Hotchkiss
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 210,419

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

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

Fixed assets current additions	\$ 65,636	
Depreciation expense	(68,499)	
Excess of capital outlay over depreciation		(2,863)

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

The loss on disposal of capital assets increase the expense on the statement of activities		(37,599)
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Increase of compensated absences is reported as an additional expense on the statement of activities		(7,335)
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Change in net position of governmental funds		\$ 162,622
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The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Statement of Net Position
Enterprise Funds
December 31, 2018**

	Enterprise Funds	
	Water Fund	Sanitation Fund
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,136,817	\$ 839,084
Notes receivable	191,797	-
Due from other governments	377,295	55,083
Due from other funds	306,720	-
Accounts receivable, net	23,992	23,055
Total Current Assets	2,036,621	917,222
Noncurrent Assets		
Capital assets		
Land and improvements	-	251,425
Water rights	119,222	-
Utility system	5,620,804	4,022,322
Equipment and furniture	37,391	8,175
Construction in Progress	643,342	-
Less accumulated depreciation	(2,918,313)	(1,488,663)
Total Noncurrent Assets	3,502,446	2,793,259
Total Assets	\$ 5,539,067	\$ 3,710,481
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 47,355	\$ 11,561
Due to other funds	-	306,720
Accrued interest payable	-	-
Current portion on long-term debt	34,225	12,112
Total Current Liabilities	81,580	330,393
Long-Term Debt		
Bonds payable	-	-
Loans payable	308,027	71,872
Total Long-Term Debt	308,027	71,872
NET POSITION		
Invested in capital assets, net of related debt	3,160,194	2,709,275
Unrestricted	1,989,266	598,941
Total Net Position	\$ 5,149,460	\$ 3,308,216

The accompanying notes are an integral part of this statement.

<u>Garbage Fund</u>	<u>Total Enterprise Funds</u>
\$ 21,406	\$ 1,997,307
-	191,797
-	432,378
-	306,720
12,373	59,420
<u>33,779</u>	<u>2,987,622</u>

-	251,425
-	119,222
-	9,643,126
-	45,566
-	643,342
-	(4,406,976)
-	6,295,705
<u>\$ 33,779</u>	<u>\$ 9,283,327</u>

\$ 10,449	\$ 69,365
-	306,720
-	-
-	46,337
<u>10,449</u>	<u>422,422</u>

-	-
-	379,899
<u>-</u>	<u>379,899</u>

-	5,869,469
23,330	2,611,537
<u>\$ 23,330</u>	<u>\$ 8,481,006</u>

Town of Hotchkiss
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended December 31, 2018

	Enterprise Funds	
	Water Fund	Sanitation Fund
Operating revenues:		
Charges for services	\$ 395,045	\$ 243,689
Total operating revenues	<u>395,045</u>	<u>243,689</u>
Operating expenses:		
Purchased services	13,600	15,420
Contractual services	-	-
Utilities	27,373	40,201
Repairs and maintenance	30,232	14,565
Other supplies and expenses	70,764	11,306
Insurance claims and expenses	6,445	6,445
Depreciation	132,833	92,203
Total operating expenses	<u>281,247</u>	<u>180,140</u>
Operating income (loss)	<u>113,798</u>	<u>63,549</u>
Nonoperating revenues (expenses):		
Transfers in (out)	(139,389)	(74,048)
Interest income	25,121	12,302
Miscellaneous	3,667	2,925
Interest expense	-	-
Total nonoperating revenues (expenses)	<u>449,075</u>	<u>75,725</u>
Income (loss) before capital contributions	562,873	139,274
Capital contributions-Tap fees	65,990	48,470
Change in net position	628,863	187,744
Total net position, January 1	<u>4,520,597</u>	<u>3,120,472</u>
Total net position, December 31	<u>\$ 5,149,460</u>	<u>\$ 3,308,216</u>

The accompanying notes are an integral part of this statement.

<u>Garbage Fund</u>	<u>Total</u>
\$ 130,768	\$ 769,502
<u>130,768</u>	<u>769,502</u>
-	29,020
122,508	122,508
-	67,574
-	44,797
-	82,070
-	12,890
-	225,036
<u>122,508</u>	<u>583,895</u>
<u>8,260</u>	<u>185,607</u>
(2,750)	(216,187)
5	37,428
-	6,592
-	-
<u>(2,745)</u>	<u>522,055</u>
5,515	707,662
-	114,460
5,515	822,122
17,815	7,658,884
<u>\$ 23,330</u>	<u>\$ 8,481,006</u>

**Town of Hotchkiss
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2018**

	Enterprise Funds	
	Water Fund	Sanitation Fund
Cash Flows From Operating Activities		
Cash received from charges for services	\$ 420,664	\$ 242,850
Cash received other	38,199	3,577
Cash payments for goods and services	(108,049)	(79,123)
Net cash provided (used) by operating activities	350,814	167,304
Cash Flows from Noncapital Financing Activities		
Transfers (out)	(139,389)	(74,048)
Miscellaneous revenues	3,667	2,925
Net cash provided (used) by noncapital financing activities	(135,722)	(71,123)
Cash Flows from Capital and Related Financing Activities		
Tap fees	65,990	48,470
Acquisition of capital assets	(643,342)	(94,289)
Principal paid on loans and leases	(34,225)	(12,112)
Interest expense	-	-
Net cash provided (used) by capital and related financing activities	(429,196)	76,615
Cash Flows from Investing Activities		
Interest on investments	25,121	12,302
Net increase (decrease) in cash and equivalents	(188,983)	185,098
Cash balances, January 1	1,325,800	653,986
Cash balances, December 31	\$ 1,136,817	\$ 839,084
Reconciling of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	113,798	63,549
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	132,833	92,203
Assets (increase) decrease:		
Accounts receivable	6,439	(839)
Notes receivable	19,180	-
Due from other governments	-	41,776
Due from or to other funds	38,199	-
Liabilities increase (decrease):		
Due to other funds	(3,740)	(38,199)
Accounts payable	44,105	8,814
Total adjustments	237,016	103,755
Net cash provided (used) by operating activities	\$ 350,814	\$ 167,304

See accompanying notes to the basic financial statements.

<u>Enterprise Funds</u>	<u>Total</u>
<u>Garbage</u>	<u>Enterprise</u>
<u>Fund</u>	<u>Funds</u>
\$ 129,651	\$ 793,165
-	41,776
<u>(121,473)</u>	<u>(308,645)</u>
<u>8,178</u>	<u>526,296</u>
(2,750)	(216,187)
-	6,592
<u>(2,750)</u>	<u>(209,595)</u>
-	114,460
-	(737,631)
-	(46,337)
-	-
<u>-</u>	<u>(352,581)</u>
5	37,428
5,433	1,548
<u>15,973</u>	<u>1,995,759</u>
<u>\$ 21,406</u>	<u>\$ 1,997,307</u>
<u>8,260</u>	<u>185,607</u>
-	225,036
(1,117)	4,483
-	19,180
-	41,776
-	38,199
-	(41,939)
1,035	53,954
<u>(82)</u>	<u>340,689</u>
<u>\$ 8,178</u>	<u>\$ 526,296</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies

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

The Town's significant accounting policies are described below:

A. Financial Reporting Entity

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

B. Government-wide Financial Statements

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

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

C. Fund Financial Statements

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

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

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The Town reports the following major governmental funds:

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

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

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

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

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

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

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

D. Measurement Focus and Basis of Accounting

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

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

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not recognize as an outflow of resources (expense/ expenditure) until then.

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

E. Cash and Cash Equivalents

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

F. Investments

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

G. Use of Estimates

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

H. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflows of resources in the governmental and enterprise funds.

I. Capital Assets

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

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

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

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

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

J. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations. No interest cost were capitalized in 2018.

K. Compensated Absences

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

Accrued vacation and sick leave consist of the following at December 31, 2018:

Vacation time	\$ 25,051
Sick leave	<u>19,620</u>
Total	<u>\$ 44,671</u>

L. Net Position

Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position is reported as unrestricted. The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Interfund Transactions

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

N. Encumbrances

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

O. Accounts Receivable

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

P. Fund Balance

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

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

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

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

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

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises.” The Town’s voters on November 8, 1994, approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town’s sales tax, and state and federal grants.

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

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2018 was \$64,315.

Note 4 - Budgets

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

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 4 - Budgets (continued)

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

	Water	Sanitation	Garbage
GAAP Basis	\$ 420,636	\$ 254,188	\$ 125,258
Add (deduct):			
Depreciation	(132,833)	(92,203)	-
Capital outlay	643,342	94,289	-
Debt principal payments	34,225	50,311	-
Budgetary basis	965,370	306,585	125,258
Final budget	2,010,926	571,513	116,000
Variance	\$ 1,045,556	\$ 264,928	\$ (9,258)

Note 5 - Deposits and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40.

At December 31, 2018, the bank balance of the Town's deposits was \$ 2,311,933 of which \$ 250,000 was covered by federal depository insurance and \$ 2,061,933 was collateralized under PDPA.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 5 - Deposits and Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The Town has no formal investment policy. At December 31, 2018 the Town's investments included funds held in government Colotrust.

The Town had invested \$ 2,463,906 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities.

A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

The composition of all cash and cash investments held by the Town at December 31, 2018 is as follows:

Cash on hand and with the County Treasurer	\$ 1,956
Cash in bank	2,301,590
Colotrust	<u>2,463,906</u>
Total cash and investments	<u>\$ 4,767,452</u>

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

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

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 6 - Interfund Transactions

Interfund receivable and payable balances as of December 31, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	Sanitation	\$ 306,720

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

The following are the interfund transfers that occurred in 2018:

Funds	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Water Fund	\$	\$ 139,389
Garbage Fund		2,750
General Fund	281,528	7,485
Sanitation Fund		74,049
Conservation Trust Fund	7,485	
Sales Tax Capital Improvement Fund		65,340
Totals	<u>\$ 289,013</u>	<u>\$ 289,013</u>

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

Note 7 - Long-Term Liabilities

	Balance			Balance	
	January 1,			December 31,	
Governmental Activities	2018	Additions	Reductions	2018	Due within
Compensated absences	\$ 37,336	\$ 7,335	\$ -	\$ 44,671	\$ -
Total	<u>\$ 37,336</u>	<u>\$ 7,335</u>	<u>\$ -</u>	<u>\$ 44,671</u>	<u>\$ -</u>
Enterprise Activities					
Loans payable	\$ 472,573	\$ -	\$ (46,337)	\$ 426,236	\$ 46,337
Total	<u>\$ 472,573</u>	<u>\$ -</u>	<u>\$ (46,337)</u>	<u>\$ 426,236</u>	<u>\$ 46,337</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 7 - Long-Term Liabilities (continued)

A. Colorado Water Resources and Power Development Authority:

Total amount owed at December 31, 2018 was \$342,252. This loan is interest free. Semiannual payments of \$17,112.62.

	<u>Principal</u>
2019	\$ 34,225
2020	34,225
2021	34,225
2022	34,225
2023	34,225
2024 to 2027	<u>171,127</u>
Total	<u><u>\$ 342,252</u></u>

B. Colorado Water Resources and Power Development Authority:

The Colorado Water Resources and Power Development Authority loaned the Town \$242,239, through Water Pollution Control Revolving Fund Disadvantage Communities Loan Program, an interest free loan and is payable in principal installments of \$ 6,055.98 on May 1 and November 1 of each year. The loan mature on November 1, 2035. In 2018, the Town de-obligated \$121,920 of loan payable.

	<u>Principal</u>
2019	\$ 12,112
2020	12,112
2021	12,112
2022	12,112
2023	12,112
2024 to 2025	<u>23,424</u>
Total	<u><u>\$ 83,984</u></u>

Note 8 - Contingent liabilities

Risk management

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 9 - Retirement Plans

Defined Contribution Plan

The Town has a defined contribution plan for its employees which is administered by Colorado County Officials and Employees Retirement Association (CCOERA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate six months from the date of employment. Both the employees and the Town make a basic contribution of 6% of the employee's salary (except for police officers whose contribution is 2.87% to CCOERA and 3.13% to another plan). Employees may make additional voluntary contributions not to exceed 10% of compensations. Participants vest in employer contributions and in earnings, losses and changes in fair market value of Plan assets at a rate of 20% per year. Any nonvested Town contributions forfeited by an employee who leaves the Town's employment are remitted to the Town. The Town's total payroll in 2018 was \$ 513,557. The total payroll covered by the plan was \$378,867. A contribution of \$ 22,732 was made to the plan in 2018. This contribution consisted of the Town's contribution of \$ 11,366 and the employee's contributions of \$ 11,366, which is 4.95 % of the covered payroll per group of contributor.

Note 10 - Capital Assets

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 215,747	\$ -	\$ -	\$ 215,747
Construction in progress	-	15,089	-	15,089
	<u>215,747</u>	<u>15,089</u>	<u>-</u>	<u>230,836</u>
Capital assets being depreciated				
Buildings	592,526	-	-	592,526
Improvements other than building	139,150	-	-	139,150
Infrastructure	1,012,682	7,928	-	1,020,610
Equipment and vehicles	653,490	42,619	(112,431)	583,678
	<u>2,397,848</u>	<u>50,547</u>	<u>(112,431)</u>	<u>2,335,964</u>
Less accumulated depreciation				
Buildings	(363,703)	(11,969)	-	(375,672)
Improvements	(122,990)	(4,715)	-	(127,705)
Infrastructure	(265,592)	(31,226)	-	(296,818)
Equipment and vehicles	(556,445)	(20,589)	74,832	(502,202)
	<u>(1,308,730)</u>	<u>(68,499)</u>	<u>74,832</u>	<u>(1,302,397)</u>
Capital asset being depreciated, net	1,089,118	(17,952)	(37,599)	1,033,567
Total Governmental Activities Capital Assets	<u>\$ 1,304,865</u>	<u>\$ (2,863)</u>	<u>\$ (37,599)</u>	<u>\$ 1,264,403</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2018

Note 10 - Capital Assets (continued)

	Balance January 1, 2018	Additions	Dispositions	Balance December 31, 2018
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 370,647	\$ -	\$ -	\$ 370,647
Construction in progress	-	643,342	-	643,342
Total	<u>\$ 370,647</u>	<u>\$ 643,342</u>	<u>\$ -</u>	<u>\$ 1,013,989</u>
Capital assets being depreciated				
Utility systems	9,554,267	94,289	(5,430)	9,643,126
Equipment and furniture	52,880	-	(7,314)	45,566
Less accumulated depreciation	(4,194,685)	(225,035)	12,744	(4,406,976)
Total	<u>5,412,462</u>	<u>(130,746)</u>	<u>-</u>	<u>5,281,716</u>
Total Business-Type Activities Capital Assets	<u><u>\$ 5,783,109</u></u>	<u><u>\$ 512,596</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,295,705</u></u>

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

General government	\$ 8,774
Public safety	14,049
Public works	40,029
Culture and recreation	<u>5,647</u>
Total	<u>\$ 68,499</u>

Depreciation charged to the Enterprise Funds are as follows:

Water Fund	\$ 132,833
Sanitation Fund	\$ 92,203

Note 11- Commitment

Rogers Mesa Domestic Water Company has agreed to pay a portion of the construction costs of the new water system with an annual payment of \$19,179.75 per year for 20 years or a total amount of \$383,595. As of December 31, 2018 the amount owed is \$191,797.

Note 12- Reinstatement

The Town in 2018, de-obligated \$121,920 with Colorado Water Resources and Power Development Authority for loan to be used for the Sanitation Line Upgrade. The de-obligation of funds decrease loan payable owed in the Sanitation Fund and increase net position by \$121,920.

Town of Hotchkiss
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2018

Revenues	Budgeted		Actual	Favorable (Unfavorable)
	Original	Final		
Taxes	\$ 403,307	\$ 403,307	\$ 460,822	\$ 57,515
Licenses and permits	1,100	1,100	1,455	355
Intergovernmental revenues	47,476	47,476	53,727	6,251
Fines and forfeitures	50,000	50,000	77,508	27,508
Miscellaneous revenue	21,593	21,593	36,944	15,351
Total revenues	523,476	523,476	630,456	106,980
Expenditures				
General government	225,546	225,546	234,506	(8,960)
Police department	339,017	339,017	314,641	24,376
Public works	350,174	350,174	322,437	27,737
Capital Outlay	-	-	-	-
Debt service	-	-	-	-
Total Expenditures	914,737	914,737	871,584	43,153
Excess of revenues over (under) expenditures	(391,261)	(391,261)	(241,128)	150,133
Other financing sources				
Transfers in (out)	299,636	299,636	274,042	(25,594)
Excess of revenues and sources over (under) expenditures and other (uses)	(91,625)	(91,625)	32,914	124,539
Fund balance, January 1	1,232,871	1,232,871	1,561,963	329,092
Fund balance, December 31	\$ 1,141,246	\$ 1,141,246	\$ 1,594,877	\$ 453,631

The accompanying notes are an integral part of this statement.

Town of Hotchkiss
Sales Tax Capital Improvement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Sales tax	\$ 240,000	\$ 240,000	\$ 273,056	\$ 33,056
Property taxes	23,878	23,878	23,874	(4)
Grants	-	-		-
Miscellaneous	4,601	4,601	600	(4,001)
Interest income	1,000	1,000	1,307	307
Total revenues	<u>269,479</u>	<u>269,479</u>	<u>298,837</u>	<u>29,358</u>
Expenditures				
Debt Service	-	-	-	-
Capital outlay	165,000	165,000	61,966	103,034
Total expenditures	<u>165,000</u>	<u>165,000</u>	<u>61,966</u>	<u>103,034</u>
Excess of revenues over (under) expenditures	104,479	104,479	236,871	132,392
Other financing sources				
Transfers (out)	(71,280)	(71,280)	(65,340)	(5,940)
Excess of revenues and sources over (under) expenditures and other (uses)	33,199	33,199	171,531	126,452
Fund balance, January 1	<u>510,933</u>	<u>510,933</u>	<u>1,024,706</u>	<u>513,773</u>
Fund balance, December 31	<u><u>\$ 544,132</u></u>	<u><u>\$ 544,132</u></u>	<u><u>\$ 1,196,237</u></u>	<u><u>\$ 646,165</u></u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Conservation Trust Trust Fund
Assets	
Cash and cash equivalents	\$ 19,278
Total assets	<u>\$ 19,278</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 122
Total liabilities	<u>122</u>
Fund balance	
Unreserved:	<u>19,156</u>
Total fund balance	<u>19,156</u>
Total liabilities and fund balance	<u>\$ 19,278</u>

Town of Hotchkiss
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2018

	<u>Conservation Trust Fund</u>
Revenues	
Intergovernmental	\$ 4,673
Interest earnings	-
Total revenues	<u>4,673</u>
 Expenditures	
Current:	
Culture and recreation	6,184
Capital outlay	-
Total expenditures	<u>6,184</u>
 Excess (deficiency) of revenues over expenditures	 (1,511)
 Other financing sources	
Transfers in	<u>7,485</u>
 Excess of revenues and sources over (under) expenditures and other (uses)	 5,974
 Fund balance, January 1	 <u>13,182</u>
Fund balance, December 31	<u><u>\$ 19,156</u></u>

**Town of Hotchkiss
Conservation Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Lottery	\$ 4,300	\$ 4,300	\$ 4,673	\$ 373
Total revenues	<u>4,300</u>	<u>4,300</u>	<u>4,673</u>	<u>373</u>
Expenditures				
Parks	11,785	11,785	6,184	5,601
Total expenditures	<u>11,785</u>	<u>11,785</u>	<u>6,184</u>	<u>5,601</u>
Excess of revenues over (under) expenditures	(7,485)	(7,485)	(1,511)	5,974
Other financing sources				
Transfers in	<u>7,485</u>	<u>7,485</u>	<u>7,485</u>	<u>-</u>
Excess of revenues and sources over (under) expenditures and other (uses)	-	-	5,974	5,974
Fund balance, January 1	<u>-</u>	<u>-</u>	<u>13,182</u>	<u>13,182</u>
Fund balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,156</u></u>	<u><u>\$ 19,156</u></u>

**Town of Hotchkiss
Water Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2018**

Available resources	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
January 1	\$ 841,985	\$ 841,985	\$ 1,905,137	\$ 1,063,152
Revenues				
Water fees	380,200	380,200	395,045	14,845
Tap fees	2,400	2,400	65,990	63,590
Interest income	13,700	13,700	25,121	11,421
Miscellaneous	6,594	6,594	3,667	(2,927)
Grants and loans	1,707,379	1,707,379	617,055	(1,090,324)
Total revenues	<u>2,110,273</u>	<u>2,110,273</u>	<u>1,106,878</u>	<u>(1,003,395)</u>
Total available resources	<u>2,952,258</u>	<u>2,952,258</u>	<u>3,012,015</u>	<u>59,757</u>
Expenditures				
Purchased services	32,975	32,975	13,600	19,375
Utilities	23,500	23,500	27,373	(3,873)
Repairs and maintenance	43,000	43,000	30,232	12,768
Chemicals	60,300	60,300	51,889	8,411
Other supplies and expenses	33,665	33,665	18,825	14,840
Insurance claims and expenses	7,000	7,000	6,445	555
Transfers-General fund	152,061	152,061	139,389	12,672
Debt service	34,300	34,300	34,275	25
Capital outlay	1,624,125	1,624,125	643,342	980,783
Total expenditures	<u>2,010,926</u>	<u>2,010,926</u>	<u>965,370</u>	<u>1,045,556</u>
Available resources				
Less Loans	-	-	(57,379)	(57,379)
December 31	<u>\$ 941,332</u>	<u>\$ 941,332</u>	<u>\$ 1,989,266</u>	<u>\$ 1,047,934</u>

**Town of Hotchkiss
Sanitation Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Available resources				
January 1	\$ 561,531	\$ 561,531	\$ 425,395	\$ (136,136)
Revenues				
Sewer fees	244,000	244,000	243,689	(311)
Tap fees	1,100	1,100	48,470	47,370
Interest income	6,000	6,000	12,302	6,302
Grants, Loans	603,451	603,451	134,546	(468,905)
Miscellaneous	3,500	3,500	2,925	(575)
Total revenues	<u>858,051</u>	<u>858,051</u>	<u>441,932</u>	<u>(416,119)</u>
Total available resources	<u>1,419,582</u>	<u>1,419,582</u>	<u>867,327</u>	<u>(552,255)</u>
Expenditures				
Purchased services	19,425	19,425	15,420	4,005
Utilities	37,600	37,600	40,201	(2,601)
Repairs and maintenance	29,250	29,250	14,565	14,685
Chemicals	1,200	1,200	2,480	(1,280)
Other supplies and expenses	11,005	11,005	8,776	2,229
Insurance claims and expenses	6,900	6,900	6,445	455
Transfers-General fund	80,780	80,780	74,048	6,732
Debt service	50,311	50,311	50,361	(50)
Capital outlay	335,042	335,042	94,289	240,753
Total expenditures	<u>571,513</u>	<u>571,513</u>	<u>306,585</u>	<u>264,928</u>
Interfund loan payment	-	-	38,199	38,199
Available resources				
December 31	<u>\$ 848,069</u>	<u>\$ 848,069</u>	<u>\$ 598,941</u>	<u>\$ (249,128)</u>

**Town of Hotchkiss
Garbage Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Available resources				
January 1	\$ 3,031	\$ 3,031	\$ 17,815	\$ 14,784
Revenues				
Garbage fees	115,000	115,000	130,768	15,768
Interest income	5	5	5	-
Total revenues	<u>115,005</u>	<u>115,005</u>	<u>130,773</u>	<u>15,768</u>
Total available resources	<u>118,036</u>	<u>118,036</u>	<u>148,588</u>	<u>30,552</u>
Expenditures				
Contract services	113,000	113,000	122,508	(9,508)
Transfers-General fund	3,000	3,000	2,750	250
Total expenditures	<u>116,000</u>	<u>116,000</u>	<u>125,258</u>	<u>(9,258)</u>
Available resources				
December 31	<u>\$ 2,036</u>	<u>\$ 2,036</u>	<u>\$ 23,330</u>	<u>\$ 21,294</u>

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
2018

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

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available	0	0	40,402	0
2. Minus amount used for collection expenses	0	0		
3. Minus amount used for nonhighway purposes	0	0		
4. Minus amount used for mass transit	0	0		
5. Remainder used for highway purposes			40,402	

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	19,548
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,189
2. General fund appropriations		b. Snow and ice removal	279
3. Other local imposts (from page 2)	18,979	c. Other	7,980
4. Miscellaneous local receipts (from page 2)	78,154	d. Total (a. through c.)	10,448
5. Transfers from toll facilities		4. General administration & miscellaneous	6,600
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	110,555
a. Bonds - Original Issues		6. Total (1 through 5)	147,151
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)		a. Interest	0
7. Total (1 through 6)	97,133	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	
C. Receipts from State government (from page 2)	50,018	2. Notes:	
D. Receipts from Federal Government (from page 2)		a. Interest	0
E. Total receipts (A.7 + B + C + D)	147,151	b. Redemption	0
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total expenditures (A.6 + B.3 + C + D)	147,151

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines and Penalties	75,833
1. Sales Taxes	6,135	c. (Specify)	
2. (Specify)	0	d. (Specify)	
3. (Specify)	0	e. (Specify)	
4. (Specify)	0	f. (Specify)	
5. S/O Tax	12,844	g. Other Misc Receipts	2,321
6. Total (1. through 5.)	18,979	h. (Specify)	
c. Total (a. + b.)	18,979	i. Total (a. through h.)	78,154
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	40,402	1. FHWA (from Item I.D.5.)	
2. State general funds	0	2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. (Specify)		c. HUD	
c. MV Tax	4,776	d. (Specify)	
d. (Specify)		e. (Specify)	
e. R&B Tax	4,840	f. (Specify)	
f. Total (a. through e.)	9,616	g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	50,018	3. Total (1. + 2.g)	
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: