

**Town of Hugo, Colorado**

**Financial Statements**

**December 31, 2020**

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***rfarmer, llc***  
***a certified public accounting and consulting firm***

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*Independent Auditor's Report*

Honorable Mayor and Board of Trustees  
Hugo, CO 80821

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 Hugo (the "Town"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the basic financial statements.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*rfarmer, llc*

June 11, 2021

**Town of Hugo**  
**Statement of Net Position**  
**December 31, 2020**

|                                       | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|---------------------------------------|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                         |                                    |                                     |                     |
| Cash and Equivalents                  | \$ 616,759                         | \$ 618,774                          | \$ 1,235,533        |
| Investments                           | 301,507                            | 219,202                             | 520,709             |
| Receivables                           | 164,081                            | 122,367                             | 286,448             |
| Pension assets                        | 20,272                             | -                                   | 20,272              |
| Capital Assets                        |                                    |                                     |                     |
| Land and improvements                 | 2,007,001                          | 97,413                              | 2,104,414           |
| Construction in progress              | -                                  | 523,437                             | 523,437             |
| Buildings and equipment               | 1,111,594                          | 317,496                             | 1,429,090           |
| Distribution/collection system        | -                                  | 547,831                             | 547,831             |
| Less: Accumulated Depreciation        | (1,516,367)                        | (471,904)                           | (1,988,271)         |
| Total Capital Assets                  | <u>1,602,228</u>                   | <u>1,014,273</u>                    | <u>2,616,501</u>    |
| Deferred Outflows                     |                                    |                                     |                     |
| Pension                               | 5,986                              |                                     | 5,986               |
| Total Assets                          | <u>2,710,833</u>                   | <u>1,974,616</u>                    | <u>4,685,449</u>    |
| <b>LIABILITIES</b>                    |                                    |                                     |                     |
| Accounts payable and accrued expenses | 9,818                              | 4,985                               | 14,803              |
| Customer deposits                     | -                                  | 60,485                              | 60,485              |
| Long-term liabilities                 |                                    |                                     |                     |
| Due in more than one year             |                                    |                                     |                     |
| Loan                                  | -                                  | 47,501                              | 47,501              |
| Total liabilities                     | <u>9,818</u>                       | <u>112,971</u>                      | <u>122,789</u>      |
| Deferred In-Flows of Resources        |                                    |                                     |                     |
| Deferred property taxes               | 133,918                            | -                                   | 133,918             |
| Pension                               | 117                                |                                     | 117                 |
| Total deferred inflows                | <u>134,035</u>                     | <u>-</u>                            | <u>134,035</u>      |
| <b>NET POSITION</b>                   |                                    |                                     |                     |
| Net investment in capital assets      | 1,602,227                          | 1,014,273                           | 2,616,500           |
| Unrestricted                          | 964,753                            | 847,372                             | 1,812,125           |
| Total net position                    | <u>\$ 2,566,980</u>                | <u>\$ 1,861,645</u>                 | <u>\$ 4,428,625</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

| <u>Functions/Programs</u>                            | <u>Program Revenue</u> |                             |   |   | <u>Net (Expense) Revenue and Changes in Net Position</u> |                                 |                     |
|--|------------------------|-----------------------------|---|---|--|---------------------------------|---------------------|
|  | <u>Expenses</u>        | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u>                           | <u>Business-type Activities</u> | <u>Total</u>        |
| <b>Primary government</b>                            |                        |                             |   |   |  |                                 |                     |
| <b>Governmental activities:</b>                      |                        |                             |   |   |  |                                 |                     |
| General Government                                   | \$ 196,673             | \$ 17,963                   | \$ -                                      | \$ -                                    | \$ (178,710)   | \$ -                            | \$ (178,710)        |
| Public Safety  | 105,331                | 5,295                       | -   | 750                                     | (99,286)   | -                               | (99,286)            |
| Public Works   | 53,573                 | -                           | -   | -                                       | (53,573)   | -                               | (53,573)            |
| Health and welfare                                   | 84,714                 | -                           | -   | -                                       | (84,714)   | -                               | (84,714)            |
| Culture and Recreation                               | 88,763                 | 818                         | 72,296                                    | -                                       | (15,649)   | -                               | (15,649)            |
| Total governmental activities                        | <u>529,054</u>         | <u>24,076</u>               | <u>72,296</u>                             | <u>750</u>                              | <u>(431,932)</u>   | <u>-</u>                        | <u>(431,932)</u>    |
| <b>Business-type activities:</b>                     |                        |                             |   |   |  |                                 |                     |
| Water  | 177,462                | 228,844                     | 73,706                                    | -                                       | -  | 125,088                         | 125,088             |
| Sewer  | 86,577                 | 192,451                     | -   | -                                       | -  | 105,874                         | 105,874             |
| Solid Waste Disposal                                 | 98,179                 | 97,074                      | -   | -                                       | -  | (1,105)                         | (1,105)             |
| Street Light   | 14,374                 | 17,815                      | -   | -                                       | -  | 3,441                           | 3,441               |
| Total business-type activities                       | <u>376,592</u>         | <u>536,184</u>              | <u>73,706</u>                             | <u>-</u>                                | <u>-</u>   | <u>233,298</u>                  | <u>233,298</u>      |
| Total primary government                             | <u>\$ 905,646</u>      | <u>\$ 560,260</u>           | <u>\$ 146,002</u>                         | <u>\$ 750</u>                           | <u>(431,932)</u>   | <u>233,298</u>                  | <u>(198,634)</u>    |
| <b>General revenues:</b>                             |                        |                             |   |   |  |                                 |                     |
| <b>Taxes:</b>  |                        |                             |   |   |  |                                 |                     |
| Property taxes, levied for general purposes          |                        |                             |   |   | \$ 432,302   | \$ -                            | \$ 432,302          |
| Fines  |                        |                             |   |   | 72,805   | -                               | 72,805              |
| Unrestricted investment earnings                     |                        |                             |   |   | 216  | 961                             | 1,177               |
| Miscellaneous  |                        |                             |   |   | 81,029   | -                               | 81,029              |
| Transfers  |                        |                             |   |   | 9,000  | (9,000)                         | -                   |
| Total general revenues, special items, and transfers |                        |                             |   |   | <u>595,352</u>   | <u>(8,039)</u>                  | <u>587,313</u>      |
| Change in net position                               |                        |                             |   |   | 163,420  | 225,259                         | 388,679             |
| Net position - beginning                             |                        |                             |   |   | 2,403,560  | 1,636,386                       | 4,039,946           |
| Net position - ending                                |                        |                             |   |   | <u>\$ 2,566,980</u>                                      | <u>\$ 1,861,645</u>             | <u>\$ 4,428,625</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo  
Balance Sheet  
Governmental Funds  
December 31, 2020**

|                                     | <u>General</u>      | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-------------------------------------|---------------------|---|---|
| <b>ASSETS</b>                       |                     |   |   |
| Cash and cash equivalents           | \$ 547,786          | \$ 68,973                               | \$ 616,759                              |
| Investments                         | 301,507             | -                                       | 301,507                                 |
| Taxes receivable, net               | 133,918             | -                                       | 133,918                                 |
| Receivable from other governments   | 3,072               | -                                       | 3,072                                   |
| Other receivables                   | 27,091              | -                                       | 27,091                                  |
| Total assets                        | <u>1,013,374</u>    | <u>68,973</u>                           | <u>1,082,347</u>                        |
| <b>LIABILITIES AND FUND BALANCE</b> |                     |   |   |
| Liabilities:                        |                     |   |   |
| Accounts payable                    | <u>9,817</u>        | -                                       | <u>9,817</u>                            |
| Total liabilities                   | <u>9,817</u>        | -                                       | <u>9,817</u>                            |
| Deferred in-flows of resources      |                     |   |   |
| Deferred property taxes             | <u>133,918</u>      | -                                       | <u>133,918</u>                          |
| Total deferred in-flows             | <u>133,918</u>      | -                                       | <u>133,918</u>                          |
| Fund balance:                       |                     |   |   |
| Unassigned                          | 869,639             | -                                       | 869,639                                 |
| Assigned                            |                     |   |   |
| Special revenue funds               | <u>-</u>            | <u>68,973</u>                           | <u>68,973</u>                           |
| Total fund balance                  | <u>869,639</u>      | <u>68,973</u>                           | <u>938,612</u>                          |
| Total liabilities and fund balance  | <u>\$ 1,013,374</u> | <u>\$ 68,973</u>                        | <u>\$ 1,082,347</u>                     |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2020**

