

**Town of Hudson, Colorado**  
**Financial Statements**  
**with Independent Auditors' Report**  
**December 31, 2018**



# Town of Hudson, Colorado

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December 31, 2018

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# Town of Hudson, Colorado

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Strategic PC  
Business Advisors

## 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, 2018, 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, 2018, 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.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019, 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  
June 4, 2019



## 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, 2018. Please read it in conjunction with the financial statements.

### FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$1,684,263 (5.8%) during 2018.
- At December 31, 2018, the Town's governmental funds reported combined ending fund balances of \$12,492,937. This marked an increase of \$1,514,526 (13.8%) from the prior year's ending governmental fund balances due primarily to increases in the Hudson Public Library Fund.
- The Town's General Fund decreased its Fund Balance by \$575,238 (-50.6%) during 2018 due to equipment purchases and increased staffing.
- The Town's water and wastewater funds' net positions increased by \$368,322 (4.4%) during 2018 primarily due to increased water revenues and property tax transfers to pay debt service on bonds/loans utilized to finance capital assets.

### 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, 2018, 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 \$30,672,817 at the close of 2018. As shown below, the Town's financial position improved by \$1,684,263 (5.8%) during 2018.

### Town of Hudson's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$13,757,135	\$12,118,253	\$ 1,641,511	\$ 970,669	\$ 15,398,646	\$ 13,088,922
Capital assets, net	12,719,281	12,922,542	11,753,771	12,160,966	24,473,052	25,083,508
Total assets	\$26,476,416	\$25,040,795	\$13,395,282	\$ 13,131,635	\$ 39,871,698	\$ 38,172,430
Deferred outflows of resources	\$ 240,005	\$ 253,339	\$ -	\$ -	\$ 240,005	\$ 253,339
Current liabilities	212,353	101,307	138,993	113,311	351,346	214,618
Noncurrent Liabilities	3,587,234	3,604,944	4,440,240	4,570,597	8,027,474	8,175,541
Total liabilities	\$ 3,799,587	\$ 3,706,251	\$ 4,579,233	\$ 4,683,908	\$ 8,378,820	\$ 8,390,159
Deferred inflows of resources	\$ 1,060,066	\$ 1,047,056	\$ -	\$ -	\$ 1,060,066	\$ 1,047,056
Net position:						
Net investment in capital assets	\$ 9,149,722	\$ 9,584,442	\$ 7,316,700	\$ 7,593,884	\$ 16,466,422	\$ 17,178,326
Restricted	2,052,772	1,929,427	107,565	102,207	2,160,337	2,031,634
Unrestricted	10,654,274	9,026,958	1,391,784	751,636	12,046,058	9,778,594
Total net position	\$21,856,768	\$20,540,827	\$ 8,816,049	\$ 8,447,727	\$ 30,672,817	\$ 28,988,554

A significant portion (53.7%) of the Town's total net position at December 31, 2018 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% (\$2,160,337) of the Town's total net position at the end of 2018 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 (\$956,748), debt service reserves required for the Town's 2016 Limited Property and Sales Tax Refunding Bonds (\$245,300) and wastewater obligations (\$107,565), and fund balance restrictions of sales taxes collected for capital improvements (\$578,054). An additional \$97,670 is restricted for parks and \$175,000 for emergencies.

The remaining amount of the Town's total net position at the end of 2018 (\$12,046,058) represents 39.3% 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

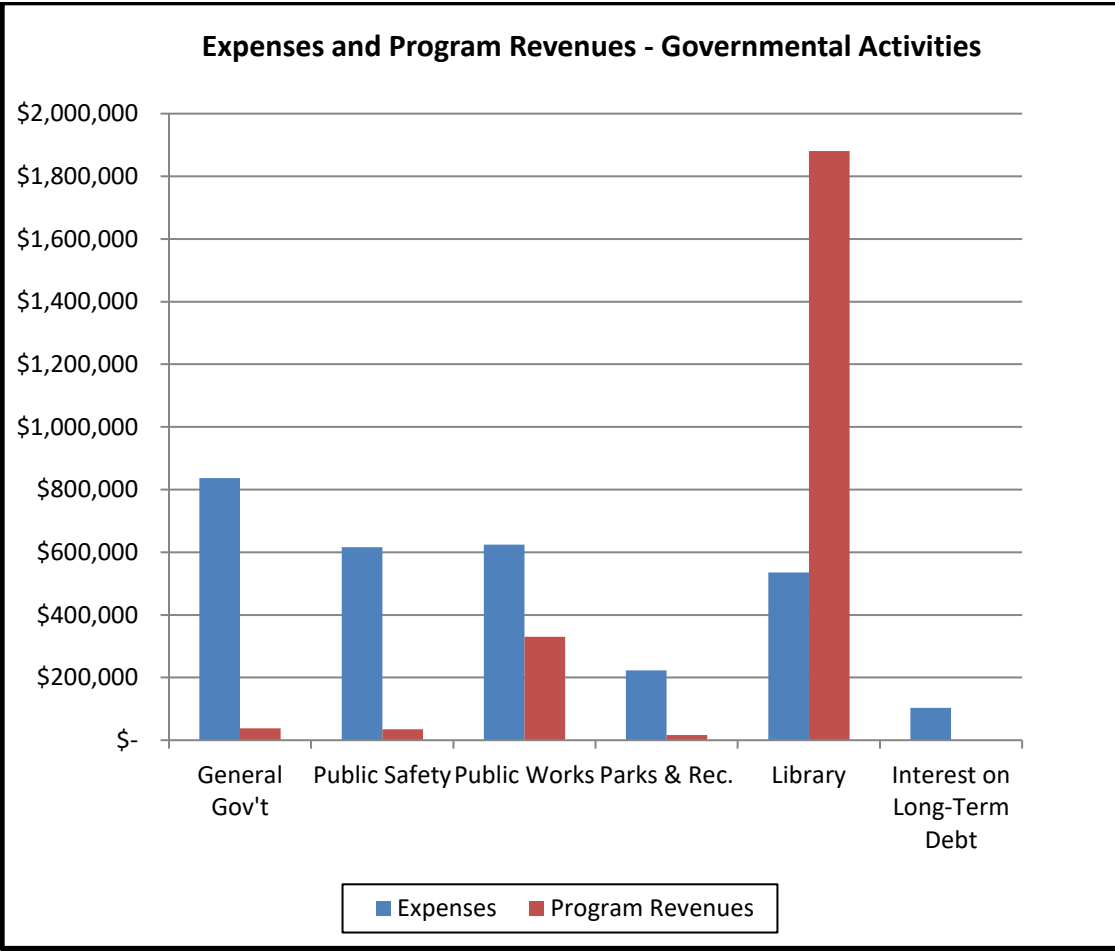
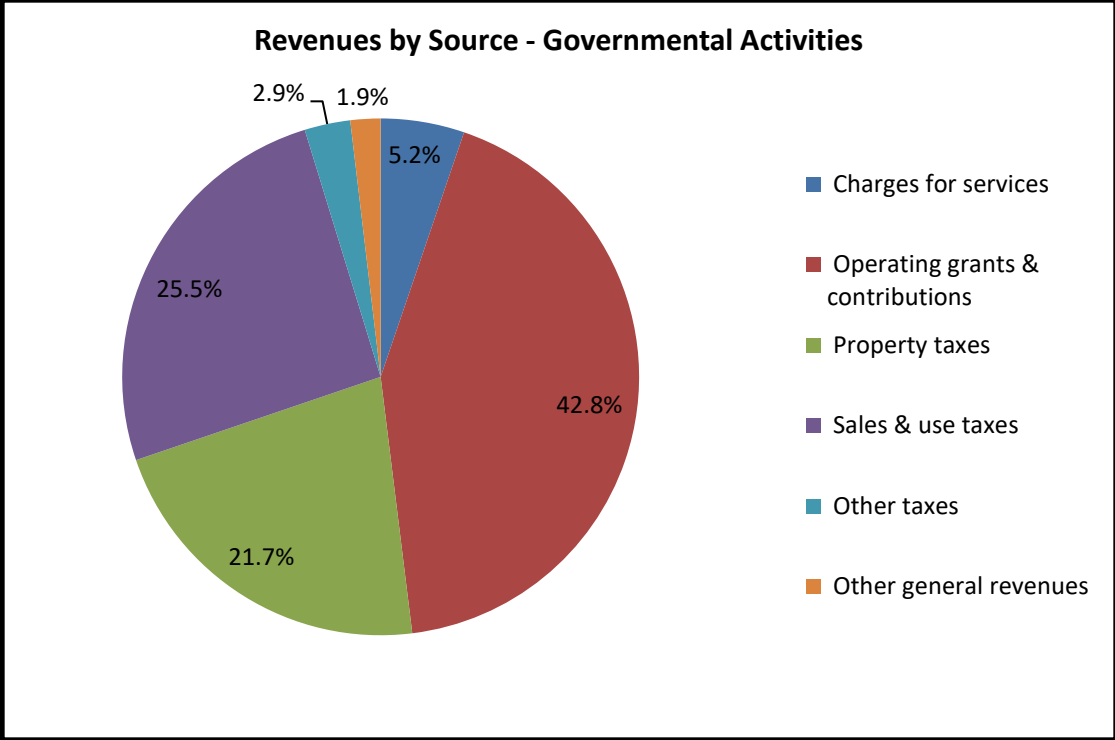
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Program revenues:</b>						
Charges for services	\$ 250,632	\$ 242,716	\$ 1,298,098	\$ 1,136,371	\$ 1,548,730	\$ 1,379,087
Operating grants & contributions	2,050,249	1,895,356	-	-	2,050,249	1,895,356
Capital grants & contributions	-	1,131,400	-	-	-	1,131,400
<b>General revenues:</b>						
Property taxes	1,041,018	1,096,588	-	-	1,041,018	1,096,588
Sales & use taxes	1,219,961	1,005,600	-	-	1,219,961	1,005,600
Other taxes	137,264	151,473	-	-	137,264	151,473
Gain on sale of capital assets	1,651	55,824	-	-	1,651	55,824
Other general revenues	88,385	55,991	6,714	3,686	95,099	59,677
<b>Total revenues</b>	<b>\$ 4,789,160</b>	<b>\$ 5,634,948</b>	<b>\$ 1,304,812</b>	<b>\$ 1,140,057</b>	<b>\$ 6,093,972</b>	<b>\$ 6,775,005</b>
<b>Program expenses:</b>						
General government	\$ 836,249	\$ 911,627	\$ -	\$ -	\$ 836,249	\$ 911,627
Public safety	615,954	432,743	-	-	615,954	432,743
Public works	624,495	528,025	-	-	624,495	528,025
Parks and Recreation	223,361	185,088	-	-	223,361	185,088
Library	535,203	454,903	-	-	535,203	454,903
Water utility	-	-	784,960	770,349	784,960	770,349
Wastewater utility	-	-	685,852	651,850	685,852	651,850
Debt issuance costs	-	-	-	-	-	-
Interest on long-term debt	103,635	113,624	-	-	103,635	113,624
<b>Total expenses</b>	<b>\$ 2,938,897</b>	<b>\$ 2,626,010</b>	<b>\$ 1,470,812</b>	<b>\$ 1,422,199</b>	<b>\$ 4,409,709</b>	<b>\$ 4,048,209</b>
Transfers In/(Out)	\$ (534,322)	\$ (84,267)	\$ 534,322	\$ 84,267	\$ -	\$ -
Increase/(decrease) in net position	\$ 1,315,941	\$ 2,924,671	\$ 368,322	\$ (197,875)	\$ 1,684,263	\$ 2,726,796
Net Position, Beginning	20,540,827	17,616,156	8,447,727	8,645,602	28,988,554	26,261,758
<b>Net Position, Ending</b>	<b>\$21,856,768</b>	<b>\$20,540,827</b>	<b>\$ 8,816,049</b>	<b>\$ 8,447,727</b>	<b>\$30,672,817</b>	<b>\$28,988,554</b>

### Governmental Activities

The Town's Governmental Activities increased in net position by \$1,315,941 (6.4%) in 2018. Key elements of this increase are as follows:

- Shared revenues from the High Plains Library District of \$1,880,371 outpaced Library expenses by \$1,345,168 in 2018. 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.
- Transfers of property taxes to the Business-type Activities for debt service payments decreased net position by \$534,322.
- Building use taxes and interest earnings for capital improvements exceeded current year capital improvement expenses by \$238,549.
- Other expenses for governmental activities exceeded general revenues, charges for services, and operating grants and contributions by \$266,546.

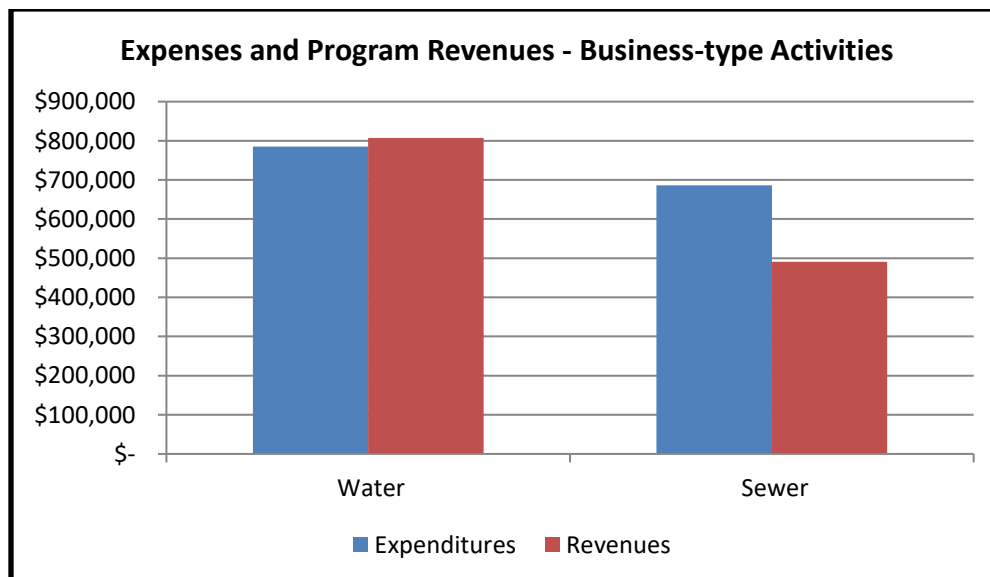
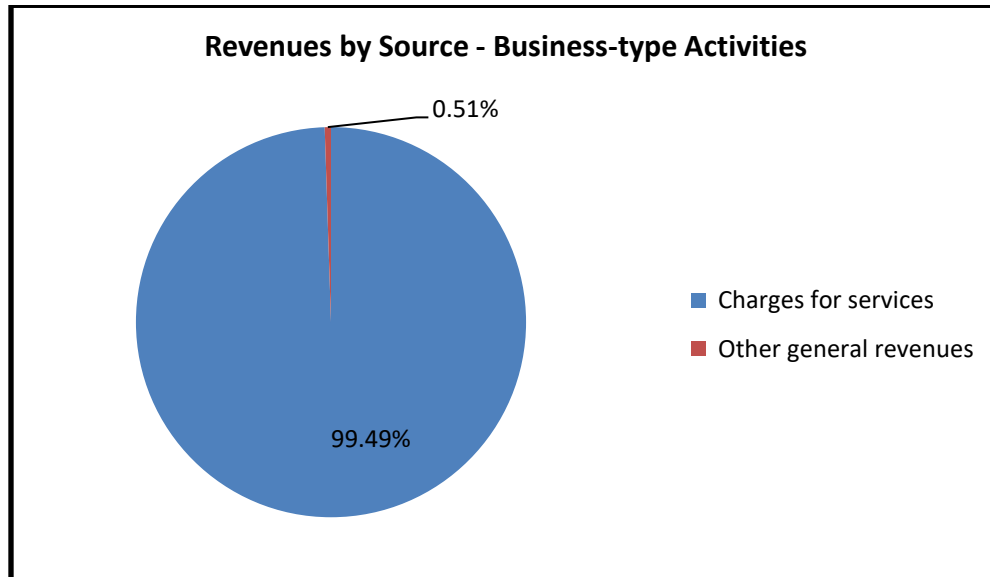
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



### Business-type Activities

Business-type Activities increased in net position by \$368,322 (4.4%) during 2018. This was an improvement over the previous year when these activities reduced the Town's total net position \$197,875. Charges for Services exceeded expenses in the Water Fund by \$22,001. In the Wastewater Fund, expenses exceeded Charges for Services by \$194,715. Management anticipates that recent 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 2018.

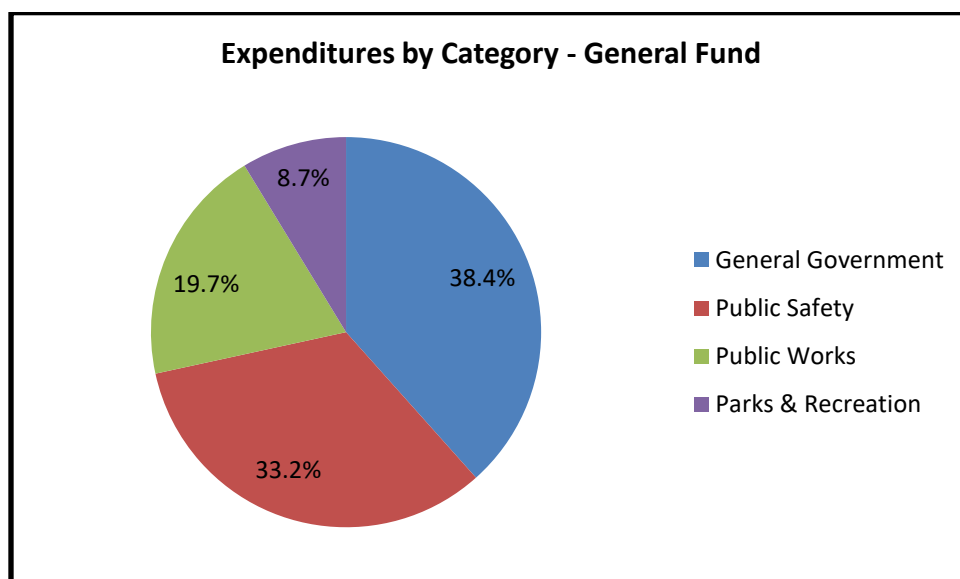
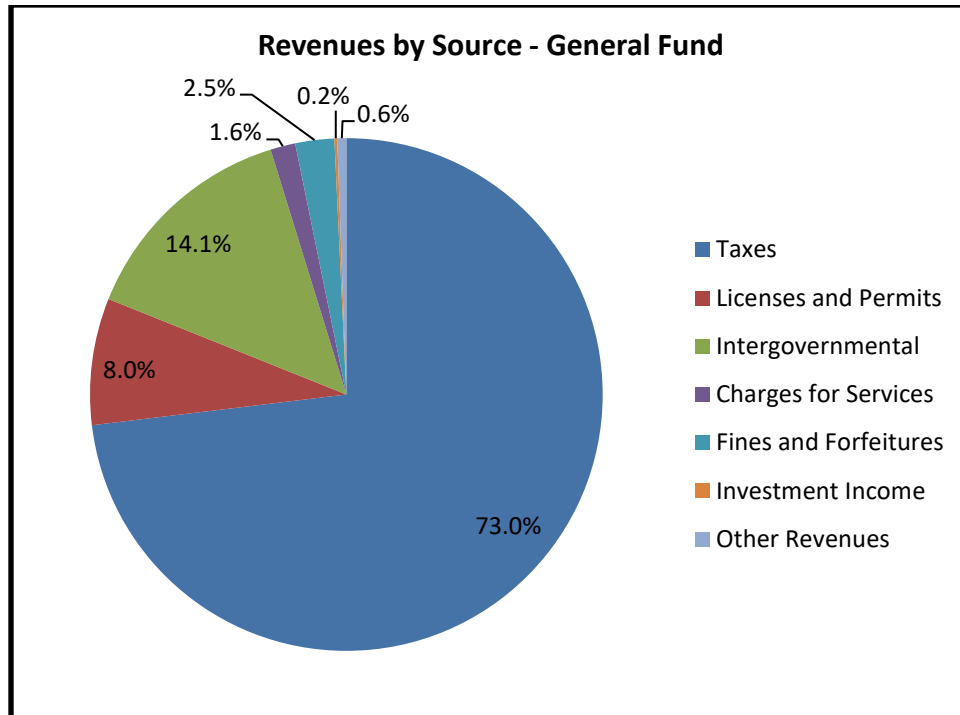


### THE TOWN'S FUNDS

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, 2018 the Town's four major Governmental funds reported combined ending fund balances of \$10,650,971. These funds are discussed below.

*General Fund.* The General Fund is the chief operating fund of the Town of Hudson. It accounts for all the general services provided by the Town. At the end of 2018, the fund balance of the General Fund totaled \$560,874. This was a \$575,238 (50.6%) decrease from 2017 due in large part to public safety vehicle purchases and staffing increases in public safety, planning and development, and public works. At December 31, 2018, the Town did not achieve its goal of maintaining approximately one year of General Fund operating expenses in its fund balance. Expenditures in 2018 totaled \$1,943,082 and the Ending Fund Balance was \$560,874 (28.9% of expenditures). The following two tables illustrate General Fund revenues and expenditures during 2018.

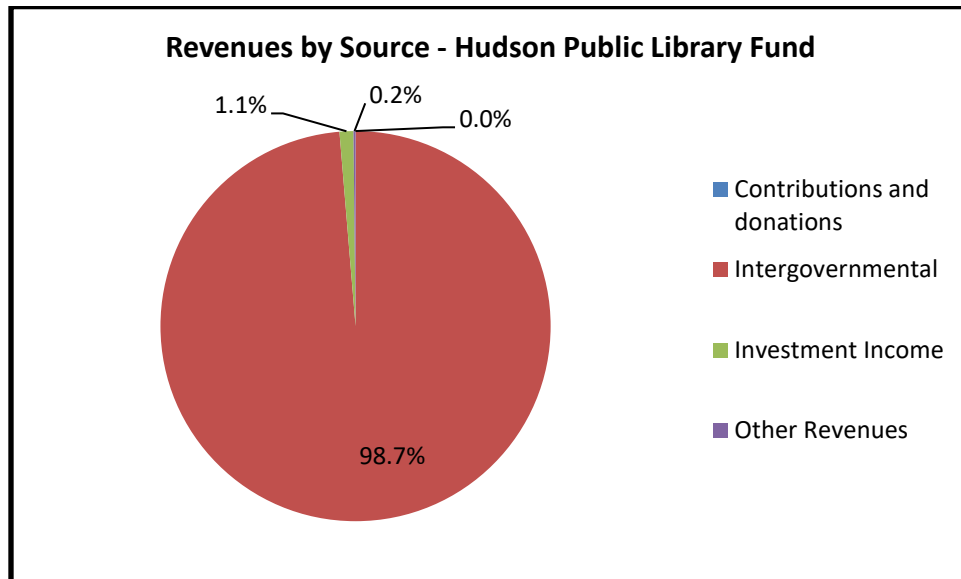


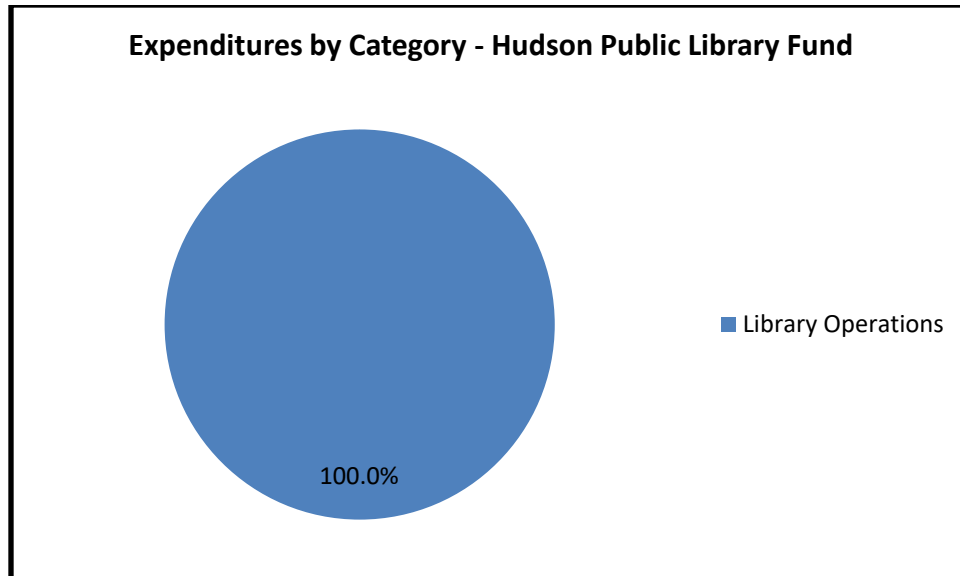
*Property Tax Special Revenue Fund.* This fund is utilized to account for the capital acquisition and/or construction of capital projects and related debt service. Property taxes from a 15.966 mill levy are the primary revenues for the fund. As mentioned above, property tax revenues are subject to fluctuations in assessed property values from varying levels of oil and natural gas production. During 2018, a transfer of \$534,322 was made to the Water Fund for debt service payments on bonds and loans. Fund revenues exceeded fund expenditures by \$541,905 before transfers in 2018.

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 2018 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 2018, fund revenues exceeded expenditures by \$182,540 (59.1%) 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 2018 fund revenues totaled \$1,905,553 and exceeded expenditures for operating expenditures (\$460,493) by \$1,445,060 (131.9%). The following two charts illustrate Hudson Public Library Fund revenues and expenditures during 2018.





*Water Fund.* At December 31, 2018 the net position of the Water Fund was \$3,705,063. This was an increase of \$562,061 (17.9%) over 2017. Most of the increase was attributable to the transfer of \$534,322 from the Property Tax Special Revenue Fund for debt service payments. Recent rate increases enabled the Water Fund to record Net Operating Income of \$57,790 during 2018.

*Wastewater Fund.* At December 31, 2018 the net position of the Wastewater Fund was \$5,110,986. This was a decrease of \$193,739 (-3.7%) from 2017. The decrease was primarily caused by depreciation of capital assets (\$231,648).

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets.* At December 31, 2018 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, and park equipment. Note 3 of the financial statements provides a summary of changes in capital assets during the year. During 2018, the Town purchased five new public safety vehicles.

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 2018, the governmental activities had a \$3,250,000 balance on the 2016 limited tax refunding bonds for street improvements, and \$36,727 remained outstanding on a capital lease for a street sweeper. In addition, the Town entered into a capital lease for four police vehicles totaling \$141,648. Compensated absences are also recorded. See Note 4 on page 20 for more detailed information.

In business-type activities at December 31, 2018, the Town had a \$3,203,677 balance on its 2011 Revenue Bonds, a \$728,126 balance on its 1996 water loan, and a \$446,600 balance on its 1995 general obligation bonds. These debts were incurred for water rights acquisition and water and wastewater system facilities and upgrades. \$58,668 remained outstanding on a capital lease for the water meter system. Compensated absences are also recorded. See Note 4 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 2019.

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.

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. In addition, annexations of adjacent land and industrial properties have increased the taxable assessed value of the Town. The 2019 Budget anticipates the continued reduction of the General Fund balance by \$479,639 while current needs precede the realization of anticipated increases in revenue from growth. Management will continue to monitor the economic factors affecting the Town, and to amend adopted budgets if necessary.

## **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, 2018

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Investments	\$ 11,920,411	\$ 1,408,498	\$ 13,328,909
Restricted Cash and Investments	245,300	107,565	352,865
Accounts Receivable	200,959	125,448	326,407
Taxes Receivable	-	-	-
Prepaid Expenses	-	-	-
Note Receivable	52,000	-	52,000
Deposits	50,855	-	50,855
Land Held for Resale	227,544	-	227,544
Capital Assets, <i>Not Being Depreciated</i>	140,396	962,267	1,102,663
Capital Assets, <i>Net of Accumulated Depreciation</i>	12,578,885	10,791,504	23,370,389
 Total Assets	 25,416,350	 13,395,282	 38,811,632
<b>Deferred Outflows of Resources</b>			
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	240,005	-	240,005
<b>Liabilities</b>			
Accounts Payable	104,211	48,393	152,604
Accrued Liabilities	99,921	15,735	115,656
Deposits	-	3,622	3,622
Accrued Interest Payable	8,221	71,243	79,464
Noncurrent Liabilities			
Due Within One Year	213,702	134,418	348,120
Due in More Than One Year	3,373,532	4,305,822	7,679,354
 Total Liabilities	 3,799,587	 4,579,233	 8,378,820
<b>Deferred Inflows of Resources</b>			
Property Taxes	-	-	-
<b>Net Position</b>			
Net Investment in Capital Assets	9,149,722	7,316,700	16,466,422
Restricted for:			
Street Paving and Maintenance	956,748	-	956,748
Debt Service	245,300	107,565	352,865
Capital Improvements	578,054	-	578,054
Parks	97,670	-	97,670
Emergencies	175,000	-	175,000
Unrestricted	10,654,274	1,391,784	12,046,058
 Total Net Position	 \$ 21,856,768	 \$ 8,816,049	 \$ 30,672,817

See Notes to Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>						
<i>Governmental Activities</i>						
General Government	\$ 836,249	\$ 38,444	\$ -	\$ (797,805)	\$ -	\$ (797,805)
Public Safety	615,954	34,990	-	(580,964)	-	(580,964)
Public Works	624,495	176,671	153,708	(294,116)	-	(294,116)
Parks and Recreation	223,361	527	16,170	(206,664)	-	(206,664)
Library	535,203	-	1,880,371	1,345,168	-	1,345,168
Interest on Long-Term Debt	103,635	-	-	(103,635)	-	(103,635)
Total Governmental Activities	<u>2,938,897</u>	<u>250,632</u>	<u>2,050,249</u>	<u>(638,016)</u>	<u>-</u>	<u>(638,016)</u>
<i>Business-Type Activities</i>						
Water Utility	784,960	806,961	-	-	22,001	22,001
Wastewater Utility	685,852	491,137	-	-	(194,715)	(194,715)
Total Business-Type Activities	<u>1,470,812</u>	<u>1,298,098</u>	<u>-</u>	<u>-</u>	<u>(172,714)</u>	<u>(172,714)</u>
Total Primary Government	<u>\$ 4,409,709</u>	<u>\$ 1,548,730</u>	<u>\$ 2,050,249</u>	<u>(638,016)</u>	<u>(172,714)</u>	<u>\$ (810,730)</u>
<b>General Revenues</b>						
Property Taxes				1,041,018	-	1,041,018
Specific Ownership Taxes				72,721	-	72,721
Sales and Use Taxes				1,219,961	-	1,219,961
Franchise Taxes				64,543	-	64,543
Contributions Not Restricted to Specific Programs				37,148	-	37,148
Investment Income				38,041	6,714	44,755
Gain on Sale of Assets				1,651	-	1,651
Other				13,196	-	13,196
<b>Transfers</b>				<u>(534,322)</u>	<u>534,322</u>	<u>-</u>
Total General Revenues and Transfers				<u>1,953,957</u>	<u>541,036</u>	<u>2,494,993</u>
<b>Change in Net Position</b>				1,315,941	368,322	1,684,263
Net Position, Beginning of year				<u>20,540,827</u>	<u>8,447,727</u>	<u>28,988,554</u>
Net Position, End of year				<u>\$ 21,856,768</u>	<u>\$ 8,816,049</u>	<u>\$ 30,672,817</u>

**Town of Hudson, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	General	Property Tax Special Revenue	Paving Sales Tax	Hudson Public Library	Nonmajor Governmental Funds	Total
<b>Assets</b>						
Cash and Investments	\$ 309,887	\$ 482,776	\$ 1,063,346	\$ 8,243,620	\$ 1,820,782	\$ 11,920,411
Restricted Cash and Investments	-	-	245,300	-	-	245,300
Accounts Receivable	94,959	-	84,737	79	21,184	200,959
Taxes Receivable	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Deposits	50,855	-	-	-	-	50,855
Note Receivable	52,000	-	-	-	-	52,000
Land Held for Resale	227,544	-	-	-	-	227,544
<b>Total Assets</b>	<b><u>\$ 735,245</u></b>	<b><u>\$ 482,776</u></b>	<b><u>\$ 1,393,383</u></b>	<b><u>\$ 8,243,699</u></b>	<b><u>\$ 1,841,966</u></b>	<b><u>\$ 12,697,069</u></b>
<b>Liabilities</b>						
Accounts Payable	\$ 90,573	\$ -	\$ 1,238	\$ 12,400	\$ -	\$ 104,211
Accrued Liabilities	83,798	-	-	16,123	-	99,921
<b>Total Liabilities</b>	<b><u>174,371</u></b>	<b><u>-</u></b>	<b><u>1,238</u></b>	<b><u>28,523</u></b>	<b><u>-</u></b>	<b><u>204,132</u></b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	-	-	-	-	-	-
<b>Fund Balances</b>						
Nonspendable:						
Prepaid Expenditures	-	-	-	-	-	-
Note Receivable	52,000	-	-	-	-	52,000
Land Held for Resale	227,544	-	-	-	-	227,544
Restricted for:						
Street Paving and Maintenance	-	-	956,748	-	-	956,748
Debt Service	-	-	245,300	-	-	245,300
Capital Improvements	-	-	-	-	578,054	578,054
Parks	-	-	-	-	97,670	97,670
Emergencies	175,000	-	-	-	-	175,000
Committed to:						
Debt Service	-	482,776	-	-	-	482,776
Capital Improvements	-	-	-	-	1,166,242	1,166,242
Public Library Activities	-	-	-	6,763,516	-	6,763,516
Unrestricted, Unassigned	106,330	-	190,097	1,451,660	-	1,748,087
<b>Total Fund Balances</b>	<b><u>560,874</u></b>	<b><u>482,776</u></b>	<b><u>1,392,145</u></b>	<b><u>8,215,176</u></b>	<b><u>1,841,966</u></b>	<b><u>12,492,937</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 735,245</u></b>	<b><u>\$ 482,776</u></b>	<b><u>\$ 1,393,383</u></b>	<b><u>\$ 8,243,699</u></b>	<b><u>\$ 1,841,966</u></b>	<b><u>\$ 12,697,069</u></b>

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

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

Total Fund Balances of Governmental Funds	\$ 12,492,937
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	12,719,281
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	(3,250,000)
Bond premium	(141,184)
Lease payable	(178,375)
Accrued compensated absences	(17,675)
Accrued interest payable	(8,221)
Loss on debt refunding	240,005
	240,005
Total Net Position of Governmental Activities	\$ <u>21,856,768</u>

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

	General	Property Tax Special Revenue	Paving Sales Tax	Hudson Public Library	Nonmajor Governmental Funds	Total
<b>Revenues</b>						
Taxes	\$ 997,479	\$ 547,783	\$ 486,040	\$ -	\$ 366,941	\$ 2,398,243
Licenses and Permits	109,057	-	-	-	-	109,057
Contributions and Donations	40	-	-	-	-	40
Intergovernmental	193,110	-	-	1,880,371	16,170	2,089,651
Charges for Services	21,455	-	-	-	85,130	106,585
Fines and Forfeitures	34,913	-	-	77	-	34,990
Investment Income	2,443	-	5,202	21,899	8,497	38,041
Other	7,696	-	-	3,206	-	10,902
<b>Total Revenues</b>	<u>1,366,193</u>	<u>547,783</u>	<u>491,242</u>	<u>1,905,553</u>	<u>476,738</u>	<u>4,787,509</u>
<b>Expenditures</b>						
Current						
General Government	744,859	5,878	-	-	-	750,737
Public Safety	645,575	-	-	-	-	645,575
Public Works	383,119	-	49,059	-	-	432,178
Parks and Recreation	169,529	-	-	-	7,797	177,326
Library	-	-	-	460,493	-	460,493
Capital Outlay	-	-	-	-	14,360	14,360
Debt Service						
Principal	-	-	155,708	-	-	155,708
Interest and Fiscal Charges	-	-	103,935	-	-	103,935
<b>Total Expenditures</b>	<u>1,943,082</u>	<u>5,878</u>	<u>308,702</u>	<u>460,493</u>	<u>22,157</u>	<u>2,740,312</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(576,889)</u>	<u>541,905</u>	<u>182,540</u>	<u>1,445,060</u>	<u>454,581</u>	<u>2,047,197</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	1,651	-	-	-	-	1,651
Gain on Sale of Land Held for Resale	-	-	-	-	-	-
Transfers Out	-	(534,322)	-	-	-	(534,322)
<b>Total Other Financing Sources (Uses)</b>	<u>1,651</u>	<u>(534,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532,671)</u>
<b>Net Change in Fund Balances</b>	(575,238)	7,583	182,540	1,445,060	454,581	1,514,526
<b>Fund Balances, Beginning 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>
<b>Fund Balances, End of year</b>	<u>\$ 560,874</u>	<u>\$ 482,776</u>	<u>\$ 1,392,145</u>	<u>\$ 8,215,176</u>	<u>\$ 1,841,966</u>	<u>\$ 12,492,937</u>

**Town of Hudson, Colorado**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances to the Statement of Activities  
 For the Year Ended December 31, 2018

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

Net Change in Fund Balances of Governmental Funds	\$ 1,514,526
<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	188,482
Depreciation expense	(391,743)
<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	120,000
Lease payments	35,684
<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>	
Lease proceeds	(141,648)
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	(4,170)
Accrued interest payable	300
	300
Change in Net Position of Governmental Activities	\$ 1,315,941

**Town of Hudson, Colorado**  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

	Water	Wastewater	Total
<b>Assets</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 848,272	\$ 560,226	\$ 1,408,498
Restricted Cash and Investments	-	107,565	107,565
Accounts Receivable	71,369	54,079	125,448
Prepaid Expenses	-	-	-
<b>Total Current Assets</b>	<b>919,641</b>	<b>721,870</b>	<b>1,641,511</b>
<i>Noncurrent Assets</i>			
Capital Assets, <i>Not Being Depreciated</i>	962,267	-	962,267
Capital Assets, <i>Net of Accumulated Depreciation</i>	3,129,843	7,661,661	10,791,504
<b>Total Noncurrent Assets</b>	<b>4,092,110</b>	<b>7,661,661</b>	<b>11,753,771</b>
<b>Total Assets</b>	<b>5,011,751</b>	<b>8,383,531</b>	<b>13,395,282</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	40,956	7,437	48,393
Accrued Liabilities	7,948	7,787	15,735
Deposits	3,622	-	3,622
Accrued Interest Payable	19,183	52,060	71,243
Compensated Absences Payable, <i>Current Portion</i>	159	158	317
Lease Payable, <i>Current Portion</i>	28,865	-	28,865
Bonds and Loans Payable, <i>Current Portion</i>	49,879	55,357	105,236
<b>Total Current Liabilities</b>	<b>150,612</b>	<b>122,799</b>	<b>273,411</b>
<i>Noncurrent Liabilities</i>			
Compensated Absences Payable	1,426	1,426	2,852
Lease Payable	29,803	-	29,803
Bonds and Loans Payable	1,124,847	3,148,320	4,273,167
<b>Total Noncurrent Liabilities</b>	<b>1,156,076</b>	<b>3,149,746</b>	<b>4,305,822</b>
<b>Total Liabilities</b>	<b>1,306,688</b>	<b>3,272,545</b>	<b>4,579,233</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,858,716	4,457,984	7,316,700
Restricted for Debt Service	-	107,565	107,565
Unrestricted	846,347	545,437	1,391,784
<b>Total Net Position</b>	<b>\$ 3,705,063</b>	<b>\$ 5,110,986</b>	<b>\$ 8,816,049</b>

See Notes to Financial Statements.

**Town of Hudson, Colorado**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2018

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for Services	\$ 788,785	\$ 491,290	\$ 1,280,075
Other	<u>18,176</u>	<u>(153)</u>	<u>18,023</u>
 Total Operating Revenues	 <u>806,961</u>	 <u>491,137</u>	 <u>1,298,098</u>
<b>Operating Expenses</b>			
Operations and Maintenance	418,561	299,143	717,704
Administration	76,851	50,502	127,353
Water Acquisition	78,211	-	78,211
Depreciation	<u>175,548</u>	<u>231,648</u>	<u>407,196</u>
 Total Operating Expenses	 <u>749,171</u>	 <u>581,293</u>	 <u>1,330,464</u>
<b>Net Operating Income (Loss)</b>	 <u>57,790</u>	 <u>(90,156)</u>	 <u>(32,366)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment Income	5,738	976	6,714
Interest and Fiscal Charges	<u>(35,789)</u>	<u>(104,559)</u>	<u>(140,348)</u>
 Total Nonoperating Revenues (Expenses)	 <u>(30,051)</u>	 <u>(103,583)</u>	 <u>(133,634)</u>
<b>Net Income (Loss) Before Transfers</b>	 27,739	 (193,739)	 (166,000)
<b>Transfers</b>			
Transfers In	<u>534,322</u>	<u>-</u>	<u>534,322</u>
<b>Change in Net Position</b>	 562,061	 (193,739)	 368,322
<b>Net Position, <i>Beginning of year</i></b>	 <u>3,143,002</u>	 <u>5,304,725</u>	 <u>8,447,727</u>
<b>Net Position, <i>End of year</i></b>	 <u>\$ 3,705,063</u>	 <u>\$ 5,110,986</u>	 <u>\$ 8,816,049</u>

**Town of Hudson, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 771,375	\$ 489,541	\$ 1,260,916
Cash Received from Others	18,176	(153)	18,023
Cash Payments to Employees	(83,098)	(83,734)	(166,832)
Cash Payments to Vendors and Suppliers	<u>(463,384)</u>	<u>(259,883)</u>	<u>(723,267)</u>
Net Cash Provided by Operating Activities	<u>243,069</u>	<u>145,771</u>	<u>388,840</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Payments From Other Funds	534,322	-	534,322
Debt Principal Payments	(76,411)	(53,600)	(130,011)
Debt Interest and Fiscal Charges Paid	<u>(35,789)</u>	<u>(104,559)</u>	<u>(140,348)</u>
Net Cash Used in Capital and Related Financing Activities	<u>422,122</u>	<u>(158,159)</u>	<u>263,963</u>
<b>Cash Flows From Investing Activities</b>			
Interest Received	<u>5,738</u>	<u>976</u>	<u>6,714</u>
<b>Net Change in Cash and Cash Equivalents</b>	670,929	(11,412)	659,517
<b>Cash and Cash Equivalents, Beginning of year</b>	<u>180,237</u>	<u>680,074</u>	<u>860,311</u>
<b>Cash and Cash Equivalents, End of year</b>	<u>\$ 851,166</u>	<u>\$ 668,662</u>	<u>\$ 1,519,828</u>
<b>Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities</b>			
Net Operating Loss	\$ 57,790	\$ (90,156)	\$ (32,366)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided by Operating Activities			
Depreciation	175,548	231,648	407,196
Changes in Assets and Liabilities			
Accounts Receivable	(19,209)	(1,749)	(20,958)
Prepaid Expenses	2,951	2,917	5,868
Accounts Payable	22,310	1,417	23,727
Accrued Liabilities	2,277	1,643	3,920
Deposits	1,799	-	1,799
Compensated Absences Payable	<u>(397)</u>	<u>51</u>	<u>(346)</u>
Net Cash Provided by Operating Activities	<u>\$ 243,069</u>	<u>\$ 145,771</u>	<u>\$ 388,840</u>

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**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, 2018

**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, 2018

## 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, 2018

**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 V B 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, 2018

**Note 2: Cash and Investments**

A summary of cash and investments at December 31, 2018, follows:

Petty Cash	\$ 560
Cash Deposits	12,691,911
Investments	989,303
 Total	 \$ 13,681,774

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

Cash and Investments	\$ 13,329,209
Restricted Cash and Investments	352,565
 Total	 \$ 13,681,774

**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, 2018, the Town and the Library had bank deposits of \$10,197,284 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, 2018

**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, 2018, the Town had \$989,303 invested in the Colorado Local Government Liquid Asset Trust (Colotrust).

Colotrust - Colotrust is not a 2a-7-external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. This investment is valued using the NAV per share (or its equivalent) of the investments.

Colotrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and are registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools 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 the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by US Treasury securities and or US Instrumentalities. Colotrust is rated AAAM by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website [www.colotrust.com](http://www.colotrust.com).

**Restricted Cash and Investments**

At December 31, 2018, 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 \$107,565 are held in a separate account on behalf of the Wastewater Fund.

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 3: Capital Assets**

Capital asset activity for the year ended December 31, 2018, is summarized below.

<b>Governmental Activities</b>	<b>Balance 12/31/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/18</b>
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 140,396	\$ -	\$ -	\$ 140,396
Construction in Progress	-	-	-	-
<i>Total Capital Assets, Not Being Depreciated</i>	<u>140,396</u>	<u>-</u>	<u>-</u>	<u>140,396</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	633,502	-	-	633,502
Infrastructure	5,180,300	-	-	5,180,300
Buildings	8,054,552	-	-	8,054,552
Equipment	808,474	188,482	-	996,956
<i>Total Capital Assets, Being Depreciated</i>	<u>14,676,828</u>	<u>188,482</u>	<u>-</u>	<u>14,865,310</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(147,182)	(31,675)	-	(178,857)
Infrastructure	(917,298)	(129,508)	-	(1,046,806)
Buildings	(408,905)	(162,165)	-	(571,070)
Equipment	(421,297)	(68,395)	-	(489,692)
<i>Total Accumulated Depreciation</i>	<u>(1,894,682)</u>	<u>(391,743)</u>	<u>-</u>	<u>(2,286,425)</u>
<i>Capital Assets, Being Depreciated, net</i>	<u>12,782,146</u>	<u>(203,261)</u>	<u>-</u>	<u>12,578,885</u>
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 12,922,542</u>	<u>\$ (203,261)</u>	<u>\$ -</u>	<u>\$ 12,719,281</u>
<b>Business -Type Activities</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land and Water Rights	\$ 962,267	\$ -	\$ -	\$ 962,267
<i>Capital Assets, Being Depreciated:</i>				
Collection and Distribution Systems	16,292,807	-	-	16,292,807
Equipment	273,512	-	-	273,512
<i>Total Capital Assets, Being Depreciated</i>	<u>16,566,319</u>	<u>-</u>	<u>-</u>	<u>16,566,319</u>
<i>Less Accumulated Depreciation:</i>				
Collection and Distribution Systems	(5,246,585)	(393,785)	-	(5,640,370)
Equipment	(121,034)	(13,411)	-	(134,445)
<i>Total Accumulated Depreciation</i>	<u>(5,367,619)</u>	<u>(407,196)</u>	<u>-</u>	<u>(5,774,815)</u>
<i>Capital Assets, Being Depreciated</i>	<u>11,198,700</u>	<u>(407,196)</u>	<u>-</u>	<u>10,791,504</u>
<b>Business - Type Activities Capital Assets, net</b>	<u>\$ 12,160,967</u>	<u>\$ (407,196)</u>	<u>\$ -</u>	<u>\$ 11,753,771</u>

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 3: Capital Assets** (Continued)

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

Governmental Activities	
General Government	\$ 81,342
Public Safety	17,213
Public Works	186,803
Parks and Recreation	31,675
Library	<u>74,710</u>
 Total	 \$ <u>391,743</u>

**Note 4: Long-Term Debt**

**Governmental Activities**

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018:

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/18</u>	<u>Due Within</u> <u>One Year</u>
2016 Limited Tax Refunding Bonds	\$ 3,370,000	\$ -	\$ (120,000)	\$ 3,250,000	\$ 130,000
Bond Premium	149,028	-	(7,844)	141,184	-
2015 Street Sweeper Lease	72,411	-	(35,684)	36,727	36,727
Police Vehicle Lease	-	141,648	-	141,648	45,207
Compensated Absences	<u>13,505</u>	<u>5,521</u>	<u>(1,351)</u>	<u>17,675</u>	<u>1,768</u>
	<u>\$ 3,604,944</u>	<u>\$ 147,169</u>	<u>\$ (164,879)</u>	<u>\$ 3,587,234</u>	<u>\$ 213,702</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 2018 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, 2018, revenues of \$1,033,823 were available to pay annual debt service of \$222,250.

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 4: 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>
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	160,000	82,300	242,300
2024-2028	865,000	336,650	1,201,650
2029-2033	1,000,000	199,850	1,199,850
2034-2036	680,000	44,138	724,138
Total	<u>\$ 3,250,000</u>	<u>\$ 1,033,688</u>	<u>\$ 4,283,688</u>

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 \$20,242, have been capitalized under this lease.

During May 2018, the Town entered into a capital lease agreement to finance the purchase of a police vehicles. Principal and interest payments of \$51,411 are due annually, through May 16, 2021. Interest accrues at 4.38% per annum. Capital assets of \$141,648 net of accumulated depreciation of \$10,118, have been capitalized under this lease.

Capital lease payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Police Vehicle</u>	<u>Street Sweeper</u>	<u>Total</u>
2019	\$ 51,411	\$ 37,392	\$ 88,803
2020	51,411	-	51,411
2021	51,411	-	51,411
Total Minimum Lease Payments	<u>154,233</u>	<u>37,392</u>	<u>191,625</u>
Less: Interest Portion	<u>(12,585)</u>	<u>(665)</u>	<u>(13,250)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 141,648</u>	<u>\$ 36,727</u>	<u>\$ 178,375</u>

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 4: 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, 2018:

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
1995 GO Bonds	\$ 463,800	\$ -	\$ (17,200)	\$ 446,600	\$ 18,000
1996 CWCB Loan	759,380	-	(31,254)	728,126	31,879
2011 Revenue Bonds	3,257,277	-	(53,600)	3,203,677	55,357
2015 Water Meters Lease	86,625	-	(27,957)	58,668	28,865
Compensated Absences	3,515	5	(351)	3,169	317
Total	<u>\$ 4,570,597</u>	<u>\$ 5</u>	<u>\$ (130,362)</u>	<u>\$ 4,440,240</u>	<u>\$ 134,418</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, 2018, net revenues of \$239,076 were available to pay total debt service of the Water Fund of \$84,321. Interfund transfers of \$534,322 were made to assist the required debt service as scheduled. The remaining bond and loan debt service of the Water Fund at December 31, 2018, was \$1,526,342.

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, 2018, net revenues of \$142,468 were available to pay total debt service of \$159,030. Remaining debt service at December 31, 2018, was \$5,245,587.

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 4: Long-Term Debt** (Continued)

**Business-Type Activities** (Continued)

Annual debt service requirements for the outstanding bonds and loan at December 31, 2018, were as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	118,982	124,383	243,365
2024 - 2028	653,482	563,347	1,216,829
2029 - 2033	763,977	452,871	1,216,848
2034 - 2038	727,338	333,151	1,060,489
2039 - 2043	563,141	232,009	795,150
2044 - 2048	661,640	133,510	795,150
2049 - 2051	\$ 448,902	\$ 25,785	\$ 474,687
Total	<u>4,378,403</u>	<u>2,397,526</u>	<u>6,775,929</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 \$24,487, have been capitalized under this lease.

Capital lease payments to maturity are as follows:

<u>Year Ended December 31,</u>	
2019	\$ 30,772
2020	30,772
Total Minimum Lease Payments	<u>61,544</u>
Less: Interest Portion	<u>(2,876)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 58,668</u>

**Note 5: 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, 2018, the Property Tax Special Revenue Fund transferred \$534,322 to the Water Fund to service debt.

**Town of Hudson, Colorado**  
Notes to Financial Statements  
December 31, 2018

**Note 6: 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 7: 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, 2018, the Town contributed \$45,162 to the Plan, equal to the required contributions. All Plan assets are held by the Plan administrator, Great-West Financial.

**Note 8: 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, 2018

**Note 8: 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, 2018, 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, 2018, 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  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<i>Taxes</i>			
Property Taxes	\$ 496,112	\$ 493,235	\$ (2,877)
Specific Ownership Taxes	90,000	72,721	(17,279)
Sales and Use Taxes	264,500	366,980	102,480
Franchise Taxes	72,000	64,543	(7,457)
<b>Total Taxes</b>	<b>922,612</b>	<b>997,479</b>	<b>74,867</b>
<i>Licenses and Permits</i>			
Building Permits	70,255	91,541	21,286
Transportation Permits	12,000	13,230	1,230
Other Permits and Licenses	2,375	4,286	1,911
<b>Total Licenses and Permits</b>	<b>84,630</b>	<b>109,057</b>	<b>24,427</b>
<i>Contributions and Donations</i>			
	-	40	40
<i>Intergovernmental</i>			
Grants	-	-	-
Auto Registration Fees	13,000	14,011	1,011
Highway Users Taxes	88,221	107,782	19,561
Severance Taxes	13,000	20,579	7,579
Road and Bridge Fees	58,000	31,915	(26,085)
Cigarette Taxes	2,200	2,482	282
Mineral Lease	10,000	14,047	4,047
Other	-	2,294	2,294
<b>Total Intergovernmental</b>	<b>184,421</b>	<b>193,110</b>	<b>8,689</b>
<i>Charges for Services</i>			
Development Review Fees	15,000	8,421	(6,579)
Other Charges for Services	13,790	13,034	(756)
<b>Total Charges for Services</b>	<b>28,790</b>	<b>21,455</b>	<b>(7,335)</b>
<i>Court Fines and Forfeitures</i>			
	31,000	34,913	3,913
<i>Investment Income</i>			
	500	2,443	1,943
<i>Other</i>			
	12,000	7,696	(4,304)
<b>Total Revenues</b>	<b>\$ 1,263,953</b>	<b>\$ 1,366,193</b>	<b>\$ 102,240</b>

(Continued)

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2018  
 (Continued)

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Expenditures</b>			
Current			
General Government	\$ 1,026,761	\$ 744,859	\$ 281,902
Public Safety	514,078	645,575	(131,497)
Public Works	392,729	383,119	9,610
Parks and Recreation	210,754	169,529	41,225
Total Expenditures	2,144,322	1,943,082	201,240
<b>Excess of Revenues Over (Under) Expenditures</b>	(880,369)	(576,889)	303,480
<b>Other Financing Sources</b>			
Proceeds from Sale of Capital Assets	520,000	1,651	(518,349)
Gain on Sale of Land Held for Resale	-	-	-
Total Other Financing Sources	520,000	1,651	(518,349)
<b>Net Change in Fund Balance</b>	(360,369)	(575,238)	(214,869)
<b>Fund Balance, Beginning of year</b>	1,445,217	1,136,112	(309,105)
<b>Fund Balance, End of year</b>	\$ 1,084,848	\$ 560,874	\$ (523,974)

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Hudson Public Library Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Intergovernmental	\$ 1,724,405	\$ 1,880,371	\$ 155,966
Investment Income	1,300	21,899	20,599
Other	4,000	3,283	(717)
Total Revenues	<u>1,729,705</u>	<u>1,905,553</u>	<u>175,848</u>
<b>Expenditures</b>			
Library	914,007	460,493	453,514
Capital Outlay	240,000	-	240,000
Total Expenditures	<u>1,154,007</u>	<u>460,493</u>	<u>693,514</u>
<b>Net Change in Fund Balance</b>	575,698	1,445,060	869,362
<b>Fund Balance, <i>Beginning of year</i></b>	<u>6,798,265</u>	<u>6,770,116</u>	<u>(28,149)</u>
<b>Fund Balance, <i>End of year</i></b>	<u>\$ 7,373,963</u>	<u>\$ 8,215,176</u>	<u>\$ 841,213</u>

**Town of Hudson, Colorado**  
Notes to Required Supplementary Information  
December 31, 2018

**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, 2018**

	Sales Tax Capital Improvement	Capital Reserve	Conservation Trust	Park Impact Fee	Facilities Impact Fee	Street Impact Fee	Total
<b>Assets</b>							
Cash and Investments	\$ 556,870	\$ 977,964	\$ 97,670	\$ 4,264	\$ 35,670	\$ 148,344	\$ 1,820,782
Accounts Receivable	21,184	-	-	-	-	-	21,184
<b>Total Assets</b>	<u>\$ 578,054</u>	<u>\$ 977,964</u>	<u>\$ 97,670</u>	<u>\$ 4,264</u>	<u>\$ 35,670</u>	<u>\$ 148,344</u>	<u>\$ 1,841,966</u>
<b>Fund Balances</b>							
Restricted for:							
Capital Improvements	578,054	-	-	-	-	-	578,054
Parks	-	-	97,670	-	-	-	97,670
Committed to:							
Capital Improvements	-	977,964	-	4,264	35,670	148,344	1,166,242
<b>Total Fund Balances</b>	<u>\$ 578,054</u>	<u>\$ 977,964</u>	<u>\$ 97,670</u>	<u>\$ 4,264</u>	<u>\$ 35,670</u>	<u>\$ 148,344</u>	<u>\$ 1,841,966</u>

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

	Sales Tax Capital Improvement	Capital Reserve	Conservation Trust	Park Impact Fee	Facilities Impact Fee	Street Impact Fee	Total
<b>Revenues</b>							
Taxes	\$ 121,510	\$ 245,431	\$ -	\$ -	\$ -	\$ -	\$ 366,941
Intergovernmental	-	-	16,170	-	-	-	16,170
Charges for Services	-	-	-	1,685	22,183	61,262	85,130
Investment Income	-	7,478	1,019	-	-	-	8,497
<b>Total Revenues</b>	<u>121,510</u>	<u>252,909</u>	<u>17,189</u>	<u>1,685</u>	<u>22,183</u>	<u>61,262</u>	<u>476,738</u>
<b>Expenditures</b>							
Public Works	-	-	7,797	-	-	-	7,797
Capital Outlay	-	14,360	-	-	-	-	14,360
<b>Total Expenditures</b>	<u>-</u>	<u>14,360</u>	<u>7,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,157</u>
<b>Net Change in Fund Balances</b>	121,510	238,549	9,392	1,685	22,183	61,262	454,581
<b>Fund Balances,</b>							
<i>Beginning of year</i>	<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, End of year</b>	<u>\$ 578,054</u>	<u>\$ 977,964</u>	<u>\$ 97,670</u>	<u>\$ 4,264</u>	<u>\$ 35,670</u>	<u>\$ 148,344</u>	<u>\$ 1,841,966</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Property Tax Special Revenue Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Property Taxes	\$ 550,944	\$ 547,783	\$ (3,161)
Investment Income	160	-	(160)
	551,104	547,783	(3,321)
<b>Expenditures</b>			
General Government	5,544	5,878	(334)
Capital Outlay	25,000	-	25,000
	30,544	5,878	24,666
<b>Excess of Revenues Over (Under) Expenditures</b>	520,560	541,905	21,345
<b>Other Financing Sources (Uses)</b>			
Transfer Out	(534,322)	(534,322)	-
<b>Net Change in Fund Balance</b>	(13,762)	7,583	21,345
<b>Fund Balance, <i>Beginning of year</i></b>	401,612	475,193	73,581
<b>Fund Balance, <i>End of year</i></b>	\$ 387,850	\$ 482,776	\$ 94,926

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Paving Sales Tax Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Sales and Use Taxes	\$ 350,000	\$ 486,040	\$ 136,040
Investment Income	300	5,202	4,902
	350,300	491,242	140,942
<b>Expenditures</b>			
General Government	1,400	-	1,400
Capital Outlay	938,200	49,059	889,141
Debt Service			
Principal	155,684	155,708	(24)
Interest and Fiscal Charges	103,958	103,935	23
	1,199,242	308,702	890,540
<b>Net Change in Fund Balance</b>	(848,942)	182,540	1,031,482
<b>Fund Balance, <i>Beginning of year</i></b>	1,132,987	1,209,605	76,618
<b>Fund Balance, <i>End of year</i></b>	\$ 284,045	\$ 1,392,145	\$ 1,108,100

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Sales Tax Capital Improvement Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Sales Taxes	\$ 87,575	\$ 121,510	\$ 33,935
<b>Expenditures</b>			
Capital Outlay	108,000	-	108,000
<b>Net Change in Fund Balance</b>	(20,425)	121,510	(74,065)
<b>Fund Balance, <i>Beginning of year</i></b>	442,410	456,544	14,134
<b>Fund Balance, <i>End of year</i></b>	\$ 421,985	\$ 578,054	\$ (59,931)

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Capital Reserve Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Use Taxes	\$ 195,000	\$ 245,431	\$ 50,431
Investment Income	<u>2,000</u>	<u>7,478</u>	<u>5,478</u>
Total Revenues	<u>197,000</u>	<u>252,909</u>	<u>55,909</u>
<b>Expenditures</b>			
Capital Outlay	<u>137,100</u>	<u>14,360</u>	<u>122,740</u>
Total Expenditures	<u>137,100</u>	<u>14,360</u>	<u>122,740</u>
<b>Net Change in Fund Balance</b>	59,900	238,549	178,649
<b>Fund Balance, <i>Beginning of year</i></b>	<u>735,357</u>	<u>739,415</u>	<u>4,058</u>
<b>Fund Balance, <i>End of year</i></b>	<u><u>\$ 795,257</u></u>	<u><u>\$ 977,964</u></u>	<u><u>\$ 182,707</u></u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Conservation Trust Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Intergovernmental	\$ 15,000	\$ 16,170	\$ 1,170
Investment Income	300	1,019	719
	<u>15,300</u>	<u>17,189</u>	<u>1,889</u>
Total Revenues			
<b>Expenditures</b>			
Public Works	-	7,797	-
Capital Outlay	19,500	-	19,500
	<u>19,500</u>	<u>7,797</u>	<u>19,500</u>
Total Expenditures			
<b>Net Change in Fund Balance</b>	(4,200)	9,392	13,592
<b>Fund Balance, <i>Beginning of year</i></b>	<u>11,473</u>	<u>88,278</u>	<u>76,805</u>
<b>Fund Balance, <i>End of year</i></b>	<u>\$ 7,273</u>	<u>\$ 97,670</u>	<u>\$ 90,397</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Park Impact Fee Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Impact Fees	\$ 1,837	\$ 1,685	\$ (152)
Total Revenues	1,837	1,685	(152)
<b>Net Change in Fund Balance</b>	1,837	1,685	(152)
<b>Fund Balance, <i>Beginning of year</i></b>	2,279	2,579	300
<b>Fund Balance, <i>End of year</i></b>	\$ 4,116	\$ 4,264	\$ 148

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Facilities Impact Fee Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Impact Fees	\$ 12,493	\$ 22,183	\$ 9,690
Investment Income	-	-	-
Total Revenues	<u>12,493</u>	<u>22,183</u>	<u>9,690</u>
<b>Net Change in Fund Balance</b>	12,493	22,183	9,690
<b>Fund Balance, <i>Beginning of year</i></b>	<u>12,215</u>	<u>13,487</u>	<u>1,272</u>
<b>Fund Balance, <i>End of year</i></b>	<u>\$ 24,708</u>	<u>\$ 35,670</u>	<u>\$ 10,962</u>

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Street Impact Fee Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Impact Fees	\$ 132,356	\$ 61,262	\$ (71,094)
Investment Income	15	-	(15)
	132,371	61,262	(71,109)
<b>Expenditures</b>			
Capital Outlay	50,000	-	50,000
	50,000	-	50,000
<b>Net Change in Fund Balance</b>	82,371	61,262	(21,109)
<b>Fund Balance, <i>Beginning of year</i></b>	76,654	87,082	10,428
<b>Fund Balance, <i>End of year</i></b>	\$ 159,025	\$ 148,344	\$ (10,681)

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Water Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$ 556,320	\$ 788,785	\$ 232,465
Investment Income	1,000	5,738	4,738
Other	-	18,176	18,176
Capital Contributions	960,146	-	(960,146)
Transfers In	534,322	534,322	-
 Total Revenues	 <u>2,051,788</u>	 <u>1,347,021</u>	 <u>(704,767)</u>
<b>Expenditures</b>			
Operations and Maintenance	453,471	418,561	34,910
Administration	77,301	76,851	450
Water Acquisition	77,157	78,211	(1,054)
Capital Outlay	545,909	-	545,909
Debt Principal	76,411	74,118	2,293
Debt Interest and Fiscal Charges	38,683	35,789	2,894
Contingency	25,000	-	25,000
 Total Expenditures	 <u>1,293,932</u>	 <u>683,530</u>	 <u>610,402</u>
 <b>Change in Net Position, Budgetary Basis</b>	 <u>\$ 757,856</u>	 663,491	 <u>\$ (94,365)</u>
 Adjustments to GAAP Basis			
Depreciation		(175,548)	
Debt Principal		<u>74,118</u>	
 <b>Change in Net Position, GAAP Basis</b>		 <u>\$ 562,061</u>	

**Town of Hudson, Colorado**  
 Budgetary Comparison Schedule  
 Wastewater Fund  
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Charges for Services	\$ 505,860	\$ 491,290	\$ (14,570)
Investment Income	550	976	426
	<u>506,410</u>	<u>492,266</u>	<u>(14,144)</u>
<b>Expenditures</b>			
Operations and Maintenance	325,044	299,296	(25,748)
Administration	85,187	50,502	(34,685)
Capital Outlay	32,850	-	(32,850)
Debt Principal	53,600	53,600	-
Debt Interest and Fiscal Charges	105,430	104,559	(871)
Contingency	25,000	-	(25,000)
	<u>627,111</u>	<u>507,957</u>	<u>119,154</u>
<b>Change in Net Position, Budgetary Basis</b>	<u>\$ (120,701)</u>	<u>(15,691)</u>	<u>\$ 105,010</u>
Adjustments to GAAP Basis			
Depreciation		(231,648)	
Debt Principal		53,600	
<b>Change in Net Position, GAAP Basis</b>		<u>\$ (193,739)</u>	

## **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, 2018, 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 June 4, 2019.

**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  
June 4, 2019



## **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:	Town of Hudson
		YEAR ENDING :	December 2018
This Information From The Records Of Town of Hudson		Prepared By:	Lorraine Trotter, Prof'l Mgmt Solutions
		Phone:	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**

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	313,801
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	21,277
2. General fund appropriations		b. Snow and ice removal	15,229
3. Other local imposts (from page 2)	620,023	c. Other	
4. Miscellaneous local receipts (from page 2)	141,201	d. Total (a. through c.)	36,506
5. Transfers from toll facilities		4. General administration & miscellaneous	10,077
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	258,230
a. Bonds - Original Issues		6. Total (1 through 5)	618,614
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest & Costs of Issuance	102,250
7. Total (1 through 6)	761,224	b. Redemption	120,000
<b>B. Private Contributions</b>		c. Total (a. + b.)	222,250
<b>C. Receipts from State government</b> (from page 2)	117,032	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	1,708
<b>E. Total receipts (A.7 + B + C + D)</b>	878,256	b. Redemption	35,684
		c. Total (a. + b.)	37,392
		3. Total (1.c + 2.c)	259,642
		<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>	878,256

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	3,370,000	0	120,000	3,250,000
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	878,256	878,256	0	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	5,202
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	486,040	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	61,262	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	72,721	g. Other Misc. Receipts Co. Rd & Bridge	31,915
6. Total (1. through 5.)	620,023	h. Other General Sales Taxes	104,084
c. Total (a. + b.)	620,023	i. Total (a. through h.)	141,201
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	107,782	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	9,250	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,250	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	117,032	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
<b>Notes and Comments:</b>			