|  |                     |
|--|---------------------|
| Total fund balances, governmental funds  | \$ 938,612          |
| Amounts reported for governmental activities in the Statement of Net Position are different because:   |                     |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.  | 1,602,228           |
| Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.   | 26,258              |
| Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. | <u>(118)</u>        |
| Net Position of Governmental Activities in the Statement of Net Position   | <u>\$ 2,566,980</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2020**

|   | <u>General</u>    | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------|---|---|
| <b>REVENUES</b>                                   |                   |   |   |
| Property Taxes                                    | \$ 432,302        | \$ -                                    | \$ 432,302                              |
| Sales and miscellaneous taxes                     | -                 | 650                                     | 650                                     |
| Fees and fines                                    | 72,805            | 5,376                                   | 78,181                                  |
| Licenses and permits                              | 10,993            | -                                       | 10,993                                  |
| Intergovernmental                                 | 58,262            | 14,135                                  | 72,397                                  |
| Charges for services                              | 7,708             | -                                       | 7,708                                   |
| Investment earnings                               | 164               | 51                                      | 215                                     |
| Miscellaneous                                     | 81,029            | -                                       | 81,029                                  |
| Total revenues                                    | <u>663,263</u>    | <u>20,212</u>                           | <u>683,475</u>                          |
| <b>EXPENDITURES</b>                               |                   |   |   |
| Current:  |                   |   |   |
| General government                                | 147,308           | -                                       | 147,308                                 |
| Public Safety                                     | 108,135           | 687                                     | 108,822                                 |
| Public Works                                      | 53,573            | -                                       | 53,573                                  |
| Health and sanitation and Human Services          | 76,813            | -                                       | 76,813                                  |
| Culture and recreation                            | 56,493            | 30,869                                  | 87,362                                  |
| Capital Outlay                                    | 223,358           | 5,147                                   | 228,505                                 |
| Total Expenditures                                | <u>665,680</u>    | <u>36,703</u>                           | <u>702,383</u>                          |
| Excess (deficiency) of revenues over expenditures | <u>(2,417)</u>    | <u>(16,491)</u>                         | <u>(18,908)</u>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                   |   |   |
| Transfers in                                      | 9,000             | 17,500                                  | 26,500                                  |
| Transfers out                                     | (17,500)          | -                                       | (17,500)                                |
| Total other financing sources and uses            | <u>(8,500)</u>    | <u>17,500</u>                           | <u>9,000</u>                            |
| Net change in fund balance                        | (10,917)          | 1,009                                   | (9,908)                                 |
| Fund balance - beginning                          | 880,556           | 67,964                                  | 948,520                                 |
| Fund balance - ending                             | <u>\$ 869,639</u> | <u>\$ 68,973</u>                        | <u>\$ 938,612</u>                       |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended December 31, 2020**

Net change in fund balances - total governmental funds: \$ (9,908)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays of \$228,505 is more than depreciation of \$81,316 in the current period. 147,189

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

FPPA pension income 26,141

Rounding (2)

Change in net positions of governmental activities \$ 163,420

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo  
Statement of Net Position  
Proprietary Funds  
December 31, 2020**

|                                  | <b>Enterprise Funds</b>  |                          |                                 |                         | <b>Total</b>               |
|----------------------------------|--------------------------|--------------------------|---------------------------------|-------------------------|----------------------------|
|                                  | <b>Water Fund</b>        | <b>Sewer Fund</b>        | <b>Solid Waste<br/>Disposal</b> | <b>Street Light</b>     |                            |
| <b>ASSETS</b>                    |                          |                          |                                 |                         |                            |
| Current assets:                  |                          |                          |                                 |                         |                            |
| Cash and cash equivalents        | \$ 293,762               | \$ 229,248               | \$ 52,485                       | \$ 43,277               | \$ 618,772                 |
| Investments                      | 147,895                  | 71,307                   | -                               | -                       | 219,202                    |
| Accounts Receivable, net         | 47,005                   | 47,380                   | 23,541                          | 4,441                   | 122,367                    |
| Total current assets             | <u>488,662</u>           | <u>347,935</u>           | <u>76,026</u>                   | <u>47,718</u>           | <u>960,341</u>             |
| Non-current assets:              |                          |                          |                                 |                         |                            |
| Capital Assets:                  |                          |                          |                                 |                         |                            |
| Land                             | 17,969                   | 79,444                   | -                               | -                       | 97,413                     |
| Construction in Progress         | 175,830                  | 347,607                  | -                               | -                       | 523,437                    |
| Buildings and equipment          | 132,493                  | 9,550                    | 175,453                         | -                       | 317,496                    |
| Distribution/collection system   | 385,764                  | 152,130                  | -                               | 9,937                   | 547,831                    |
| Less Accumulated depreciation    | (319,690)                | (89,564)                 | (61,096)                        | (1,554)                 | (471,904)                  |
| Total non-current assets         | <u>392,366</u>           | <u>499,167</u>           | <u>114,357</u>                  | <u>8,383</u>            | <u>1,014,273</u>           |
| Total assets                     | <u><u>881,028</u></u>    | <u><u>847,102</u></u>    | <u><u>190,383</u></u>           | <u><u>56,101</u></u>    | <u><u>1,974,614</u></u>    |
| <b>LIABILITIES</b>               |                          |                          |                                 |                         |                            |
| Current Liabilities:             |                          |                          |                                 |                         |                            |
| Accounts payable                 | 1,750                    | 740                      | 1,349                           | 1,146                   | 4,985                      |
| Customer deposits                | 60,485                   | -                        | -                               | -                       | 60,485                     |
| Total current liabilities        | <u>62,235</u>            | <u>740</u>               | <u>1,349</u>                    | <u>1,146</u>            | <u>65,470</u>              |
| Non-current liabilities:         |                          |                          |                                 |                         |                            |
| Bonds, notes and loans payable   | -                        | 47,501                   | -                               | -                       | 47,501                     |
| Total non-current liabilities    | <u>-</u>                 | <u>47,501</u>            | <u>-</u>                        | <u>-</u>                | <u>47,501</u>              |
| Total liabilities                | <u>62,235</u>            | <u>48,241</u>            | <u>1,349</u>                    | <u>1,146</u>            | <u>112,971</u>             |
| <b>NET POSITION</b>              |                          |                          |                                 |                         |                            |
| Net investment in capital assets | 392,366                  | 451,666                  | 114,357                         | 8,383                   | 966,772                    |
| Unrestricted                     | 426,427                  | 347,195                  | 74,677                          | 46,572                  | 894,871                    |
| Total net position               | <u><u>\$ 818,793</u></u> | <u><u>\$ 798,861</u></u> | <u><u>\$ 189,034</u></u>        | <u><u>\$ 54,955</u></u> | <u><u>\$ 1,861,643</u></u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2020**

|   | <b>Enterprise Funds</b> |                   |                                 |                     | <b>Total</b>        |
|---|-------------------------|-------------------|---------------------------------|---------------------|---------------------|
|   | <b>Water Fund</b>       | <b>Sewer Fund</b> | <b>Solid Waste<br/>Disposal</b> | <b>Street Light</b> |                     |
| <b>OPERATING REVENUES</b>                               |                         |                   |                                 |                     |                     |
| Charges for services                                    | \$ 225,638              | \$ 192,451        | \$ 97,074                       | \$ 17,815           | \$ 532,978          |
| Miscellaneous revenue                                   | 3,206                   | -                 | -                               | -                   | 3,206               |
| <b>Total operating revenues</b>                         | <b>228,844</b>          | <b>192,451</b>    | <b>97,074</b>                   | <b>17,815</b>       | <b>536,184</b>      |
| <b>OPERATING EXPENSES</b>                               |                         |                   |                                 |                     |                     |
| Personal services                                       | 120,021                 | 57,281            | 63,948                          | -                   | 241,250             |
| Fuel, power, and utilities                              | 11,092                  | 3,241             | 1,663                           | 13,976              | 29,972              |
| Repairs and maintenance                                 | 20,819                  | -                 | -                               | -                   | 20,819              |
| Other supplies and expenses                             | 2,462                   | 21,987            | 13,619                          | -                   | 38,068              |
| Insurance claims and expenses                           | 3,800                   | -                 | -                               | -                   | 3,800               |
| Audit and publication                                   | 3,600                   | -                 | -                               | -                   | 3,600               |
| Miscellaneous expenses                                  | 1,010                   | 98                | 11,505                          | -                   | 12,613              |
| Depreciation  | 14,659                  | 3,971             | 7,443                           | 398                 | 26,471              |
| <b>Total Operating Expenses</b>                         | <b>177,463</b>          | <b>86,578</b>     | <b>98,178</b>                   | <b>14,374</b>       | <b>376,593</b>      |
| <b>Operating income (loss)</b>                          | <b>51,381</b>           | <b>105,873</b>    | <b>(1,104)</b>                  | <b>3,441</b>        | <b>159,591</b>      |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                |                         |                   |                                 |                     |                     |
| Interest and investment revenue                         | -                       | 461               | 500                             | -                   | 961                 |
| Grants  | 73,706                  | -                 | -                               | -                   | 73,706              |
| <b>Total non-operating revenue (expenses)</b>           | <b>73,706</b>           | <b>461</b>        | <b>500</b>                      | <b>-</b>            | <b>74,667</b>       |
| <b>Income (loss) before contributions and transfers</b> | <b>125,087</b>          | <b>106,334</b>    | <b>(604)</b>                    | <b>3,441</b>        | <b>234,258</b>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                         |                   |                                 |                     |                     |
| Transfers out   | (5,000)                 | (2,000)           | (2,000)                         | -                   | (9,000)             |
| <b>Change in net position</b>                           | <b>120,087</b>          | <b>104,334</b>    | <b>(2,604)</b>                  | <b>3,441</b>        | <b>225,258</b>      |
| <b>Total net position - beginning</b>                   | <b>698,706</b>          | <b>694,527</b>    | <b>191,638</b>                  | <b>51,514</b>       | <b>1,636,385</b>    |
| <b>Total net position - ending</b>                      | <b>\$ 818,793</b>       | <b>\$ 798,861</b> | <b>\$ 189,034</b>               | <b>\$ 54,955</b>    | <b>\$ 1,861,643</b> |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo**  
**Statement of Cash Flows**  
**Proprietary Fund Types**  
**for the year ended December 31, 2020**

| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                    | <u>Water</u>      | <u>Sewer</u>      | <u>Solid Waste<br/>Disposal</u> | <u>Street Light</u> | <u>Total</u>      |
|---|-------------------|-------------------|---------------------------------|---------------------|-------------------|
| Cash Received from Charges for Services   | \$ 222,307        | \$ 191,611        | \$ 96,675                       | \$ 17,737           | \$ 528,330        |
| Cash Received from Miscellaneous Sources  | 3,206             | -                 | -                               | -                   | 3,206             |
| Cash Payments to Suppliers for Goods & Services                                 | (41,758)          | (24,823)          | (26,418)                        | (13,999)            | (106,998)         |
| Cash Payments for Salaries & Benefits   | (120,021)         | (57,281)          | (63,948)                        | -                   | (241,250)         |
| <b>NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b>                     | <u>63,734</u>     | <u>109,507</u>    | <u>6,309</u>                    | <u>3,738</u>        | <u>183,288</u>    |
| <br>  |                   |                   |                                 |                     |                   |
| <b>CASH FLOWS FROM CAPITAL &amp; RELATED<br/>FINANCING ACTIVITIES:</b>          |                   |                   |                                 |                     |                   |
| Purchase (maturity) of Investments  | -                 | -                 | 97,088                          | -                   | 97,088            |
| Purchase of Fixed Assets  | (92,133)          | (96,230)          | (121,800)                       | (1,932)             | (312,095)         |
| Proceeds from Capital Grant   | 73,706            | -                 | -                               | -                   | 73,706            |
| Increase in Construction Loan   | -                 | 47,501            | -                               | -                   | 47,501            |
| Increase (Decrease) in Customer Deposits  | 220               | -                 | -                               | -                   | 220               |
| <b>NET CASH PROVIDED (USED) BY CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b> | <u>(18,207)</u>   | <u>(48,729)</u>   | <u>(24,712)</u>                 | <u>(1,932)</u>      | <u>(93,580)</u>   |
| <br>  |                   |                   |                                 |                     |                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                    |                   |                   |                                 |                     |                   |
| Transfer of Cash  | (5,000)           | (2,000)           | (2,000)                         | -                   | (9,000)           |
| Interest Received on Investment   | -                 | 462               | 500                             | -                   | 962               |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>                                | <u>(5,000)</u>    | <u>(1,538)</u>    | <u>(1,500)</u>                  | <u>-</u>            | <u>(8,038)</u>    |
| <b>NET INCREASE (DECREASE) IN<br/>CASH &amp; CASH EQUIVALENTS</b>               | 40,527            | 59,240            | (19,903)                        | 1,806               | 81,670            |
| <br>  |                   |                   |                                 |                     |                   |
| <b>Cash &amp; Cash Equivalents:</b>   |                   |                   |                                 |                     |                   |
| Beginning of Year   | <u>253,235</u>    | <u>170,008</u>    | <u>72,388</u>                   | <u>41,471</u>       | <u>537,102</u>    |
| End of Year   | <u>\$ 293,762</u> | <u>\$ 229,248</u> | <u>\$ 52,485</u>                | <u>\$ 43,277</u>    | <u>\$ 618,772</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

Town of Hugo  
Statement of Cash Flows  
Proprietary Fund Types  
for the year ended December 31, 2020  
(continued)

RECONCILIATION OF OPERATING

| INCOME TO NET CASH<br>PROVIDED BY OPERATING ACTIVITIES:     | <u>Water</u>      | <u>Sewer</u>      | <u>Solid Waste<br/>Disposal</u> | <u>Street Light</u> | <u>Total</u>      |
|---|-------------------|-------------------|---------------------------------|---------------------|-------------------|
| Operating Income (Loss)                                     | \$ 51,381         | \$ 105,873        | \$ (1,104)                      | \$ 3,441            | \$ 159,591        |
| Adjustments to Reconcile Operating Income                   |                   |                   |                                 |                     |                   |
| To Net Cash Provided by Operating Activities:               |                   |                   |                                 |                     |                   |
| Depreciation  | 14,659            | 3,971             | 7,443                           | 398                 | 26,471            |
| Change in Assets and Liabilities:                           |                   |                   |                                 |                     |                   |
| (Increase) Decrease in Accounts Receivables:                | (3,331)           | (840)             | (399)                           | (78)                | (4,648)           |
| Increase (Decrease) in Accounts Payable                     | 1,025             | 503               | 369                             | (23)                | 1,874             |
| <b>NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</b> | <u>\$ 63,734</u>  | <u>\$ 109,507</u> | <u>\$ 6,309</u>                 | <u>\$ 3,738</u>     | <u>\$ 183,288</u> |
| Analysis of cash:   |                   |                   |                                 |                     |                   |
| Cash on hand and in banks                                   | <u>293,762</u>    | <u>229,248</u>    | <u>52,485</u>                   | <u>43,277</u>       | <u>618,772</u>    |
| <b>TOTAL</b>  | <u>\$ 293,762</u> | <u>\$ 229,248</u> | <u>\$ 52,485</u>                | <u>\$ 43,277</u>    | <u>\$ 618,772</u> |

The accompanying notes to financial statements  
are an integral part of these statements.

**Town of Hugo, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2020**

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

The Town of Hugo, Colorado (the “Town”) is a statutory town, incorporated in 1909 and organized under the laws of the State of Colorado. The legislative and corporate authority of the Town is vested in a board of trustees, consisting of one elected mayor and six elected trustees. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s policies are described below.

Financial Reporting Entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and the significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The reporting entity’s financial statements should present the fund types and account groups of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization, or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

The Town of Hugo, Colorado has examined other entities and there are no other entities that should be included as defined in numbers two and three above.

There is a housing authority within the Town of Hugo, Colorado. The housing authority operates as an independent entity and does not meet the criteria to be a component unit.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the Town as a whole excluding fiduciary activity such as volunteer pension plans. Individual funds are not displayed but the statements distinguish governmental activities supported by taxes and Town general revenues from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of

similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; and (2) operating grants and contributions which finance annual operating activities. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported instead as general revenues.

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

Separate financial statements are provided for governmental, proprietary and fiduciary funds. Individual governmental and enterprise funds are reported in separate columns in the fund financial statements.

The government-wide financial statements use the *economic resources measurement focus* and the *accrual basis of accounting*, as do the proprietary fund financial statements; including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is followed for the governmental funds. Under this method, expenditures, other than interest on long-term debt, are recorded when incurred, and revenues are recognized in the accounting period in which they are received, unless susceptible to accrual, i.e., measurable and available to finance the Town's operations. Significant revenue sources include property taxes, specific ownership taxes, franchise taxes, sales taxes, vehicle registration fees, highway user taxes, county road and bridge taxes, and charges for services. Revenue sources susceptible to accrual include property taxes, specific ownership taxes, franchise taxes, vehicle registration fees, highway user taxes and charges for services.

The accrual basis is followed for the proprietary funds. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures.

The Town reposts the following fund types and other financial statements:

#### Governmental Funds

The Town reports the following governmental funds:

General Fund – to account for all financial resources except those required to be accounted for in another fund.

Non-major Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Conservation Trust Fund, Library Fund and Law Enforcement Assistance Fund are classified as Special Revenue Funds.

#### Proprietary Funds

Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Water Fund, Sewer Fund, Solid Waste Disposal Fund and Street Light Fund are classified as Enterprise Funds.

#### Budgets and Encumbrances

A proposed budget for the succeeding year is submitted to the Board of Trustees by October 15. The Trustees adopt the budget, enact a resolution to appropriate funds for the ensuing fiscal year, and certify the mill levy to the Board of County Commissioners. Budgets are generally prepared on the same basis as that used for accounting purposes except that the budgets for the proprietary funds are prepared using the modified accrual basis of accounting and include amounts for capital expenditures and debt. The Conservation Trust Fund overspent its budget, which may be a violation of Colorado Revised Statutes.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town

#### Property Taxes

By October, the County Assessor certifies to the Town the total valuation for assessment within the Town's territorial limits. Annual property taxes are levied in December based on the Town's assessed valuation and mill levies. In January of the following year, the County Treasurer bills the property owners thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis. Property owners may pay their taxes in full by April 30 or they may pay in two installments due February 28 and June 15.

The Town recognizes a receivable for the property tax levies upon adoption of the budget. A deferred revenue, classified as deferred inflows of resources, is recorded in the same amount since the taxes are not available at year-end to fund expenditures of the current year.

#### Accounts Receivable

The Town uses the direct write-off method of accounting for uncollectible accounts receivable.

### Compensated Absences

The Town does not provide for any compensated absence pay other than vacation for the current year. Such amounts would not be material; no accrual is deemed necessary.

### Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category – deferred revenues from property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. See Property Taxes Above.

### Capital Assets

The Town's policy is to capitalize and inventory annually all purchases of long-lived assets. Street construction expenditures and other infrastructure assets, such as curb and gutter and sidewalks, are included in governmental activities capital assets as and improvements. Maintenance, repairs, and minor renewals are charged as expenditures when incurred. Major additions and betterments are capitalized.

### Fund Balances

The Town reflects fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires that all fund balance amounts be properly reported within one of the following fund balance categories:

1. *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, and long-term loans and notes receivable.
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes as stipulated by external resource providers or by law through constitution provisions or enabling legislation.
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes as determined by Town Board ordinance. An ordinance is required to establish, rescind, or modify a fund balance commitment.
4. *Assigned* fund balance classifications are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. As of December 31, 2019, the nonmajor special revenue fund balances are classified as assigned.
5. *Unassigned* fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications.

The Town does not have an accounting policy regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available and by default have determined committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

#### Single Audit

The Town is not required to have an audit performed under the requirements of the Single Audit Act. Federal grants received and expended did not exceed \$750,000.

#### Statement of Cash Flows

For purposes of the statement of cash flows, all of the Enterprise Funds checking and savings accounts are considered cash equivalents.

### **Note 2      Deposits and Investments**

The State of Colorado Public Deposit Protection Act (PDPA) provides protection for public monies on deposit in state and national banks in Colorado above and beyond that provided by the Federal Deposit Insurance Corporation. The Act requires all eligible public depositories to maintain a specified amount of eligible collateral as security for public deposits held. Alternatively, a public depository may elect to secure public deposits held by pledging eligible collateral having a market value equal to or greater than the aggregate of public deposits not insured by the Federal Deposit Insurance Corporation. As of December 31, 2020, the Town's cash deposits had a book balance as follows:

|  |                     |
|--|---------------------|
| Deposits covered by federal insurance              | \$ 250,000          |
| Deposits covered by collateral required by the Act | 985,533             |
|  | <u>\$ 1,235,533</u> |

### **Note 3      Capital Assets**

Governmental activities capital asset purchases are recorded as capital outlay expenditures in the various funds, and as an asset in the Statement of Net Position. Amounts included in capital assets represent a mixture of cost and estimated cost.

Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets, ranging from three to forty years.

Business-type activities' land, buildings, equipment, distribution and collection systems are stated at cost or estimated cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets. The useful lives of the buildings, distribution system and equipment are generally thirty years, fifty years and ten years, respectively.

Capital asset activity for the year ended December 31, 2020 was as follows:

|  | <b>Balance<br/>Jan 1, 2020</b> | <b>Additions</b>  | <b>Retirements</b> | <b>Balance<br/>Dec 31, 2020</b> |
|--|--------------------------------|-------------------|--------------------|---------------------------------|
| <b>Governmental Activities:</b>                |                                |                   |                    |                                 |
| Land and Improvements                          | \$ 1,800,260                   | \$ 206,741        | \$ -               | \$ 2,007,001                    |
| Buildings                                      | 301,828                        | -                 | -                  | 301,828                         |
| Service Vehicles                               | 282,496                        | 9,400             | -                  | 291,896                         |
| Equipment                                      | 505,506                        | 12,364            | -                  | 517,870                         |
|  | <u>2,890,090</u>               | <u>228,505</u>    | <u>-</u>           | <u>3,118,595</u>                |
| Less Accumulated Depreciation                  |                                |                   |                    |                                 |
| Improvements                                   | (508,897)                      | (60,540)          | -                  | (569,437)                       |
| Buildings                                      | (231,238)                      | (1,874)           | -                  | (233,112)                       |
| Service Vehicles                               | (254,550)                      | (408)             | -                  | (254,958)                       |
| Equipment                                      | (440,366)                      | (18,494)          | -                  | (458,860)                       |
|  | <u>(1,435,051)</u>             | <u>(81,316)</u>   | <u>-</u>           | <u>(1,516,367)</u>              |
| Net Governmental Activities<br>Capital Assets  | <u>\$ 1,455,039</u>            | <u>\$ 147,189</u> | <u>\$ -</u>        | <u>\$ 1,602,228</u>             |
| <br>   |                                |                   |                    |                                 |
|  | <b>Balance<br/>Jan 1, 2020</b> | <b>Additions</b>  | <b>Retirements</b> | <b>Balance<br/>Dec 31, 2020</b> |
| <b>Business-Type Activities:</b>               |                                |                   |                    |                                 |
| Land   | \$ 97,413                      | \$ -              | \$ -               | \$ 97,413                       |
| Buildings and Equipment                        | 195,696                        | 121,800           | -                  | 317,496                         |
| Distribution/Collection System                 | 545,899                        | 1,932             | -                  | 547,831                         |
|  | <u>839,008</u>                 | <u>123,732</u>    | <u>-</u>           | <u>962,740</u>                  |
| Less Accumulated Depreciation                  |                                |                   |                    |                                 |
| Buildings and Equipment                        | (138,571)                      | (22,102)          | -                  | (160,673)                       |
| Distribution/Collection System                 | (306,862)                      | (4,369)           | -                  | (311,231)                       |
|  | <u>(445,433)</u>               | <u>(26,471)</u>   | <u>-</u>           | <u>(471,904)</u>                |
| Net Business-Type Activities<br>Capital Assets | <u>\$ 393,575</u>              | <u>\$ 97,261</u>  | <u>\$ -</u>        | <u>\$ 490,836</u>               |

The Town has \$523,437 of construction in progress.

**Note 4 Interfund Transfers**

| <u>Fund</u>     | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------|--------------------|---------------------|
| General         | \$ 5,000 (a)       | \$ 17,500 (b)       |
|                 | 2,000 (c)          |                     |
|                 | 2,000 (d)          |                     |
| Total General   | <u>9,000</u>       | <u>17,500</u>       |
| Water           |                    | 5,000 (a)           |
| Library         | 17,500 (b)         |                     |
| Sewer           |                    | 2,000 (c)           |
| Trash           |                    | 2,000 (d)           |
| Firemen Pension |                    |                     |
| Total All Funds | <u>\$ 26,500</u>   | <u>\$ 26,500</u>    |

**Note 5**

**Pension Plans**

*Defined Benefit Contribution Plan*

The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member

contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014-member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which the contributions are due.

Employer contributions received and processed within the year ended December 31, 2019 are used as the basis for reporting within the Schedule of Employer Contributions. As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2019 Comprehensive Annual Financial Report (CAFR), employer contributions to the SWDB plan were \$58,608,381 compared to total employer contributions of \$58,962,621 on the Schedule of Employer Contributions. Significant adjustments of approximately \$0.4 million were made to the

total employer contributions to annualize departments that joined the plan during the year. Additional adjustments were made to reduce employer contributions to zero for departments that had no remaining members at year end and for known significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represents total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

The collective total pension liability as of December 31, 2019 is based upon the January 1, 2020 actuarial valuation. The actuarially determined contributions as of December 31, 2019 are based upon the January 1, 2019 actuarial valuation.

The components of the calculation of the net pension liability/(asset) of the SWDB plan for participating departments as of December 31, 2019 are shown in the following table:

|   | <b>Measurement Date<br/>December 31, 2019</b> | <b>Town of<br/>Hugo</b> |
|---|---|-------------------------|
| Total Pension Liability (A)   | \$ 2,919,378,738                              | \$ 309,162              |
| Plan Fiduciary Net Position (B)   | 2,975,935,079                                 | 315,151                 |
| Employer's Net Pension Liability/(Asset) (A-B)                                      | (56,556,341)                                  | (5,989)                 |
| Plan Fiduciary Net Position as a Percentage of<br>the Total Pension Liability (B/A) | 101.9%  | 101.9%                  |

The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumption and other inputs:

|                                      | <b>Total Pension<br/>Liability</b> | <b>Actuarial Determined<br/>Contributions</b> |
|--------------------------------------|------------------------------------|---|
| Actuarial Valuation Date             | January 1, 2019                    | January 1, 2019                               |
| Actuarial Method                     | Entry Age Normal                   | Entry Age Normal                              |
| Amortization Method                  | N/A                                | Level % of Payroll, Open                      |
| Amortization Period                  | N/A                                | 30 Years                                      |
| Long-Term Investment Rate of Return* | 7.0%                               | 7.0%  |
| Projected Salary Increases*          | 4.25% - 11.25%                     | 4.25% - 11.25%                                |
| Cost of Living Adjustments (COLA)    | 0%                                 | 0%  |
| * Includes Inflation at              | 2.5%                               | 2.5%  |

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2019 are summarized in the following table:

| <b>Asset Class</b> | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--------------------|--------------------------|---|
| Global Equity      | 38%                      | 7.00%   |
| Equity Long/Short  | 8%                       | 6.00%   |
| Private Markets    | 25%                      | 9.20%   |
| Fixed Income       | 15%                      | 5.20%   |
| Absolute Return    | 8%                       | 5.50%   |
| Managed Futures    | 4%                       | 5.00%   |
| Cash               | 2%                       | 2.52%   |
| <b>Total</b>       | <b>100%</b>              |   |

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.75 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| <b>1% Decrease<br/>6.00%</b> | <b>Single Discount<br/>Rate Assumption<br/>7.00%</b> | <b>1% Increase<br/>8.00%</b> |
|------------------------------|--|------------------------------|
| \$ 36,319                    | \$ (5,986)   | \$ (41,080)                  |

The following tables present the SWDB collective deferral reconciliations showing beginning deferrals as of December 31, 2018 adding the current year collective deferrals and adjusting for the current year amortization of deferrals to arrive at the ending December 31, 2019 collective deferral amounts:

| <b>Deferred Outflows of Resources</b>                                  |  |                                   |  |
|--|--|-----------------------------------|--|
|  | <b>Difference Between<br/>Actual and Expected<br/>Experience</b> | <b>Changes in<br/>Assumptions</b> | <b>Net Difference Between<br/>Projected and Actual<br/>Investment Earnings</b> |
| Beginning Deferral Amounts as of Measurement Date, December 31, 2018   | \$ 17,206  | \$ 12,968                         | \$ -   |
| Deferral Amounts Added   | 58,839   | -                                 | -  |
| Total Amortization Amounts Recognized in Pension Expense               | (2,815)  | (1,594)                           | -  |
| Outstanding Deferral Amounts as of Measurement Date, December 31, 2019 | \$ 73,230  | \$ 11,374                         | \$ -   |

| <b>Deferred Inflows of Resources</b>                                   |  |                               |  |
|--|--|-------------------------------|--|
|  | <b>Difference Between Actual and Expected Experience</b> | <b>Changes in Assumptions</b> | <b>Net Difference Between Projected and Actual Investment Earnings</b> |
| Beginning Deferral Amounts as of Measurement Date, December 31, 2018   | \$ 143   | \$ -                          | \$ (10,534)  |
| Deferral Amounts Added   | -  | -                             | 20,032   |
| Total Amortization Amounts Recognized in Pension Expense               | (26)   | -                             | (82)   |
| Outstanding Deferral Amounts as of Measurement Date, December 31, 2019 | \$ 117   | \$ -                          | \$ 9,416   |

The following table presents the SWDB plan net amount of collective deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

| <b>For the Plan Year Ended December 31,</b> | <b>Amounts Recognized in Collective Pension Expense</b> |
|---|---|
| 2020  | \$ 2,103  |
| 2021  | 1,287   |
| 2022  | 4,351   |
| 2023  | 377   |
| 2024  | 4,395   |
| Thereafter                                  | \$ 9,598  |

The average of the expected remaining service lives of all members in the plan, including active and inactive members, is 9.5881 years determined as of the beginning of the December 31, 2019 measurement period.

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Liability or the Collective Pension Expense as of the December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact of the benefit adjustment is approximately \$53 million.

#### *Defined Contribution Retirement Plan*

The Town contributes to a defined contribution retirement plan that operates under Section 401(a) of the Internal Revenue Code (Colorado County Officials and Employees Retirement Association Town of Hugo Retirement Plan and Trust). The plan is administered by the Colorado County Officials and Employees Retirement Association. Participation begins after three months of full-time service with the Town. Permanent full-time employees make mandatory pre-tax contributions to the plan and the Town

matches those contributions at 3 percent of each eligible employee's compensation, up to applicable Internal Revenue Code limits. All employee contributions are immediately vested, and Town contributions vest over a four-year period (25 percent per year). Non-vested Town contributions are forfeited upon termination of employment. Such forfeitures are used to offset a portion of the Town's future contributions.

**Note 6 Long-Term Debt**

The Town is in the process of starting a sewer improvement project. Long-term financing will be provided by United States Department of Agriculture-Rural Development (USDA-RD) through a loan and a grant. Final amounts of each have not yet been determined. To finance the construction, the Town has a construction loan agreement with a bank. Advances will be made as needed to pay the construction costs. During the construction phase interest only will be paid monthly. The rate of interest varies and is based on a LIBOR rate plus 1.25%. Interest is to be paid monthly during the construction phase. When the construction is completed the construction loan will be repaid with the long-term borrowings.

As of December 31, 2020, the Town had drawn down \$47,501 of construction loan financing.

The construction loan is secured by the long-term loan to be obtained from USDA-RD.

**Note 7 Sales Tax**

During 1988 the Town passed a 2 percent sales tax ordinance that became effective on July 1, 1988. The funds collected are restricted to storm drainage and street improvements. The sales tax revenue is included in the General Fund. For 2020, sales tax revenue equaled \$226,709 and expenditures were \$206,740.

**Note 8 Tax, Spending, and Debt Limitation**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several abilities, and other specific requirements of the state and local governments. The Amendment is complex and subject to judicial interpretation. The Town of Hugo believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance. In an election held in 1998, the voters of the Town of Hugo passed a referendum permitting the Town to collect, retain and expend the full proceeds of the Town's sales and use tax, property tax, state grants, and any other source of revenue for capital projects and municipal purposes, for the year 1997 and each subsequent year, notwithstanding any state restriction on fiscal year spending, including, without limitation, the restrictions of Article X, Section 20 of the Colorado Constitution.

**Note 9****Risk Management**

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; workers' compensation; errors and emissions and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Required Supplementary Information**

**Town of Hugo  
Budget and Actual  
General  
For the year ended December 31, 2020**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|---|-------------------------|-------------------|--|
|   | <u>Original</u>         | <u>Final</u>      |  |
| <b>REVENUES</b>                                   |                         |                   |  |
| Property Taxes                                    | \$ 367,000              | \$ 367,000        | \$ 432,302                                 |
| Fees and fines                                    | 120,000                 | 120,000           | 72,805                                     |
| Licenses and permits                              | 5,150                   | 5,150             | 10,993                                     |
| Intergovernmental                                 | 61,500                  | 61,500            | 58,262                                     |
| Charges for services                              | 11,600                  | 11,600            | 7,708                                      |
| Investment earnings                               | 500                     | 500               | 164  |
| Miscellaneous                                     | 48,600                  | 48,600            | 81,029                                     |
| Total revenues                                    | <u>614,350</u>          | <u>614,350</u>    | <u>663,263</u>                             |
| <b>EXPENDITURES</b>                               |                         |                   |  |
| Current:  |                         |                   |  |
| General government                                | 133,300                 | 133,300           | 147,308                                    |
| Public Safety                                     | 159,300                 | 159,300           | 108,135                                    |
| Highways and roads                                | 66,200                  | 66,200            | 53,573                                     |
| Health  | 100,200                 | 100,200           | 76,813                                     |
| Culture and recreation                            | 73,200                  | 73,200            | 56,493                                     |
| Capital Outlay                                    | 274,000                 | 274,000           | 223,358                                    |
| Total Expenditures                                | <u>806,200</u>          | <u>806,200</u>    | <u>665,680</u>                             |
| Excess (deficiency) of revenues over expenditures | <u>(191,850)</u>        | <u>(191,850)</u>  | <u>(2,417)</u>                             |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                   |  |
| Transfers in                                      | 9,000                   | 9,000             | 9,000                                      |
| Transfers out                                     | <u>(17,500)</u>         | <u>(17,500)</u>   | <u>(17,500)</u>                            |
| Total other financing sources and uses            | <u>(8,500)</u>          | <u>(8,500)</u>    | <u>(8,500)</u>                             |
| Net change in fund balance                        | (200,350)               | (200,350)         | (10,917)                                   |
| Fund balance - beginning                          | 810,530                 | 810,530           | 880,556                                    |
| Fund balance - ending                             | <u>\$ 610,180</u>       | <u>\$ 610,180</u> | <u>\$ 869,639</u>                          |

## Supplementary Information

**Town of Hugo  
Balance Sheet  
Other Governmental Funds  
December 31, 2020**

|                                     | <b>Law<br/>Enforcement<br/>Assistance</b> | <b>Conservation<br/>Trust</b> | <b>Library</b>   | <b>Total<br/>Governmental<br/>Funds</b> |
|-------------------------------------|---|-------------------------------|------------------|---|
| <b>ASSETS</b>                       |   |                               |                  |   |
| Cash and cash equivalents           | \$ 20,181                                 | \$ 26,745                     | \$ 22,047        | \$ 68,973                               |
| Total assets                        | <u>20,181</u>                             | <u>26,745</u>                 | <u>22,047</u>    | <u>68,973</u>                           |
| <b>LIABILITIES AND FUND BALANCE</b> |   |                               |                  |   |
| Liabilities:                        |   |                               |                  |   |
| Accounts payable                    | -   | -                             | -                | -                                       |
| Total liabilities                   | <u>-</u>                                  | <u>-</u>                      | <u>-</u>         | <u>-</u>                                |
| Fund balance:                       |   |                               |                  |   |
| Assigned                            | 20,181                                    | 26,745                        | 22,047           | 68,973                                  |
| Fund balance                        | <u>20,181</u>                             | <u>26,745</u>                 | <u>22,047</u>    | <u>68,973</u>                           |
| Total liabilities and fund balance  | <u>\$ 20,181</u>                          | <u>\$ 26,745</u>              | <u>\$ 22,047</u> | <u>\$ 68,973</u>                        |

**Town of Hugo**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Other Governmental Funds**  
**For the Year Ended December 31, 2020**

|   | <b>Law<br/>Enforcement<br/>Assistance</b> | <b>Conservation<br/>Trust</b> | <b>Library</b>   | <b>Total-Other<br/>Governmental<br/>Funds</b> |
|---|---|-------------------------------|------------------|---|
| <b>REVENUES</b>                                   |   |                               |                  |   |
| Sales and miscellaneous taxes                     | \$ -                                      | \$ -                          | \$ 650           | \$ 650  |
| Fees and fines                                    | 5,295                                     | -                             | 81               | 5,376   |
| Intergovernmental                                 | 750                                       | 7,601                         | 5,784            | 14,135  |
| Investment earnings                               | -   | 29                            | 22               | 51  |
| Total revenues                                    | <u>6,045</u>                              | <u>7,630</u>                  | <u>6,537</u>     | <u>20,212</u>                                 |
| <b>EXPENDITURES</b>                               |   |                               |                  |   |
| Current:  |   |                               |                  |   |
| Public Safety                                     | 687                                       | -                             | -                | 687   |
| Culture and recreation                            | -   | 8,222                         | 22,647           | 30,869  |
| Capital Outlay                                    | 5,147                                     | -                             | -                | 5,147   |
| Total Expenditures                                | <u>5,834</u>                              | <u>8,222</u>                  | <u>22,647</u>    | <u>36,703</u>                                 |
| Excess (deficiency) of revenues over expenditures | <u>211</u>                                | <u>(592)</u>                  | <u>(16,110)</u>  | <u>(16,491)</u>                               |
| <b>OTHER FINANCING SOURCES (USES)</b>             |   |                               |                  |   |
| Transfers in                                      | -   | -                             | 17,500           | 17,500  |
| Total other financing sources and uses            | <u>-</u>                                  | <u>-</u>                      | <u>17,500</u>    | <u>17,500</u>                                 |
| Net change in fund balance                        | 211                                       | (592)                         | 1,390            | 1,009   |
| Fund balance - beginning                          | 19,970                                    | 27,337                        | 20,657           | 67,964  |
| Fund balance - ending                             | <u>\$ 20,181</u>                          | <u>\$ 26,745</u>              | <u>\$ 22,047</u> | <u>\$ 68,973</u>                              |

**Town of Hugo  
Budget and Actual  
Conservation Trust  
For the year ended December 31, 2020**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|--|-------------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>     |  |
| <b>REVENUES</b>                                      |                         |                  |  |
| Intergovernmental                                    | \$ 7,400                | \$ 7,400         | \$ 7,601                                   |
| Investment earnings                                  | 15                      | 15               | 29   |
| Total revenues                                       | <u>7,415</u>            | <u>7,415</u>     | <u>7,630</u>                               |
| <b>EXPENDITURES</b>                                  |                         |                  |  |
| Current:   |                         |                  |  |
| Culture and recreation                               | 12,200                  | 12,200           | 8,222                                      |
| Total Expenditures                                   | <u>12,200</u>           | <u>12,200</u>    | <u>8,222</u>                               |
| Excess (deficiency) of revenues over<br>expenditures | <u>(4,785)</u>          | <u>(4,785)</u>   | <u>(592)</u>                               |
| Net change in fund balance                           | (4,785)                 | (4,785)          | (592)                                      |
| Fund balance - beginning                             | 25,431                  | 25,431           | 27,337                                     |
| Fund balance - ending                                | <u>\$ 20,646</u>        | <u>\$ 20,646</u> | <u>\$ 26,745</u>                           |

**Town of Hugo  
Budget and Actual  
Library  
For the year ended December 31, 2020**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|---|-------------------------|------------------|--|
|   | <u>Original</u>         | <u>Final</u>     |  |
| <b>REVENUES</b>                                   |                         |                  |  |
| Sales and miscellaneous taxes                     | \$ 700                  | \$ 700           | \$ 650                                     |
| Fees and fines                                    | 100                     | 100              | 81   |
| Intergovernmental                                 | 7,100                   | 7,100            | 5,784                                      |
| Investment earnings                               | 10                      | 10               | 22   |
| Total revenues                                    | <u>7,910</u>            | <u>7,910</u>     | <u>6,537</u>                               |
| <b>EXPENDITURES</b>                               |                         |                  |  |
| Current:  |                         |                  |  |
| Culture and recreation                            | <u>26,700</u>           | <u>26,700</u>    | <u>22,647</u>                              |
| Total Expenditures                                | <u>26,700</u>           | <u>26,700</u>    | <u>22,647</u>                              |
| Excess (deficiency) of revenues over expenditures | <u>(18,790)</u>         | <u>(18,790)</u>  | <u>(16,110)</u>                            |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                         |                  |  |
| Transfers in                                      | <u>17,500</u>           | <u>17,500</u>    | <u>17,500</u>                              |
| Total other financing sources and uses            | <u>17,500</u>           | <u>17,500</u>    | <u>17,500</u>                              |
| Net change in fund balance                        | (1,290)                 | (1,290)          | 1,390                                      |
| Fund balance - beginning                          | <u>17,550</u>           | <u>17,550</u>    | <u>20,657</u>                              |
| Fund balance - ending                             | <u>\$ 16,260</u>        | <u>\$ 16,260</u> | <u>\$ 22,047</u>                           |

**Town of Hugo  
Budget and Actual  
Law Enforcement Assistance  
For the year ended December 31, 2020**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|--|-------------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>     |  |
| <b>REVENUES</b>                                      |                         |                  |  |
| Fees and fines                                       | \$ 7,000                | \$ 7,000         | \$ 5,295                                   |
| Intergovernmental                                    | 4,000                   | 4,000            | 750  |
| Total revenues                                       | <u>11,000</u>           | <u>11,000</u>    | <u>6,045</u>                               |
| <b>EXPENDITURES</b>                                  |                         |                  |  |
| Current:   |                         |                  |  |
| Public Safety  | 2,000                   | 2,000            | 687  |
| Capital Outlay                                       | 9,000                   | 9,000            | 5,147                                      |
| Total Expenditures                                   | <u>11,000</u>           | <u>11,000</u>    | <u>5,834</u>                               |
| Excess (deficiency) of revenues over<br>expenditures | <u>-</u>                | <u>-</u>         | <u>211</u>                                 |
| Fund balance - beginning                             | <u>23,823</u>           | <u>23,823</u>    | <u>19,970</u>                              |
| Fund balance - ending                                | <u>\$ 23,823</u>        | <u>\$ 23,823</u> | <u>\$ 20,181</u>                           |

**Town of Hugo  
Budget and Actual  
Water Fund  
For the year ended December 31, 2020**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|--|-------------------------|-------------------|--|
|  | <u>Original</u>         | <u>Final</u>      |  |
| <b>REVENUES</b>                        |                         |                   |  |
| Charges for services                   | \$ 196,000              | \$ 196,000        | \$ 225,638                                 |
| Investment earnings                    | 300                     | -                 | -  |
| Grants                                 | 603,000                 | 603,000           | 73,706                                     |
| Miscellaneous                          | 2,000                   | 2,000             | 3,206                                      |
| Total revenues                         | <u>801,300</u>          | <u>801,000</u>    | <u>302,550</u>                             |
| <b>EXPENDITURES</b>                    |                         |                   |  |
| Personal services                      | 120,100                 | 120,100           | 120,021                                    |
| Fuel, power, and utilities             | 14,200                  | 14,200            | 11,092                                     |
| Repairs and maintenance                | 25,000                  | 25,000            | 20,819                                     |
| Other supplies and expenses            | 4,200                   | 4,200             | 2,462                                      |
| Insurance claims and expenses          | 4,000                   | 4,000             | 3,800                                      |
| Audit and publication                  | 4,000                   | 4,000             | 3,600                                      |
| Miscellaneous                          | 100                     | 100               | 1,010                                      |
| Debt service principal                 | 30,000                  | 30,000            | -  |
| Capital outlay                         | 1,123,000               | 1,123,000         | 65,248                                     |
| Total Operating Expenses               | <u>1,324,600</u>        | <u>1,324,600</u>  | <u>228,052</u>                             |
| Operating income (loss)                | <u>(523,300)</u>        | <u>(523,600)</u>  | <u>74,498</u>                              |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                   |  |
| Transfers out                          | (5,000)                 | (5,000)           | (5,000)                                    |
| Total other financing sources and uses | <u>(5,000)</u>          | <u>(5,000)</u>    | <u>(5,000)</u>                             |
| <b>RECONCILING ITEM</b>                |                         |                   |  |
| Capital outlay                         | -                       | -                 | 65,248                                     |
| Depreciation                           | -                       | -                 | (14,659)                                   |
| <b>SPECIAL ITEM</b>                    |                         |                   |  |
| Loan proceeds                          | 500,000                 | 500,000           | -  |
| Net change in net position             | (28,300)                | (28,600)          | 120,087                                    |
| Net position - beginning               | 383,038                 | 383,038           | 698,706                                    |
| Net position - ending                  | <u>\$ 354,738</u>       | <u>\$ 354,438</u> | <u>\$ 818,793</u>                          |

**Town of Hugo  
Budget and Actual  
Sewer Fund  
For the year ended December 31, 2020**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|--|-------------------------|--------------------|--|
|  | <u>Original</u>         | <u>Final</u>       |  |
| <b>REVENUES</b>                        |                         |                    |  |
| Charges for services                   | \$ 171,000              | \$ 171,000         | \$ 192,451                                 |
| Grants                                 | 2,295,000               | 2,295,000          | -  |
| Investment earnings                    | 300                     | 300                | 461  |
| Total revenues                         | <u>2,466,300</u>        | <u>2,466,300</u>   | <u>192,912</u>                             |
| <b>EXPENDITURES</b>                    |                         |                    |  |
| Personal services                      | 61,400                  | 61,400             | 57,281                                     |
| Fuel, power, and utilities             | 3,300                   | 3,300              | 3,241                                      |
| Other supplies and expenses            | 5,456,000               | 5,456,000          | 21,987                                     |
| Capital outlay                         | -                       | -                  | 128,327                                    |
| Debt service principal                 | 132,000                 | 132,000            | -  |
| Total Operating Expenses               | <u>5,652,700</u>        | <u>5,652,700</u>   | <u>210,836</u>                             |
| Operating income (loss)                | <u>(3,186,400)</u>      | <u>(3,186,400)</u> | <u>(17,924)</u>                            |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                    |  |
| Miscellaneous Expenses                 | -                       | -                  | (98)                                       |
| Transfers out                          | (2,000)                 | (2,000)            | (2,000)                                    |
| Total other financing sources and uses | <u>(2,000)</u>          | <u>(2,000)</u>     | <u>(2,098)</u>                             |
| <b>RECONCILING ITEM</b>                |                         |                    |  |
| Depreciation                           | -                       | -                  | (3,971)                                    |
| Capital outlay                         | -                       | -                  | 128,327                                    |
|  | <u>-</u>                | <u>-</u>           | <u>124,356</u>                             |
| <b>SPECIAL ITEM</b>                    |                         |                    |  |
| Loan revenue                           | 3,114,000               | 3,114,000          |  |
| Net change in net position             | (74,400)                | (74,400)           | 104,334                                    |
| Net Position - beginning               | 268,640                 | 268,640            | 694,527                                    |
| Net Position - ending                  | <u>\$ 194,240</u>       | <u>\$ 194,240</u>  | <u>\$ 798,861</u>                          |

**Town of Hugo  
Budget and Actual  
Solid Waste Disposal  
For the year ended December 31, 2020**

|  | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|--|-------------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>     |  |
| <b>REVENUES</b>                        |                         |                  |  |
| Charges for services                   | \$ 94,000               | \$ 94,000        | \$ 97,074                                  |
| Investment earnings                    | 80                      | 80               | 500  |
| Total revenues                         | <u>94,080</u>           | <u>94,080</u>    | <u>97,574</u>                              |
| <b>EXPENDITURES</b>                    |                         |                  |  |
| Personal services                      | 65,700                  | 65,700           | 63,948                                     |
| Fuel, power, and utilities             | 5,200                   | 5,200            | 1,663                                      |
| Other supplies and expenses            | 12,000                  | 12,000           | 13,619                                     |
| Capital outlay                         | 122,300                 | 122,300          | -  |
| Miscellaneous                          | 12,200                  | 12,200           | 11,505                                     |
| Depreciation                           | -                       | -                | 7,443                                      |
| Total Operating Expenses               | <u>217,400</u>          | <u>217,400</u>   | <u>98,178</u>                              |
| Operating income (loss)                | (123,320)               | (123,320)        | (604)                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                  |  |
| Transfers out                          | (2,000)                 | (2,000)          | (2,000)                                    |
| Total other financing sources and uses | <u>(2,000)</u>          | <u>(2,000)</u>   | <u>(2,000)</u>                             |
| Net change in net position             | (125,320)               | (125,320)        | (2,604)                                    |
| Net position - beginning               | 166,494                 | 166,494          | 191,638                                    |
| Net position - ending                  | <u>\$ 41,174</u>        | <u>\$ 41,174</u> | <u>\$ 189,034</u>                          |

**Town of Hugo  
Budget and Actual  
Street Light  
For the year ended December 31, 2020**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual Amounts,<br/>Budgetary Basis</u> |
|---|-------------------------|------------------|--|
|   | <u>Original</u>         | <u>Final</u>     |  |
| <b>REVENUES</b>                                   |                         |                  |  |
| Charges for services                              | \$ 17,300               | \$ 17,300        | \$ 17,815                                  |
| Total revenues                                    | <u>17,300</u>           | <u>17,300</u>    | <u>17,815</u>                              |
| <b>EXPENDITURES</b>                               |                         |                  |  |
| Fuel, power, and utilities                        | 14,500                  | 14,500           | 13,976                                     |
| Capital outlay                                    | 3,500                   | 3,500            | -  |
| Total Expenditures                                | <u>18,000</u>           | <u>18,000</u>    | <u>13,976</u>                              |
| Excess (deficiency) of revenues over expenditures | <u>(700)</u>            | <u>(700)</u>     | <u>3,839</u>                               |
| <b>RECONCILING ITEM</b>                           |                         |                  |  |
| Depreciation                                      | -                       | -                | 398  |
|   | <u>-</u>                | <u>-</u>         | <u>398</u>                                 |
| Net change in net position                        | (700)                   | (700)            | 3,441                                      |
| Net position - beginning                          | 40,838                  | 40,838           | 51,514                                     |
| Net position - ending                             | <u>\$ 40,138</u>        | <u>\$ 40,138</u> | <u>\$ 54,955</u>                           |

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

|   |  |
|---|--|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                                       | City or County:  |
|   | YEAR ENDING :<br>December 2020                               |
| This Information From The Records Of (example - City of _ or County of _) | Prepared By: Maria Nestor, Town Clerk<br>Phone: 719-743-2485 |

**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)                   | 206,741 |
| a. Motor Fuel (from Item I.A.5.)                            |         | 2. Maintenance:                                   | 49,318  |
| b. Motor Vehicle (from Item I.B.5.)                         |         | 3. Road and street services:                      |         |
| c. Total (a.+b.)  |         | a. Traffic control operations                     |         |
| 2. General fund appropriations                              |         | b. Snow and ice removal                           |         |
| 3. Other local imposts (from page 2)                        | 240,110 | c. Other  |         |
| 4. Miscellaneous local receipts (from page 2)               | 0       | d. Total (a. through c.)                          | 0       |
| 5. Transfers from toll facilities                           |         | 4. General administration & miscellaneous         |         |
| 6. Proceeds of sale of bonds and notes:                     |         | 5. Highway law enforcement and safety             | 18,205  |
| a. Bonds - Original Issues                                  |         | 6. Total (1 through 5)                            | 274,264 |
| b. Bonds - Refunding Issues                                 |         | <b>B. Debt service on local obligations:</b>      |         |
| c. Notes  |         | 1. Bonds:   |         |
| d. Total (a. + b. + c.)                                     | 0       | a. Interest                                       |         |
| 7. Total (1 through 6)                                      | 240,110 | b. Redemption                                     |         |
| <b>B. Private Contributions</b>                             |         | c. Total (a. + b.)                                | 0       |
| <b>C. Receipts from State government</b><br>(from page 2)   | 34,154  | 2. Notes:   |         |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 0       | a. Interest                                       |         |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 274,264 | b. Redemption                                     |         |
|   |         | c. Total (a. + b.)                                | 0       |
|   |         | 3. Total (1.c + 2.c)                              | 0       |
|   |         | <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> | 274,264 |

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

|                              | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| <b>A. Bonds (Total)</b>      |              |               |             | 0            |
| 1. Bonds (Refunding Portion) |              |               |             |              |
| <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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  |                      | 274,264           | 274,264                |                   | 0                 |

Notes and Comments:

