

**TOWN OF
HUDSON, COLORADO**

BASIC FINANCIAL STATEMENTS

December 31, 2022

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

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

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hudson (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, the schedule of the Town's proportionate share, and the schedule of the Town's contributions on pages 40 - 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the local highway finance report are fairly stated in all material respects in relation to the financial statements as a whole.

PB Solutions LLC

Littleton, Colorado

July 20, 2023

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Hudson, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$4,909,789 (11.2%) during 2022.
- At December 31, 2022, the Town's governmental funds reported combined ending fund balances of \$27,684,813. This marked an increase of \$4,922,717 (21.6%) from the prior year's ending governmental fund balances.
- The Town's General Fund increased its Fund Balance by \$990,716 (54.2%) during 2022 primarily due to increased sales tax and oil and gas royalty revenues.
- The Town's water and wastewater funds' net positions decreased by \$367,708 (-4.4%) during 2022 primarily due to depreciation of capital assets.

USING THIS ANNUAL REPORT

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

Government-wide financial statements

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

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

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

Both government-wide financial statements distinguish functions of the Town of Hudson that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police), public works, parks and recreation, and library. The business-type activities of the Town include water and wastewater operations.

Fund financial statements

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

Governmental Funds -- Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting

method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

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

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

Notes to the Financial Statements

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

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2022, all funds had budgeted expenditures/expenses except the nonmajor Conservation Trust Fund and impact fee funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hudson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48,749,977 at the close of 2022. As shown below, the Town's financial position improved by \$4,909,789 (11.2%) during 2022.

Town of Hudson's Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$34,002,875	\$28,448,424	\$ 1,209,241	\$ 1,293,411	\$ 35,212,116	\$ 29,741,835
Capital assets, net	15,549,724	14,797,609	10,941,921	11,354,726	26,491,645	26,152,335
Net Pension Asset	169,858	33,043	-	-	169,858	33,043
Total assets	\$49,722,457	\$43,279,076	\$12,151,162	\$ 12,648,137	\$ 61,873,619	\$ 55,927,213
Deferred outflow s of resources	\$ 286,768	\$ 258,081	\$ -	\$ -	\$ 286,768	\$ 258,081
Current liabilities	\$ 1,418,880	\$ 561,153	\$ 147,750	\$ 161,193	\$ 1,566,630	\$ 722,346
Noncurrent Liabilities	2,849,662	2,998,274	3,942,363	4,058,187	6,792,025	7,056,461
Total liabilities	\$ 4,268,542	\$ 3,559,427	\$ 4,090,113	\$ 4,219,380	\$ 8,358,655	\$ 7,778,807
Deferred inflow s of resources	\$ 5,051,755	\$ 4,566,299	\$ -	\$ -	\$ 5,051,755	\$ 4,566,299
Net position:						
Net investment in capital assets	\$12,735,110	\$11,830,086	\$ 7,004,288	\$ 7,301,955	\$ 19,739,398	\$ 19,132,041
Restricted	4,983,726	4,261,968	-	-	4,983,726	4,261,968
Unrestricted	22,970,092	19,319,377	1,056,761	1,126,802	24,026,853	20,446,179
Total net position	\$40,688,928	\$35,411,431	\$ 8,061,049	\$ 8,428,757	\$ 48,749,977	\$ 43,840,188

Much (40.5%) of the Town's total net position at December 31, 2022 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 10.2% (\$4,983,726) of the Town's total net position at the end of 2022 represents resources that are subject to external restrictions on how they may be used. They are fund balance restrictions of sales taxes collected for paving and maintenance of streets (\$3,074,717) and capital improvements (\$1,410,767). An additional \$181,449 is restricted for parks and \$316,793 for emergencies.

The remaining amount of the Town's total net position at the end of 2022 (\$24,026,853) represents 49.3% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors. The Town utilizes a working policy seeking to improve the General Fund balance to approximate one year's operating expenses.

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

Town of Hudson's Condensed Changes in Net Position

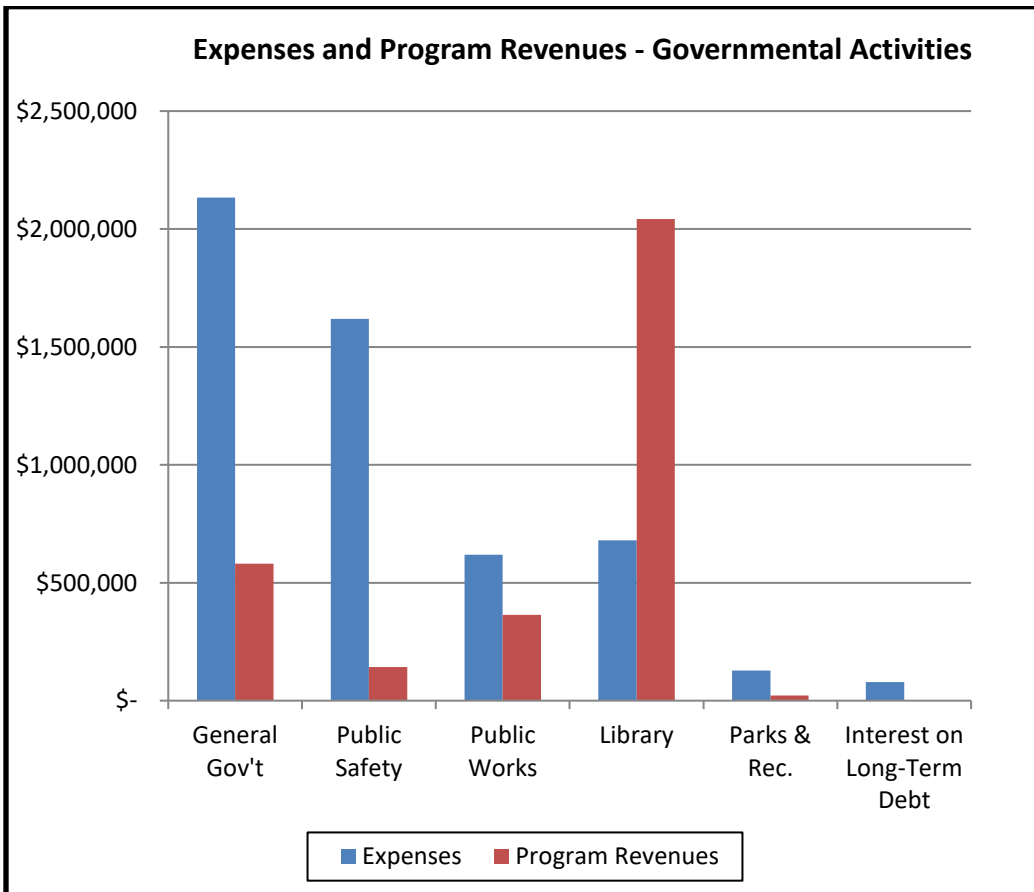
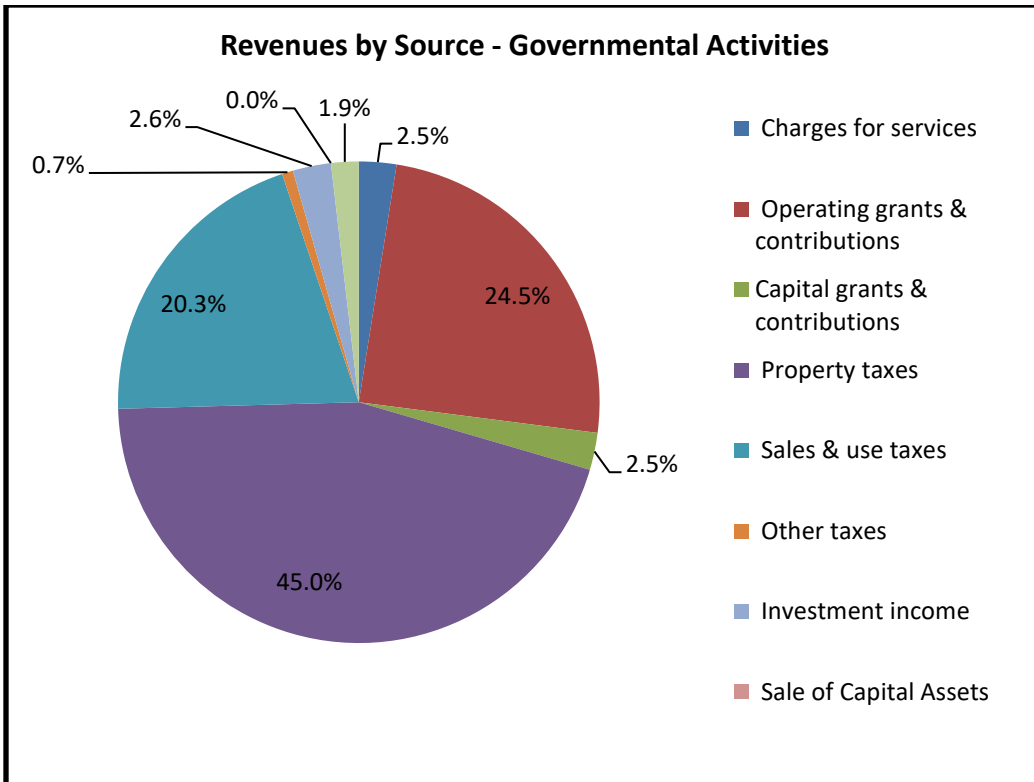
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 268,255	\$ 258,023	\$ 1,226,240	\$ 1,231,115	\$ 1,494,495	\$ 1,489,138
Operating grants & contributions	2,617,589	4,110,307	-	-	2,617,589	4,110,307
Capital grants & contributions	265,964	601,081	71	5,000	266,035	606,081
General revenues:						
Property taxes	4,807,815	6,161,867	-	-	4,807,815	6,161,867
Sales & use taxes	2,164,260	1,561,343	-	-	2,164,260	1,561,343
Other taxes	77,978	70,634	-	-	77,978	70,634
Investment income	274,138	13,409	10,373	471	284,511	13,880
Gain/(loss) on sale of capital assets	-	(59,763)	-	-	-	(59,763)
Other general revenues	197,700	153,467	34,305	27,859	232,005	181,326
Total revenues	<u>\$ 10,673,699</u>	<u>\$ 12,870,368</u>	<u>\$ 1,270,989</u>	<u>\$ 1,264,445</u>	<u>\$ 11,944,688</u>	<u>\$ 14,134,813</u>
Program expenses:						
General government	\$ 2,132,964	\$ 1,906,093	\$ -	\$ -	\$ 2,132,964	\$ 1,906,093
Public safety	1,619,123	1,477,021	-	-	1,619,123	1,477,021
Public works	619,199	512,591	-	-	619,199	512,591
Parks and Recreation	127,501	187,520	-	-	127,501	187,520
Library	680,028	604,963	-	-	680,028	604,963
Water utility	-	-	1,006,468	820,294	1,006,468	820,294
Wastewater utility	-	-	644,899	709,713	644,899	709,713
Debt issuance costs	-	-	-	-	-	-
Interest on long-term debt	78,378	82,454	126,339	129,713	204,717	212,167
Total expenses	<u>\$ 5,257,193</u>	<u>\$ 4,770,642</u>	<u>\$ 1,777,706</u>	<u>\$ 1,659,720</u>	<u>\$ 7,034,899</u>	<u>\$ 6,430,362</u>
Transfers In/(Out)	\$ (139,009)	\$ (120,000)	\$ 139,009	\$ 120,000	\$ -	\$ -
Increase/(decrease) in net position	\$ 5,277,497	\$ 7,979,726	\$ (367,708)	\$ (275,275)	\$ 4,909,789	\$ 7,704,451
Net Position, Beginning	35,411,431	27,431,705	8,428,757	8,704,032	43,840,188	36,135,737
Net Position, Ending	<u>\$ 40,688,928</u>	<u>\$ 35,411,431</u>	<u>\$ 8,061,049</u>	<u>\$ 8,428,757</u>	<u>\$ 48,749,977</u>	<u>\$ 43,840,188</u>

Governmental Activities

The Town's Governmental Activities increased in net position by \$5,277,497 (14.9%) in 2022. Key elements of this increase are as follows:

- Shared revenues from the High Plains Library District of \$2,037,093 outpaced Library expenses by \$1,449,734 (246.8%) in 2022. These revenues are tied to assessed property valuations which have increased in recent years due to development within the district.
- Sales and use taxes for streets and general purposes increased by \$602,917 (38.6%) in 2022.
- Transfers of property taxes to the Business-type Activities for debt service payments decreased Governmental Activities net position by \$139,009.
- Investment income increased from fairly insignificant amounts in prior years to \$274,138 in 2022 due to utilization of Local Government Investment Pools and inflationary interest rates.
- Increased expenses did not surpass total revenues from all sources.

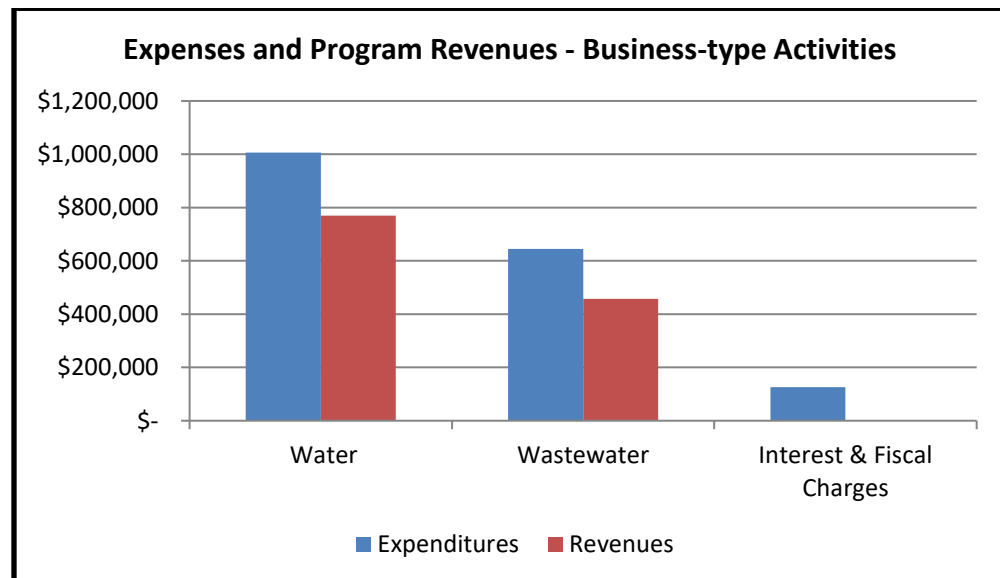
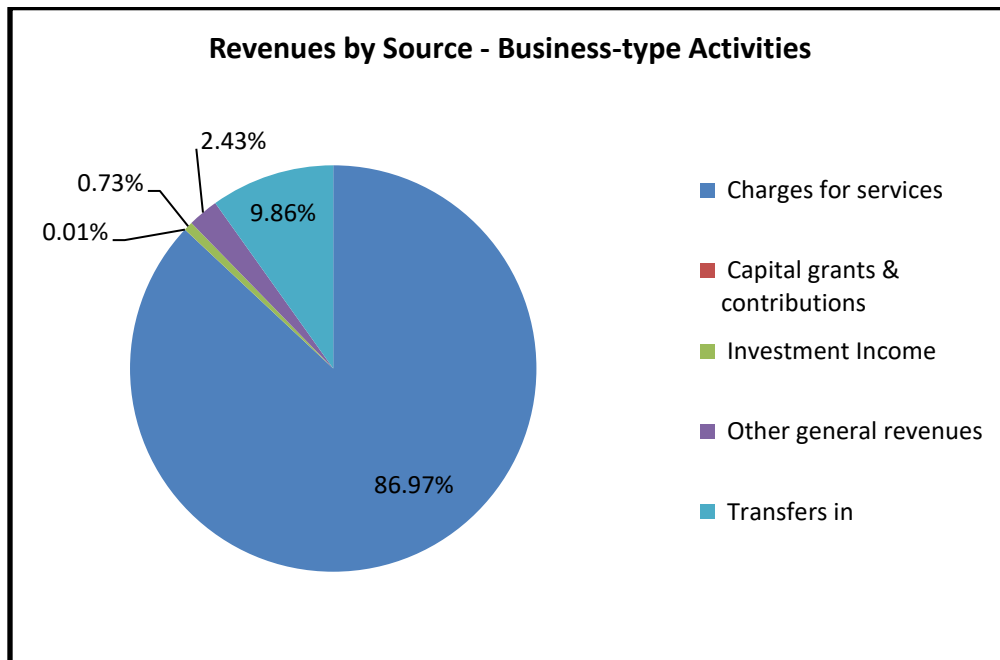
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



Business-type Activities

Business-type Activities decreased in net position by \$367,708 (-4.4%) during 2022. Operating Expenses exceeded Charges for Services in the Water Fund by \$237,441. In the Wastewater Fund, Operating Expenses exceeded Charges for Services by \$187,686. Management anticipates that rate increases as well as gradual growth in customer bases will address future revenue needs in these funds. In addition, the future sale of the decommissioned lagoon property will improve the net position of the Wastewater Fund.

The following two charts illustrate the Business-type Activities revenues and expenses for 2022.

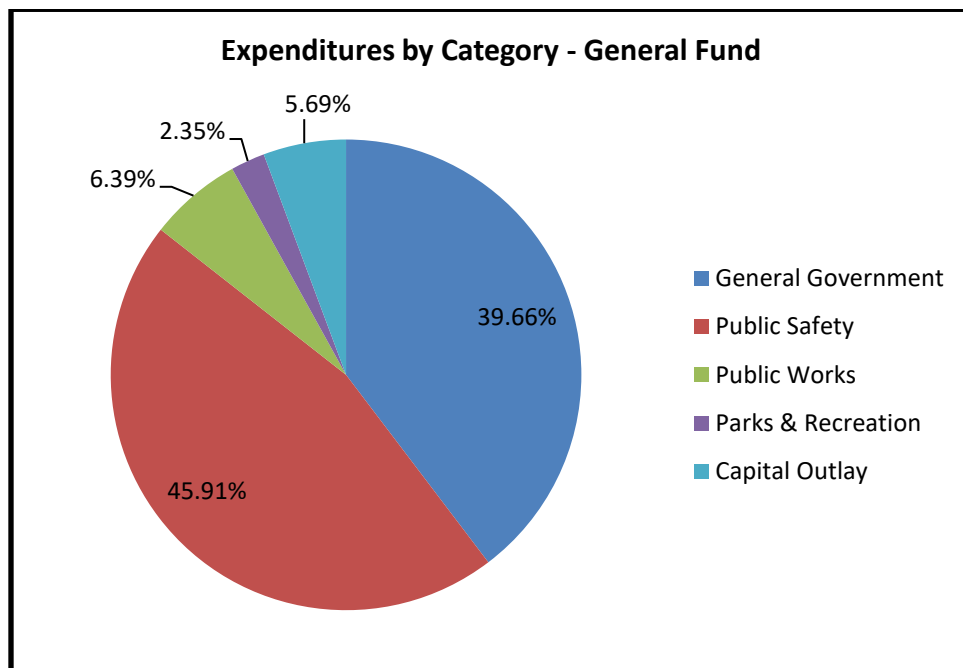
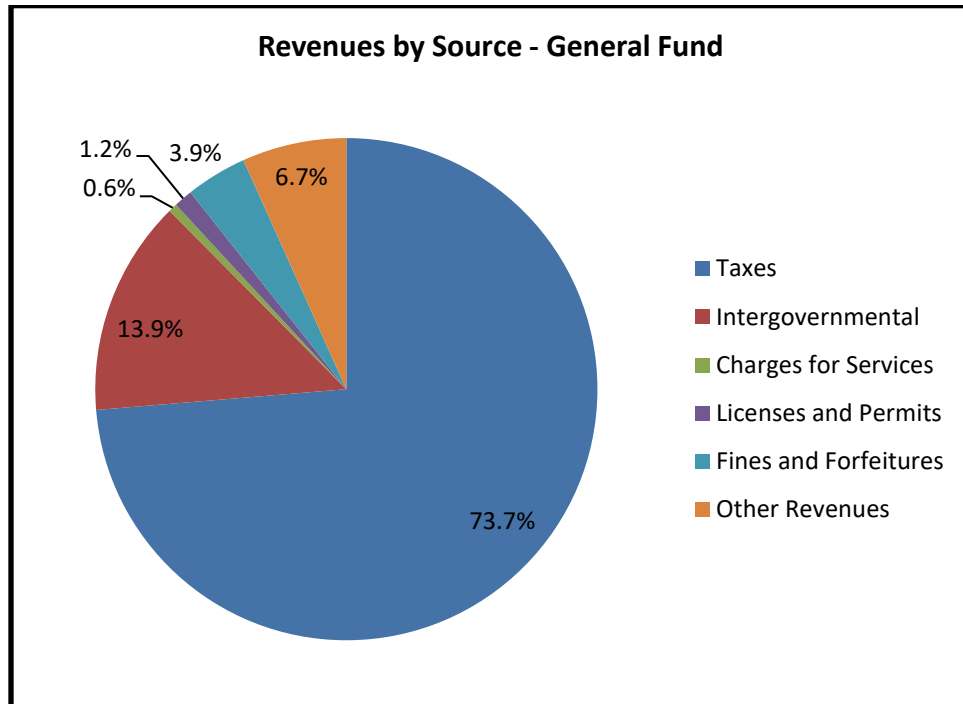


THE TOWN'S FUNDS

As noted earlier, the Town of Hudson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of

accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2022 the Town's four major Governmental funds reported combined ending fund balances of \$25,497,266. These funds are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Hudson. It accounts for all the general services provided by the Town. At the end of 2022, the fund balance of the General Fund totaled \$2,817,851. This was a \$990,716 (54.2%) increase from 2021 primarily due to revenue increases from recent annexations. Expenditures in 2022 totaled \$3,487,449. The following two tables illustrate General Fund revenues and expenditures during 2022.

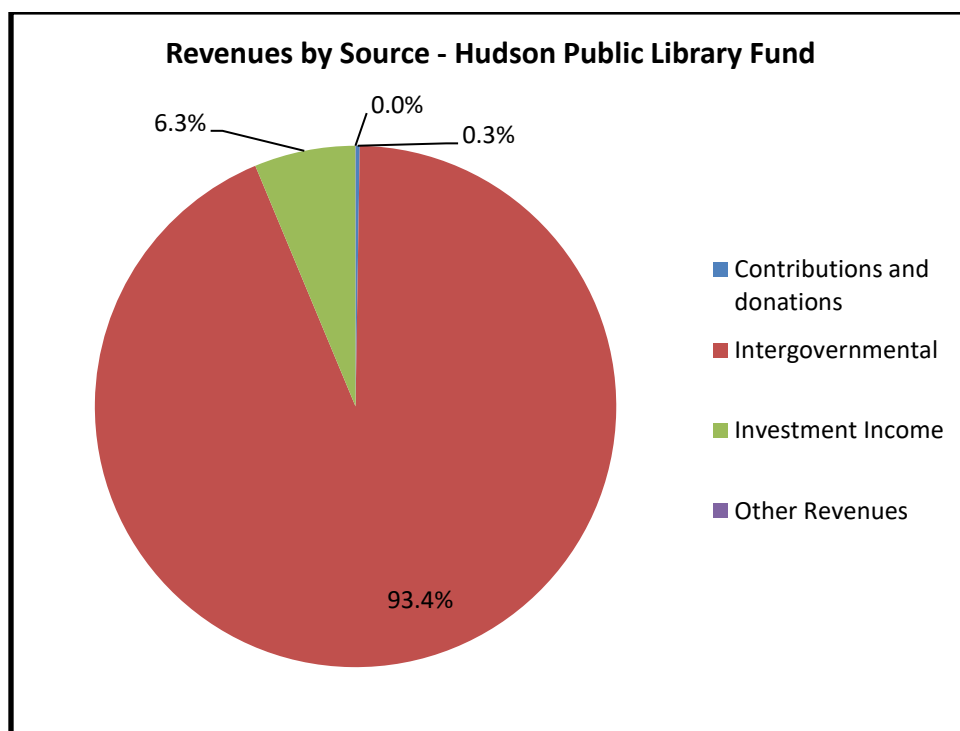


Property Tax Special Revenue Fund. This fund is utilized to account for the capital acquisition and/or construction of capital projects and related debt service. Property taxes from a 15.966 mill levy are the primary revenues for the fund. Property tax revenues are subject to fluctuations in assessed property values from varying levels of oil and natural gas production. During 2022, the Town spent \$346,895 on broadband system construction, \$33,543 on technology improvements, \$101,188 on park improvements, \$8,517 on Town Hall improvements, \$59,230 on general government expenses, and \$266,957 on street improvements from the Fund. A transfer of \$139,009 was made to the Wastewater Fund to assist with debt service payments on bonds and loans. Fund revenues exceeded fund expenditures by \$1,743,296 before transfers in 2022.

The fund’s property taxes are pledged to pay the debt service on the 2016 Limited Property and Sales Tax Refunding Bonds if needed. They were not needed during 2022 as sales taxes pledged in the Paving Sales Tax Fund were sufficient to make the debt service payments. Half of certain property taxes are shared with the associated payor for future development on the property. During 2022, this revenue sharing expense totaled \$586,360.

Paving Sales Tax Fund. The Paving Sales Tax Fund is utilized to account for the paving and maintenance of town streets, including curbs and gutters. Sales and use taxes are the primary revenues of the fund. They are pledged to pay the debt service on the 2016 Limited Property and Sales Tax Refunding Bonds as needed. During 2022, fund revenues exceeded expenditures by \$671,983 (255.7%), easily covering the debt service on the bonds.

Hudson Public Library Fund. This fund accounts for the operations of the Hudson Public Library. Virtually all (93.5%) revenues of this fund are shared revenues from property taxes received through an Intergovernmental Agreement with the High Plains Library District. As mentioned above, property tax revenues are subject to fluctuations in assessed property values from varying levels of oil and natural gas production. During 2022 fund revenues totaled \$2,179,499 and exceeded expenditures for operating costs (\$587,359) by \$1,592,140 (371.0%). The following chart illustrates Hudson Public Library Fund revenues during 2022.



All fund expenditures were for general operations; no capital improvements were performed in 2022.

Water Fund. At December 31, 2022 the net position of the Water Fund was \$3,698,156. This was a decrease of \$225,886 (-5.7%) from 2021. Most of the decrease was attributable to depreciation of the water system capital assets. The Fund had an operating loss of \$203,136 in 2022.

Wastewater Fund. At December 31, 2022 the net position of the Wastewater Fund was \$4,362,893. This was a decrease of \$141,822 (-3.1%) from 2021. Most of the decrease was attributable to depreciation of the wastewater system capital assets. The Fund had an operating loss of \$187,686 in 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2022 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, and park equipment. Note 4 on page 22 of the financial statements provides a summary of changes in capital assets during the year. During 2022, the Town began improvements to Memorial Park, Cedar Park, and the remodeling of the Police department within Town Hall, completed construction of a broadband system, completed street paving projects in Hudson Hills, made door improvements in Town Hall, made software, communications, and technology improvements, purchased police body camera software, purchased two police vehicles, purchased a backhoe and a tractor for public works, and completed certain water pump station and sewer lift station improvements.

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

Debt Administration. The Town's long-term debt primarily consists of bonds and loans. At the end of 2022, the governmental activities had a balance of \$2,705,000 owed on the 2016 limited tax refunding bonds for street improvements. Bond premium and accrued compensated absences are also recorded. See Note 5 on page 24 for more detailed information.

In business-type activities at December 31, 2022, the Town had a balance of \$2,971,298 owed on its 2011 Revenue Bonds, a \$369,600 balance on its 1995 general obligation bonds, and a \$596,735 balance on its Colorado Water Conservation Board loan. These debts were incurred for water rights acquisition and water and wastewater system facilities and upgrades. Compensated absences are also recorded. See Note 5 on page 25 for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Measurable growth in the residential and commercial sectors of Hudson's economy is occurring. In addition, annexations of adjacent land and industrial properties in recent years have significantly increased the taxable assessed property value in the Town. The 2023 Budget anticipates continued improvement in the General Fund balance due to the growth and annexations.

Federal spending, unemployment insurance policies, restrictions on domestic energy production, and considerable expansion of the monetary supply is causing significant inflation throughout all sectors of the economy. The full economic impact of these state- and federal-imposed policies and restrictions on the Town's 2023 and future budgets has yet to be determined.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Hudson's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town's management at Town of Hudson, 50 S. Beech Street, P.O. Box 351, Hudson, CO 80642-0351 or call Town Hall at (303) 536-9311.

BASIC FINANCIAL STATEMENTS

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION

December 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 27,957,704	\$ 859,600	\$ 28,817,304
Restricted Cash and Investments	265,408	216,449	481,857
Cash Held by County Treasurer	26,952	-	26,952
Receivables			
Property Taxes	4,906,040	-	4,906,040
Sales and Other	582,467	-	582,467
Accounts	-	131,251	131,251
Prepaid Expenses	15,705	1,941	17,646
Note Receivable	40,000	-	40,000
Land Held for Sale	208,599	-	208,599
Capital Assets, Not Depreciated	499,778	962,267	1,462,045
Capital Assets, Depreciated, Net of Accumulated Depreciation	15,049,946	9,979,654	25,029,600
Net Pension Asset	169,858	-	169,858
TOTAL ASSETS	<u>49,722,457</u>	<u>12,151,162</u>	<u>61,873,619</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges	186,677	-	186,677
Related to Pensions	100,091	-	100,091
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>286,768</u>	<u>-</u>	<u>286,768</u>
LIABILITIES			
Accounts Payable	1,244,769	70,746	1,315,515
Retainage Payable	78,402	-	78,402
Accrued Expenses	48,687	12,915	61,602
Accrued Interest Payable	6,858	62,988	69,846
Deposits	40,164	1,101	41,265
Noncurrent Liabilities			
Due Within One Year	163,505	119,454	282,959
Due in More Than One Year	2,654,614	3,818,651	6,473,265
Compensated Absences Due in More Than One Year	31,543	4,258	35,801
TOTAL LIABILITIES	<u>4,268,542</u>	<u>4,090,113</u>	<u>8,358,655</u>
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	145,715	-	145,715
Deferred Property Tax Revenue	4,906,040	-	4,906,040
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,051,755</u>	<u>-</u>	<u>5,051,755</u>
NET POSITION			
Net Investment in Capital Assets	12,735,110	7,004,288	19,739,398
Restricted	4,983,726	-	4,983,726
Unrestricted	22,970,092	1,056,761	24,026,853
TOTAL NET POSITION	<u>\$ 40,688,928</u>	<u>\$ 8,061,049</u>	<u>\$ 48,749,977</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUDSON, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,132,964	\$ 117,290	\$ 349,427	\$ 113,472
Public Safety	1,619,123	138,067	4,641	-
Public Works	619,199	12,514	199,271	152,492
Library	680,028	109	2,042,699	-
Parks and Recreation	127,501	275	21,551	-
Interest and Fiscal Charges	78,378	-	-	-
Total Governmental Activities	5,257,193	268,255	2,617,589	265,964
Business-Type Activities				
Water	1,006,468	769,027	-	71
Wastewater	644,899	457,213	-	-
Interest and Fiscal Charges	126,339	-	-	-
Total Business-Type Activities	1,777,706	1,226,240	-	71
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Other Taxes				
Grants and Contributions Not Restricted to Specific Programs				
Other Revenues				
Earnings on Investments				
Transfers				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (1,552,775)	\$ -	\$ (1,552,775)
(1,476,415)	-	(1,476,415)
(254,922)	-	(254,922)
1,362,780	-	1,362,780
(105,675)	-	(105,675)
(78,378)	-	(78,378)
<u>(2,105,385)</u>	<u>-</u>	<u>(2,105,385)</u>
-	(237,370)	(237,370)
-	(187,686)	(187,686)
-	(126,339)	(126,339)
<u>-</u>	<u>(551,395)</u>	<u>(551,395)</u>
4,539,398	-	4,539,398
268,417	-	268,417
2,164,260	-	2,164,260
77,978	-	77,978
58,901	-	58,901
138,799	34,305	173,104
274,138	10,373	284,511
(139,009)	139,009	-
<u>7,382,882</u>	<u>183,687</u>	<u>7,566,569</u>
5,277,497	(367,708)	4,909,789
<u>35,411,431</u>	<u>8,428,757</u>	<u>43,840,188</u>
<u>\$ 40,688,928</u>	<u>\$ 8,061,049</u>	<u>\$ 48,749,977</u>

TOWN OF HUDSON, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	GENERAL FUND	PROPERTY TAX SPECIAL REVENUE FUND	PAVING SALES TAX FUND	HUDSON PUBLIC LIBRARY FUND
ASSETS				
Cash and Investments	\$ 2,982,469	\$ 4,529,798	\$ 2,612,036	\$ 15,656,738
Restricted Cash and Investments	-	-	265,408	-
Cash Held by County Treasurer	26,952	-	-	-
Taxes Receivable	2,324,560	2,581,480	-	-
Accounts Receivable	212,813	89,938	223,773	-
Prepaid Expenses	11,999	-	-	3,706
Note Receivable	40,000	-	-	-
Land Held for Sale	208,599	-	-	-
TOTAL ASSETS	\$ 5,807,392	\$ 7,201,216	\$ 3,101,217	\$ 15,660,444
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 584,544	\$ 598,696	\$ -	\$ 16,470
Retainage Payable	-	78,402	-	-
Due to Other Funds	-	-	-	-
Accrued Expenses	40,273	-	-	8,414
Unearned Revenue	-	-	-	-
Deposits	40,164	-	-	-
TOTAL LIABILITIES	664,981	677,098	-	24,884
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	2,324,560	2,581,480	-	-
FUND BALANCES				
Nonspendable	260,598	-	-	-
Restricted for Fund Purpose	-	-	3,074,717	-
Restricted for Emergencies	120,000	86,500	26,500	65,500
Committed	-	3,856,138	-	15,570,060
Unassigned	2,437,253	-	-	-
TOTAL FUND BALANCES	2,817,851	3,942,638	3,101,217	15,635,560
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,807,392	\$ 7,201,216	\$ 3,101,217	\$ 15,660,444

The accompanying notes are an integral part of the financial statements.

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,176,663	\$ 27,957,704
-	265,408
-	26,952
-	4,906,040
55,943	582,467
-	15,705
-	40,000
-	208,599
<u>\$ 2,232,606</u>	<u>\$ 34,002,875</u>

\$ 45,059	\$ 1,244,769
-	78,402
-	-
-	48,687
-	-
-	40,164
<u>45,059</u>	<u>1,412,022</u>

-	<u>4,906,040</u>
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-	260,598
1,592,216	4,666,933
18,293	316,793
577,038	20,003,236
-	2,437,253
<u>2,187,547</u>	<u>27,684,813</u>

<u>\$ 2,232,606</u>	<u>\$ 34,002,875</u>
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TOWN OF HUDSON, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2022

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

Total fund balances of governmental funds			\$ 27,684,813
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	499,778	
	Capital Assets, Depreciated	18,788,873	
	Accumulated Depreciation	<u>(3,738,927)</u>	<u>15,549,724</u>
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Accrued Interest Payable	(6,858)	
	Bond Payable	(2,705,000)	
	Bond Premium	(109,614)	
	Deferred Charges	186,677	
	Compensated Absences	(35,048)	
	Net Pension Asset	<u>169,858</u>	<u>(2,499,985)</u>
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	100,091	
	Deferred inflows of resources - Related to Pensions	<u>(145,715)</u>	<u>(45,624)</u>
Net position of governmental activities			<u>\$ 40,688,928</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUDSON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	GENERAL FUND	PROPERTY TAX SPECIAL REVENUE FUND	PAVING SALES TAX FUND	HUDSON PUBLIC LIBRARY FUND
REVENUES				
Property Taxes	\$ 2,150,767	\$ 2,388,631	\$ -	\$ -
Specific Ownership Taxes	268,417	-	-	-
Sales and Use Taxes	804,131	-	1,072,175	-
Occupation Taxes	368	-	-	-
Franchise Fees	75,772	-	-	-
Intergovernmental Revenue	621,952	710,657	-	2,037,093
Charges for Services	25,125	-	-	-
Licenses and Permits	54,052	-	-	-
Fines and Forfeitures	176,454	-	-	-
Grants and Donations	157,568	-	-	5,606
Investment Earnings	36,696	46,698	31,458	136,480
Miscellaneous	106,863	-	-	320
TOTAL REVENUES	4,478,165	3,145,986	1,103,633	2,179,499
EXPENDITURES				
Current				
General Government	1,383,290	645,590	-	-
Public Safety	1,601,221	-	-	-
Public Works	222,834	-	200,000	-
Library	-	-	-	587,359
Parks and Recreation	81,798	-	-	-
Capital Outlay	198,306	757,100	-	-
Debt Service				
Principal	-	-	145,000	-
Interest	-	-	86,650	-
TOTAL EXPENDITURES	3,487,449	1,402,690	431,650	587,359
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	990,716	1,743,296	671,983	1,592,140
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	(139,009)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(139,009)	-	-
NET CHANGE IN FUND BALANCES	990,716	1,604,287	671,983	1,592,140
FUND BALANCES, Beginning	1,827,135	2,338,351	2,429,234	14,043,420
FUND BALANCES, Ending	\$ 2,817,851	\$ 3,942,638	\$ 3,101,217	\$ 15,635,560

The accompanying notes are an integral part of the financial statements.

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 4,539,398
-	268,417
287,954	2,164,260
-	368
-	75,772
21,116	3,390,818
-	25,125
-	54,052
-	176,454
-	163,174
22,806	274,138
31,725	138,908
<u>363,601</u>	<u>11,270,884</u>
-	2,028,880
-	1,601,221
-	422,834
-	587,359
3,700	85,498
296,310	1,251,716
-	145,000
-	86,650
<u>300,010</u>	<u>6,209,158</u>
<u>63,591</u>	<u>5,061,726</u>
<u>-</u>	<u>(139,009)</u>
<u>-</u>	<u>(139,009)</u>
63,591	4,922,717
<u>2,123,956</u>	<u>22,762,096</u>
<u>\$ 2,187,547</u>	<u>\$ 27,684,813</u>

TOWN OF HUDSON, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

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

Net change in fund balances - total governmental funds \$ 4,922,717

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital Outlay	1,251,716	
Depreciation	(482,875)	
Loss on Disposal of Assets	(16,726)	<u>752,115</u>

Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.

Bond Principal Payments	145,000	
Amortization of Deferred Charges	(13,332)	
Amortization of Bond Premium	7,909	
Changes in Accrued Interest Payable	363	
Changes in Compensated Absences	(4,297)	<u>135,643</u>

Unearned revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents revenues that were previously recognized in the government-wide financial statements.

(597,185)

Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.

Deferred charges related to Pension Plan		<u>64,207</u>
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Change in net position of governmental activities

\$ 5,277,497

The accompanying notes are an integral part of the financial statements.

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	WATER	WASTEWATER	TOTAL
ASSETS			
Current Assets			
Cash and Investments	\$ 510,510	\$ 349,090	\$ 859,600
Restricted Cash and Investments	-	216,449	216,449
Accounts Receivable	77,132	54,119	131,251
Prepaid Expense	1,059	882	1,941
Total Current Assets	<u>588,701</u>	<u>620,540</u>	<u>1,209,241</u>
Noncurrent Assets			
Capital Assets, Not Being Depreciated	962,267	-	962,267
Capital Assets, Net of Accumulated Depreciation	<u>3,175,137</u>	<u>6,804,517</u>	<u>9,979,654</u>
Total Noncurrent Assets	<u>4,137,404</u>	<u>6,804,517</u>	<u>10,941,921</u>
TOTAL ASSETS	<u>4,726,105</u>	<u>7,425,057</u>	<u>12,151,162</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	35,629	35,117	70,746
Retainage Payable	-	-	-
Accrued Expenses	7,812	5,103	12,915
Deposits	1,101	-	1,101
Accrued Interest Payable	14,707	48,281	62,988
Accrued Compensated Absences, Current Portion	236	236	472
Bonds and Notes Payable, Current Portion	<u>56,006</u>	<u>62,976</u>	<u>118,982</u>
Total Current Liabilities	<u>115,491</u>	<u>151,713</u>	<u>267,204</u>
Noncurrent Liabilities			
Accrued Compensated Absences	2,129	2,129	4,258
Bonds and Notes Payable	<u>910,329</u>	<u>2,908,322</u>	<u>3,818,651</u>
Total Noncurrent Liabilities	<u>912,458</u>	<u>2,910,451</u>	<u>3,822,909</u>
TOTAL LIABILITIES	<u>1,027,949</u>	<u>3,062,164</u>	<u>4,090,113</u>
NET POSITION			
Net Investment in Capital Assets	3,171,069	3,833,219	7,004,288
Restricted	-	-	-
Unrestricted	<u>527,087</u>	<u>529,674</u>	<u>1,056,761</u>
TOTAL NET POSITION	<u>\$ 3,698,156</u>	<u>\$ 4,362,893</u>	<u>\$ 8,061,049</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUDSON, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2022

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services	\$ 769,027	\$ 457,213	\$ 1,226,240
Other Revenues	34,305	-	34,305
TOTAL OPERATING REVENUES	<u>803,332</u>	<u>457,213</u>	<u>1,260,545</u>
OPERATING EXPENSES			
Operations and Maintenance	661,505	319,214	980,719
Administration	151,673	93,514	245,187
Depreciation	193,290	232,171	425,461
TOTAL OPERATING EXPENSES	<u>1,006,468</u>	<u>644,899</u>	<u>1,651,367</u>
NET OPERATING INCOME (LOSS)	<u>(203,136)</u>	<u>(187,686)</u>	<u>(390,822)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on Investments	6,287	4,086	10,373
Interest Expense	(29,108)	(97,231)	(126,339)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(22,821)</u>	<u>(93,145)</u>	<u>(115,966)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(225,957)</u>	<u>(280,831)</u>	<u>(506,788)</u>
Tap Fees	71	-	71
Transfers In	-	139,009	139,009
CHANGE IN NET POSITION	<u>(225,886)</u>	<u>(141,822)</u>	<u>(367,708)</u>
NET POSITION, Beginning	<u>3,924,042</u>	<u>4,504,715</u>	<u>8,428,757</u>
NET POSITION, Ending	<u>\$ 3,698,156</u>	<u>\$ 4,362,893</u>	<u>\$ 8,061,049</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUDSON, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended December 31, 2022
 Increase (Decrease) in Cash and Cash Equivalents

	WATER	WASTEWATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 797,757	\$ 454,242	\$ 1,251,999
Cash Paid to Employees	(220,048)	(131,410)	(351,458)
Cash Paid to Suppliers	(609,564)	(276,526)	(886,090)
Net Cash Provided (Used) by Operating Activities	<u>(31,855)</u>	<u>46,306</u>	<u>14,451</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Payments to/from Other Funds	-	139,009	139,009
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>139,009</u>	<u>139,009</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(8,866)	(3,790)	(12,656)
Principal Payments on Long Term Debt	(54,330)	(60,808)	(115,138)
Interest Payments	(29,938)	(98,221)	(128,159)
Tap Fees and Capital Contributions	71	-	71
Net Cash Used by Capital Financing Activities	<u>(93,063)</u>	<u>(162,819)</u>	<u>(255,882)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>6,287</u>	<u>4,086</u>	<u>10,373</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(118,631)	26,582	(92,049)
CASH AND CASH EQUIVALENTS, Beginning	629,141	538,957	1,168,098
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 510,510</u>	<u>\$ 565,539</u>	<u>\$ 1,076,049</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (203,136)	\$ (187,686)	\$ (390,822)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation Expense	193,290	232,171	425,461
Changes in Assets and Liabilities			
Accounts Receivable	(5,511)	(2,971)	(8,482)
Prepaid Expenses	307	296	603
Accounts Payable	(21,787)	1,156	(20,631)
Accrued Expenses	5,435	3,637	9,072
Compensated Absences	(389)	(297)	(686)
Deposits	(64)	-	(64)
Total Adjustments	<u>171,281</u>	<u>233,992</u>	<u>405,273</u>
Net Cash Used by Operating Activities	<u>\$ (31,855)</u>	<u>\$ 46,306</u>	<u>\$ 14,451</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Hudson, Colorado (the “Town”) was founded in 1887 and incorporated in 1914. The Town is governed by a town manager and a seven-member board of trustees (including the mayor) elected by the residents.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the Town and organizations for which the Town is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. In addition, any legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Town.

Based upon the application of these criteria, the Town includes the following organization in its reporting entity:

Hudson Public Library

The Hudson Public Library provides services to the citizens of the Town through an intergovernmental agreement between the Town and High Plains Library District. The Town’s Board of Trustees appoints the governing board of the Library and management of the Town has operational responsibility for the Library. The Library’s financial information is blended in the Town’s financial statements as a special revenue fund. Separate financial statements are not available.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

In the fund financial statements, the Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

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

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

The *Hudson Public Library Fund* accounts for the operations of the library.

The Town reports the following major proprietary funds:

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

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

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Town considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

Prepaid Expenses – On the government-wide and governmental fund financial statements, prepaid expenses are presented using the consumption method.

Land Held for Sale – Land held for resale is carried at cost.

Capital Assets – Capital assets, which include land, water rights, infrastructure, utility plant and lines, and property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	20 years
Infrastructure	10 - 50 years
Water System	50 years
Wastewater System	50 years
Buildings	10 - 50 years
Machinery and Equipment	30 - 30 years

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Compensated Absences – Town employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. Employees are allowed to carry over a maximum of 40 hours of unused vacation time. Any excess accrued time is paid out in a lump sum at the employee’s current rate of pay in the first pay period of the subsequent year only to the extent that the use of vacation leave was delayed at the request of the Town. Otherwise, excess vacation leave above accrual limits is forfeited.

Upon termination of employment, employees are entitled to receive compensation for any unused vacation time, up to a maximum of 40 hours at their current rate of pay.

Town employees are also eligible to receive compensatory time, which is earned at one and one-half times the hours worked beyond 40 hours in a given week. Compensatory time may substitute overtime pay at the discretion of the Town. Compensatory time may be accrued up to 40 hours. In the event compensatory time has not been taken by the employee by December 31, the balance of the accrued time will be paid to the employee.

These compensated absences are expensed when paid in the governmental fund types. Compensated absences are expensed when earned in the proprietary fund type. A long-term liability in the amount of \$35,048 and \$4,730 has been recorded in the governmental activities and business-type activities, respectively, in the statement of net position for the accrued benefits.

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Pensions – The Town participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing, multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to and deductions from the fiduciary net position of the SWDBP have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Employer contributions are recognized in the year the contributions are paid.

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the postmark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. The County Treasurer’s Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year end.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitations on their use. While Town management may have categorized and segmented portions for various purposes, the Town Board of Trustees has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town reports nonspendable fund balances related to prepaid expenses, notes receivable, and land held for sale on December 31, 2022.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the Town reports restricted fund balances in the Paving Sales Tax Fund, Sales Tax Capital Improvement Fund, and Conservation Trust Fund. These balances are restricted for capital and infrastructure improvements, and parks and recreation.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town reports the fund balance in the Property Tax Special Revenue Fund, the Hudson Public Library Fund, the Park Impact Fees Fund, the Facilities Impact Fees Fund, the Street Impact Fees Fund, and the Capital Reserve Fund as committed resources for the respective fund purpose as of December 31, 2022.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The Town does not report any assigned fund balances as of December 31, 2022.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes and the Colorado Constitution, Article XIV, Section 18(2).

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Risk Management (Continued)

The purposes of CIRSA are to provide member defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims made against members of CIRSA, their employees and officers.

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

CIRSA is a legal separate entity, and the Town does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2022 through July 20, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparison for the proprietary fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted. Annual appropriated budgets are adopted for all funds. All appropriations lapse at fiscal year-end.

TOWN OF HUDSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

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

- Budgets are required by state law for all funds. Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, revisions that alter the total expenditures of any fund must be approved by the Town Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Town Board of Trustees.

NOTE 3: CASH AND INVESTMENTS

Cash and investments on December 31, 2022 consist of the following:

Petty Cash	\$ 882
Deposits	13,996,504
Investments	<u>15,301,775</u>
Total	<u>\$ 29,299,161</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Governmental Activities	\$ 27,957,704
Cash and Investments - Governmental Activities, Restricted	265,408
Cash and Investments - Business-Type Activities	859,600
Cash and Investments - Business-Type Activities, Restricted	<u>216,449</u>
Total	<u>\$ 29,299,161</u>

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. On December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has no policy regarding custodial credit risk for deposits.

On December 31, 2022, the Town had deposits with financial institutions with a carrying amount of \$13,996,504. The bank balances with the financial institutions were \$14,124,433. Of these balances, \$5,883,446 was covered by federal depository insurance and \$8,240,987 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

The Town is required to comply with State statutes and the Town's investment policy which specify investment instruments meeting defined rating, maturity, and concentration of credit risk criteria in which the Town may invest.

Interest Rate Risk

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

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Concentration of Credit Risk

Except for corporate securities, State statutes do not limit the amount the Town may invest in any single investment or issuer.

Local Government Investment Pools

The Town had invested \$15,301,775 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

Cash and investments in the amount of \$265,408 and \$216,449 are restricted in the Paving Sales Tax Fund and Wastewater Fund to comply with debt covenants.

NOTE 4: CAPITAL ASSETS

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 194,313	\$ 152,492	\$ -	\$ 346,805
Construction in Progress	1,128,076	152,973	1,128,076	152,973
Total Capital Assets, Not Depreciated	<u>1,322,389</u>	<u>305,465</u>	<u>1,128,076</u>	<u>499,778</u>
Capital Asset, Being Depreciated				
Land Improvements	840,068	-	-	840,068
Infrastructure	6,084,803	1,741,928	-	7,826,731
Buildings	8,637,455	8,517	-	8,645,972
Machinery and Equipment	1,199,054	323,882	46,834	1,476,102
Total Capital Assets, Being Depreciated	<u>16,761,380</u>	<u>2,074,327</u>	<u>46,834</u>	<u>18,788,873</u>
Accumulated Depreciation				
Land Improvements	295,937	42,003	-	337,940
Infrastructure	1,473,574	173,894	-	1,647,468
Buildings	884,268	174,191	-	1,058,459
Machinery and Equipment	632,381	92,787	30,108	695,060
Total Depreciation	<u>3,286,160</u>	<u>482,875</u>	<u>30,108</u>	<u>3,738,927</u>
Capital Assets, Depreciated Net	<u>13,475,220</u>	<u>1,591,452</u>	<u>16,726</u>	<u>15,049,946</u>
Net Capital Assets	<u>\$14,797,609</u>	<u>\$ 1,896,917</u>	<u>\$ 1,144,802</u>	<u>\$15,549,724</u>

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 4: CAPITAL ASSETS (Continued)

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

Governmental Activities

General Government	\$ 99,787
Public Safety	65,383
Public Works	183,033
Library	92,669
Parks and Recreation	<u>42,003</u>
 Total	 <u>\$ 482,875</u>

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
Business-Type Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Water Rights	<u>962,267</u>	<u>-</u>	<u>-</u>	<u>962,267</u>
Total Capital Assets, Not Depreciated	<u>962,267</u>	<u>-</u>	<u>-</u>	<u>962,267</u>
 Capital Asset, Being Depreciated				
Water System	7,589,191	8,866	-	7,598,057
Wastewater System	9,502,597	3,790	-	9,506,387
Machinery and Equipment	<u>299,032</u>	<u>-</u>	<u>-</u>	<u>299,032</u>
Total Capital Assets, Being Depreciated	<u>17,390,820</u>	<u>12,656</u>	<u>-</u>	<u>17,403,476</u>
 Accumulated Depreciation				
Water System	4,344,688	184,351	-	4,529,039
Wastewater System	2,487,402	230,372	-	2,717,774
Machinery and Equipment	<u>166,271</u>	<u>10,738</u>	<u>-</u>	<u>177,009</u>
Total Depreciation	<u>6,998,361</u>	<u>425,461</u>	<u>-</u>	<u>7,423,822</u>
Capital Assets, Depreciated Net	<u>10,392,459</u>	<u>(412,805)</u>	<u>-</u>	<u>9,979,654</u>
 Net Capital Assets	 <u>\$ 11,354,726</u>	 <u>\$ (412,805)</u>	 <u>\$ -</u>	 <u>\$ 10,941,921</u>

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 4: **CAPITAL ASSETS** (Continued)

Depreciation expense in the amount of \$193,290 and \$232,171 was charged to the Water Fund and Wastewater Fund, respectively.

NOTE 5: **LONG-TERM DEBT**

The following is a summary of the Town’s long-term debt transactions for the year ended December 31, 2022:

Governmental Activities	12/31/2021		12/31/2022		Due Within One Year
	Balance	Additions	Payments	Balance	
2016 Bonds	\$ 2,850,000	\$ -	\$ 145,000	\$ 2,705,000	\$ 160,000
Bond Premium Compensated Absences	117,523	-	7,909	109,614	-
	30,751	4,297	-	35,048	3,505
Total	\$ 2,998,274	\$ 4,297	\$ 152,909	\$ 2,849,662	\$ 163,505

2016 Limited Property and Sales Tax Refunding Bonds

In 2016, the Town issued \$3,485,000 Limited Property and Sales Tax Refunding Bonds, Series 2016. Proceeds of the bonds were used to refund the outstanding Sales Tax Revenue Bonds, Series 2009 and the Limited Tax General Obligation Bonds, Series 2009. The bonds carry interest rates ranging from 3% to 3.25%. Interest payments on the bonds are due semi-annually on June 1 and December 1. Principal payments on the bonds are due annually on December 1, beginning in 2018 through 2036.

The bonds are payable solely from the Town’s 2 percent street paving sales taxes accounted for in the Paving Sales Tax Fund and a 15.966 mill levy reported in the Property Tax Special Revenue Fund.

Bonds maturing on and before December 1, 2023 are not subject to redemption prior to maturity. Bonds maturing on or after December 1, 2024 are subject to redemption prior to maturity, at the option of the Town, in whole or in part from any maturity, and by lot within a maturity in such a manner as the Town may determine, on December 1, 2023, and on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: LONG-TERM DEBT (Continued)

2016 Limited Property and Sales Tax Refunding Bonds (Continued)

The bonds maturing on December 1, 2026, December 1, 2028, December 1, 2030, December 1, 2032, December 1, 2034, and December 1, 2036 (the "term bonds") are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date. The bonds subject to mandatory sinking fund redemption shall be selected by lot in such a manner as the paying agent shall determine.

The annual debt service requirements on the outstanding bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 160,000	\$ 82,300	\$ 242,300
2024	165,000	77,500	242,500
2025	170,000	72,550	242,550
2026	175,000	67,450	242,450
2027	175,000	62,200	237,200
2028-2032	970,000	228,950	1,198,950
2033-2036	890,000	71,988	961,988
Total	\$ 2,705,000	\$ 662,938	\$ 3,367,938

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

Business-Type Activities	12/31/2021			12/31/2022	
	<u>Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u>	<u>Due Within One Year</u>
1995 Water					
Revenue Bonds	\$ 390,100	\$ -	\$ 20,500	\$ 369,600	\$ 21,500
1994 CWCB Loan	630,565	-	33,830	596,735	34,506
2011 Revenue					
Bonds	3,032,106	-	60,808	2,971,298	62,976
Compensated					
Absences	5,416	-	686	4,730	472
Total	\$ 4,058,187	\$ -	\$ 115,824	\$ 3,942,363	\$ 119,454

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: **LONG-TERM DEBT** (Continued)

1995 Water Revenue Bond

In October 1995, the Town issued Water Revenue Bonds Series 1995 in the amount of \$700,000. Proceeds of the bonds were used to finance the construction and acquisition of regional water distribution system improvements. The bonds carry an interest rate of 4.50% per annum. Principal and interest payments on the bonds are due semi-annually on May 1 and November 1, beginning in 1996 through 2035. The bonds are secured by, and payable solely from an irrevocable pledge of the net revenues of the Water Fund.

The bonds are subject to redemption prior to maturity, at the option of the Town, as a whole or in part, at any time, upon payment of par and accrued interest, without redemption premium.

The annual debt service requirements on the outstanding bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	21,500	16,394	37,894
2024	22,500	15,415	37,915
2025	23,500	14,391	37,891
2026	24,500	13,322	37,822
2027	25,700	12,206	37,906
2028-2032	147,100	42,359	189,459
2033-2035	104,800	8,357	113,157
Total	<u>\$ 369,600</u>	<u>\$ 122,444</u>	<u>\$ 492,044</u>

1994 Colorado Water Conservation Board (CWCB) Loan

In March 1994, the Town entered into a loan agreement with the Colorado Water Conservation Board (“CWCB”) in the amount of \$1,273,000. Proceeds of the loan were used to purchase a portion of the Southern Water Supply Project, a pipeline that carries water from Carter Lake to several communities in northeastern Colorado. The Town is a 0.3% participant in the Southern Water Supply Project.

The loan carries an interest rate of 2%. Annual principal and interest payments in the amount of \$46,535 are due beginning on January 1, 1997 through 2037.

The loan is payable solely from revenues pledged for the repayment from water user charges or fees.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: **LONG-TERM DEBT** (Continued)

1994 Colorado Water Conservation Board (CWCB) Loan (Continued)

The annual debt service requirement on the outstanding loan is as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 34,506	\$ 11,935	\$ 46,441
2024	35,197	11,244	46,441
2025	35,901	10,540	46,441
2026	36,619	9,822	46,441
2027	37,351	9,090	46,441
2028-2032	198,263	33,942	232,205
2033-2037	218,898	13,308	232,206
Total	\$ 596,735	\$ 99,881	\$ 696,616

2011 Wastewater Revenue Bonds

In July 2011, the Town issued Wastewater Revenue Bonds, Series 2011 in the amount of \$3,545,000. Proceeds of the bonds were used to refund and discharge the previously issued Wastewater and Treatment System Revenue Bond Anticipation Note issued in 2010. The bonds carry an interest rate of 3.25% per annum. Principal and interest payments in the amount of \$79,515 are due semi-annually on January 1 and July 1, beginning in 2012 through 2051.

Installments of principal and interest payments may be subject to prepayment prior to their payment date, at the option of the Town, in whole or in part, on any date and in any order selected by the Town at a price equal to the principal amount of the bond so prepaid plus accrued interest to the prepayment date, without premium.

The bonds are payable solely from net revenues of the wastewater system.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: **LONG-TERM DEBT** (Continued)

2011 Wastewater Revenue Bonds (Continued)

The annual debt service requirement on the outstanding bonds are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 62,976	\$ 96,054	\$ 159,030
2024	65,039	93,991	159,030
2025	67,170	91,860	159,030
2026	69,371	89,659	159,030
2027	71,644	87,386	159,030
2028-2032	395,008	400,142	795,150
2033-2037	464,096	331,054	795,150
2038-2042	545,273	249,877	795,150
2043-2047	640,649	154,501	795,150
2048-2051	590,072	46,217	636,289
Total	<u>\$ 2,971,298</u>	<u>\$ 1,640,741</u>	<u>\$ 4,612,039</u>

NOTE 6: **INTERFUND BALANCES AND TRANSFERS**

During the year ended December 31, 2022, the Property Tax Special Revenue Fund transferred \$139,009 to the Wastewater Fund to cover a portion of the debt service expenses.

NOTE 7: **STATEWIDE DEFINED BENEFIT PENSION PLAN**

Summary of Significant Accounting Policies

Pensions. The Town participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado (“FPPA”). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDBP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 7: **STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the SWDBP

Plan description. The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDBP may include fire department clerical and other personnel whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado Statelaw provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org.

Benefits provided. 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 members 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 the 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 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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 7: **STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the SWDBP (Continued)

Contributions. 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 increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings.

In 2021, members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of pensionable earnings for a total contribution rate of 20.0 percent. Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. 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 reflect the actual cost of reentry by department. 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 5.75 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.0 percent in 2021.

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 will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On December 31, 2022, the Town reported a net pension asset of \$169,858 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021.

The Town’s proportion of the net pension asset was based on Town contributions to the SWDBP for the calendar year 2021 relative to the total contributions of participating employers to the SWDBP.

On December 31, 2021, the Town’s proportion was 0.03134 percent which is an increase of 0.01612 from its proportion measured as of December 31, 2020. For the year ended December 31, 2022, the Town recognized pension revenue of \$64,207. On December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$39,569	\$3,415
Changes of assumptions or other inputs	\$19,505	N/A
Net difference between projected and actual earnings on pension plan investments	N/A	\$85,102
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$1,090	\$57,198
Contributions subsequent to the measurement date	\$39,927	N/A
Total	\$100,091	\$145,715

\$39,927 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending December 31, 2023.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2023	(\$34,086)
2024	(\$22,195)
2025	(\$11,261)
2026	\$3,125
2027	\$815
Thereafter	\$(21,949)

Actuarial assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Total Pension Liability

Actuarial Valuation Date	January 1, 2022
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term Investment Rate of Return *	7.0%
Projected Salary Increases	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

Actuarial Determined Contributions

Actuarial Valuation Date	January 1, 2021
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Long-term Investment Rate of Return *	7.0%
Projected Salary Increases	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 7: **STATEWIDE DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(Continued)*

For determining the total pension liability, 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 of all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the PR-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 actuarial assumption changes were effective 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 SWDBP's 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 return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation (assumed at 2.5 percent).

The SWDBP's 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 return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were 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).

TOWN OF HUDSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Fund target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income – Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100.00%	

Discount rate. Projected benefits 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).

The expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 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; and the resulting Single Discount rate is 7.00 percent.

Sensitivity of the Town’s proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

TOWN OF HUDSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

	1% Decrease (6.00%)	Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	(\$23,424)	(\$169,858)	(\$291,170)

Pension plan fiduciary net position. Detailed information about the SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at www.fppaco.org.

Subsequent Event

Statewide Retirement Plan

During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The merger will result in increased longer-term stability for both plans in addition to simplification of administration, operation, and communication of benefits. The financial impact of the merger of plans is being determined.

Actuarial Experience Study

During 2022, FPPA engaged Gabriel, Roeder Smith & Co. to complete the actuarial experience study. The FPPA Board of Directors accepted the findings of the study at its July 29, 2022 meeting. These assumptions will be included in the Statewide Retirement Plan valuation as of January 1, 2023.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 8: **OTHER RETIREMENT COMMITMENTS**

Statewide Money Purchase Pension Plan

The Town contributes to the Statewide Money Purchase Pension Plan, a multiple-employer defined contribution plan. The plan is administered by the Fire & Police Pension Association of Colorado (“FPPA”). The contribution requirements of the plan are established by state statute. Currently, the plan participants contribute 5.50% of base salary, and the Town contributes 4% of base salary. Participants are vested immediately in their contributions. Vesting in the Town’s contributions and related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the year ended December 31, 2022 and 2021, the Town contributed \$45,603 and \$20,130 to the plan.

Deferred 457 Compensation Plan

The Town’s employees participate in a deferred compensation plan created in accordance with Internal Revenue Code 457. Contribution to the deferred compensation plan is optional for employees. The Town is required to contribute 5% of each employee’s compensation to the plan if the employee was hired prior to October 5, 2022. For employees hired on or after October 5, 2022, the Town will match up to 5% of the employee’s contribution to the plan. The match will start after the employee passes their probationary period. Employees become vested in the Town’s contributions at 20% annually after one year of employment. The contribution requirements of the plan members and the Town are established and may be amended by the Town Board of Trustees. During the year ended December 31, 2022 and 2021 the Town contributed \$45,462 and \$55,722, respectively, to the plan. The plan investments are managed by the plan administrator, Empower Financial Services.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 9: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2022, significant amounts of grant expenditures have not been audited but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

Lease and Operations Agreement with Allo Hudson, LLC

In June 2019, the Town entered into a master service agreement with Allo Hudson LLC (“Allo”) to provide certain services related to the design, construction, operation, and maintenance of the Hudson Fiber Network (HFN). The project is funded by a combination of state grants and Town funds. As of December 31, 2022, construction of the infrastructure asset has been completed and placed in service.

In June 2021, the Town entered into a Lease and Network Operations Agreement with Allo. Under the terms of the agreement, the Town grants Allo the exclusive right to use the HFN to operate the fiber network. Allo offers residential and business broadband internet access service to potential subscribers.

No payments for the operation of the HFN are due to the Town. The parties to the agreement may renew the agreement for an additional ten years after the initial term, and an additional ten years after the first renewal.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The Town believes it has complied with the Amendment.

TOWN OF HUDSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

In November 2009, the citizens of the Town approved a ballot question which authorized the Town to collect, retain, and expend the full proceeds generated by any revenue source of the Town notwithstanding any limitation contained in Article X, Section 20, of the Colorado Constitution and without limiting in any year the amount of other revenues that may be collected and spent by the Town under Article X, Section 20. The Town has established a reserve, representing 3% of qualifying expenditures, as required by the amendment.

On December 31, 2022, the emergency reserve was reported as a restriction of fund balance in the following funds:

General Fund	\$ 120,000
Sales Tax Capital Improvement Fund	8,500
Property Tax Special Revenue Fund	86,500
Paving Sales Tax Fund	26,500
Conservation Trust Fund	700
Library Fund	65,500
Capital Reserve Fund	9,000
Park Impact Fee Fund	3
Facilities Impact Fee Fund	15
Street Impact Fee Fund	<u>75</u>
 Total	 <u>\$ 316,793</u>

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLES - LEASES

For the year ended December 31, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 enhances the relevance and consistency of information for the government’s leasing activities. For lessees, the accounting standard establishes requirements for lease accounting based on the principle that leases are financings of the right to use a leased asset, The standard also establishes requirements for lessors to recognize a lease receivable and deferred inflow of resources. The Town has determined that it has no agreements that would require disclosure under the new standard.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 11: **SUBSEQUENT EVENT**

In July 2023, the Town entered into a Real Property Exchange Agreement with Andrews Farm Holdings, LLC (“Andrews”). Under the terms of the agreement, the Town agrees to convey Town property to Andrews and Andrews agrees to convey Andrews property to the Town.

The Andrews property exceeds the acreage of the Town property. As consideration for the disparate number of acres, the Town agrees to convey Andrews raw water credits equivalent to \$100,000 per 19.55 acres (\$1,955,000). The water credits may be used by Andrews for future development within the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Property Taxes	\$ 2,071,551	\$ 2,071,551	\$ 2,150,767	\$ 79,216	\$ 2,779,901
Specific Ownership Taxes	200,000	200,000	268,417	68,417	294,621
Sales and Use Taxes	600,000	600,000	804,131	204,131	571,244
Occupation Taxes	50	50	368	318	714
Franchise Fees	85,000	85,000	75,772	(9,228)	68,008
Intergovernmental	237,467	237,467	621,952	384,485	611,353
Charges for Services	18,110	18,110	25,125	7,015	177,513
Licenses and Permits	54,650	54,650	54,052	(598)	48,438
Fines and Forfeitures	135,600	135,600	176,454	40,854	150,263
Grants and Donations	-	-	157,568	157,568	17,485
Earnings on Investments	1,000	1,000	36,696	35,696	748
Miscellaneous	347,000	36,200	106,863	70,663	5,811
TOTAL REVENUES	3,750,428	3,439,628	4,478,165	1,038,537	4,726,099
EXPENDITURES					
Current					
General Government	1,305,010	1,305,010	1,383,290	(78,280)	1,259,859
Public Safety	1,508,112	1,547,340	1,601,221	(53,881)	1,378,006
Public Works	408,764	385,264	222,834	162,430	287,538
Parks and Recreation	73,843	73,843	81,798	(7,955)	132,507
Capital Outlay	-	175,992	198,306	(22,314)	52,779
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	3,295,729	3,487,449	3,487,449	-	3,110,689
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	454,699	(47,821)	990,716	1,038,537	1,615,410
OTHER FINANCING SOURCES					
Proceeds from Sale of Assets	-	-	-	-	3,950
TOTAL OTHER FINANCING SOURCES	-	-	-	-	3,950
CHANGE IN FUND BALANCE	454,699	(47,821)	990,716	1,038,537	1,619,360
FUND BALANCES, Beginning	1,465,420	1,465,420	1,827,135	361,715	207,775
FUND BALANCES, Ending	\$ 1,920,119	\$ 1,417,599	\$ 2,817,851	\$ 1,400,252	\$ 1,827,135

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
 PROPERTY TAX SPECIAL REVENUE FUND
 Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Property Taxes	\$ 2,300,385	\$ 2,300,385	\$ 2,388,631	\$ 88,246	\$ 3,087,345
Intergovernmental Revenue	-	-	710,657	710,657	-
Earnings on Investments	35,301	35,301	46,698	11,397	1,061
TOTAL REVENUES	2,335,686	2,335,686	3,145,986	810,300	3,088,406
EXPENDITURES					
Current					
General Government	578,387	578,387	645,590	(67,203)	558,355
Capital Outlay	1,200,000	1,200,000	757,100	442,900	1,459,915
TOTAL EXPENDITURES	1,778,387	1,778,387	1,402,690	375,697	2,018,270
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	557,299	557,299	1,743,296	1,185,997	1,070,136
OTHER FINANCING USES					
Transfer Out	(189,009)	(189,009)	(139,009)	50,000	(120,000)
TOTAL OTHER FINANCING USES	(189,009)	(189,009)	(139,009)	50,000	(120,000)
CHANGE IN FUND BALANCE	368,290	368,290	1,604,287	1,235,997	950,136
FUND BALANCES, Beginning	2,824,108	2,824,108	2,338,351	(485,757)	1,388,215
FUND BALANCES, Ending	\$ 3,192,398	\$ 3,192,398	\$ 3,942,638	\$ 750,240	\$ 2,338,351

See the accompanying independent auditor's report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PAVING SALES TAX FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Sales and Use Tax	\$ 840,000	\$ 840,000	\$ 1,072,175	\$ 232,175	\$ 761,658
Earnings on Investments	2,000	2,000	31,458	29,458	952
TOTAL REVENUES	842,000	842,000	1,103,633	261,633	762,610
EXPENDITURES					
Current					
Public Works	12,000	12,000	200,000	(188,000)	18,883
Capital Outlay	620,000	620,000	-	620,000	74,375
Debt Service					
Principal	135,000	135,000	145,000	(10,000)	135,000
Interest	94,750	94,750	86,650	8,100	90,700
TOTAL EXPENDITURES	861,750	861,750	431,650	430,100	318,958
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,750)	(19,750)	671,983	691,733	443,652
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	(19,750)	(19,750)	671,983	691,733	443,652
FUND BALANCES, Beginning	1,811,157	1,811,157	2,429,234	618,077	1,985,582
FUND BALANCES, Ending	\$ 1,791,407	\$ 1,791,407	\$ 3,101,217	\$ 1,309,810	\$ 2,429,234

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

HUDSON PUBLIC LIBRARY FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Intergovernmental	\$ 2,027,819	\$ 2,027,819	\$ 2,037,093	\$ 9,274	\$ 3,486,023
Grants and Donations	2,000	2,000	5,606	3,606	3,220
Earnings on Investments	8,000	8,000	136,480	128,480	9,752
Miscellaneous	3,500	3,500	320	(3,180)	636
TOTAL REVENUES	2,041,319	2,041,319	2,179,499	138,180	3,499,631
EXPENDITURES					
Current					
Library	1,194,000	1,194,000	587,359	606,641	521,273
Capital Outlay	1,150,000	1,150,000	-	1,150,000	156,304
TOTAL EXPENDITURES	2,344,000	2,344,000	587,359	1,756,641	677,577
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(302,681)	(302,681)	1,592,140	1,894,821	2,822,054
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (-	-	-	-	-
CHANGE IN FUND BALANCE	(302,681)	(302,681)	1,592,140	1,894,821	2,822,054
FUND BALANCES, Beginning	2,557,814	2,557,814	14,043,420	11,485,606	11,221,366
FUND BALANCES, Ending	\$ 2,255,133	\$ 2,255,133	\$ 15,635,560	\$ 13,380,427	\$ 14,043,420

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN

Years Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability (Asset)	0.03134%	0.01522%	0.01575%
Proportionate Share of the Net Pension Liability (Asset)	\$ (169,858)	\$ (33,043)	\$ (8,905)
Covered payroll	\$ 506,245	\$ 244,502	\$ 71,415
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	-33.55%	-13.51%	-12.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.20%	106.70%	101.90%

NOTE: Information for the prior seven years is not available for this report

TOWN OF HUDSON, COLORADO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN

Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 39,927	\$ 21,447	\$ 9,780	\$ 2,857
Contributions in Relation to the Contractually Required Contributions	<u>39,927</u>	<u>21,447</u>	<u>9,780</u>	<u>2,857</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 853,975	\$ 506,245	\$ 244,502	\$ 71,415
Contributions as a Percentage of Covered Payroll	4.68%	4.24%	4.00%	4.00%

NOTE: Information for the prior six years was not available for this report.

See the accompanying independent auditor's report

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

TOWN OF HUDSON, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	SALES TAX CAPITAL IMPROVEMENT	CAPITAL RESERVE	CONSERVATION TRUST	PARK IMPACT FEES
ASSETS				
Cash and Investments	\$ 1,363,324	\$ 428,808	\$ 182,149	\$ 4,601
Accounts Receivable	55,943	-	-	-
TOTAL ASSETS	\$ 1,419,267	\$ 428,808	\$ 182,149	\$ 4,601
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ 45,059	\$ -	\$ -
TOTAL LIABILITIES	-	45,059	-	-
FUND EQUITY				
Fund Balance				
Restricted for Fund Purpose	1,410,767	-	181,449	-
Restricted for Emergencies	8,500	9,000	700	3
Committed	-	374,749	-	4,598
TOTAL FUND EQUITY	1,419,267	383,749	182,149	4,601
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,419,267	\$ 428,808	\$ 182,149	\$ 4,601

See the accompanying independent auditor's report

FACILITIES IMPACT FEES	STREET IMPACT FEES	TOTALS
\$ 37,753	\$ 160,028	\$ 2,176,663
-	-	55,943
<u>\$ 37,753</u>	<u>\$ 160,028</u>	<u>\$ 2,232,606</u>
\$ -	\$ -	\$ 45,059
-	-	45,059
-	-	1,592,216
15	75	18,293
<u>37,738</u>	<u>159,953</u>	<u>577,038</u>
<u>37,753</u>	<u>160,028</u>	<u>2,187,547</u>
<u>\$ 37,753</u>	<u>\$ 160,028</u>	<u>\$ 2,232,606</u>

TOWN OF HUDSON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	SALES TAX CAPITAL IMPROVEMENT	CAPITAL RESERVE	CONSERVATION TRUST	PARK IMPACT FEES
REVENUES				
Sales and Use Taxes	\$ 268,044	\$ 19,910	\$ -	\$ -
Intergovernmental Revenue	-	-	21,116	-
Impact Fees	-	-	-	-
Interest Income	14,010	4,702	1,898	50
Miscellaneous	-	31,725	-	-
TOTAL REVENUES	<u>\$ 282,054</u>	<u>\$ 56,337</u>	<u>\$ 23,014</u>	<u>\$ 50</u>
EXPENDITURES				
Current				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	3,700	-	-	-
Capital Outlay	-	296,310	-	-
TOTAL EXPENDITURES	<u>3,700</u>	<u>296,310</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>278,354</u>	<u>(239,973)</u>	<u>23,014</u>	<u>50</u>
FUND BALANCES, Beginning	<u>1,140,913</u>	<u>623,722</u>	<u>159,135</u>	<u>4,551</u>
FUND BALANCES, Ending	<u>\$ 1,419,267</u>	<u>\$ 383,749</u>	<u>\$ 182,149</u>	<u>\$ 4,601</u>

See the accompanying independent auditor's report

FACILITIES IMPACT FEES	STREET IMPACT FEES	TOTALS
\$ -	\$ -	\$ 287,954
-	-	21,116
-	-	-
409	1,737	22,806
-	-	31,725
<u>\$ 409</u>	<u>\$ 1,737</u>	<u>\$ 363,601</u>
-	-	-
-	-	-
-	-	3,700
-	-	296,310
-	-	300,010
409	1,737	63,591
37,344	158,291	2,123,956
<u>\$ 37,753</u>	<u>\$ 160,028</u>	<u>\$ 2,187,547</u>

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
 SALES TAX CAPITAL IMPROVEMENT FUND
 Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Sales Taxes	\$ 215,000	\$ 215,000	\$ 268,044	\$ 53,044	\$ 190,415
Earnings on Investments	12,941	12,941	14,010	1,069	446
TOTAL REVENUES	227,941	227,941	282,054	54,113	190,861
EXPENDITURES					
Current					
Parks and Recreation	-	-	3,700	(3,700)	4,863
Capital Outlay	25,000	25,000	-	25,000	-
TOTAL EXPENDITURES	25,000	25,000	3,700	21,300	4,863
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	202,941	202,941	278,354	75,413	185,998
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	202,941	202,941	278,354	75,413	185,998
FUND BALANCES, Beginning	1,035,315	1,035,315	1,140,913	105,598	954,915
FUND BALANCES, Ending	\$ 1,238,256	\$ 1,238,256	\$ 1,419,267	\$ 181,011	\$ 1,140,913

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL RESERVE FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Use Taxes	\$ 50,000	\$ 50,000	\$ 19,910	\$ (30,090)	\$ 38,026
Earnings on Investments	6,000	6,000	4,702	(1,298)	297
Miscellaneous	-	22,000	31,725	9,725	-
TOTAL REVENUES	56,000	78,000	56,337	(21,663)	38,323
EXPENDITURES					
Current					
Public Safety	-	-	-	-	54,347
Public Works	-	-	-	-	14,014
Parks and Recreation	-	-	-	-	8,324
Capital Outlay	335,702	380,352	296,310	84,042	130,876
TOTAL EXPENDITURES	335,702	380,352	296,310	84,042	207,561
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(279,702)	(302,352)	(239,973)	62,379	(169,238)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
CHANGE IN FUND BALANCE	(279,702)	(302,352)	(239,973)	62,379	(169,238)
FUND BALANCES, Beginning	810,155	810,155	623,722	(186,433)	792,960
FUND BALANCES, Ending	\$ 530,453	\$ 507,803	\$ 383,749	\$ (124,054)	\$ 623,722

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Intergovernmental Revenue	\$ 16,000	\$ 16,000	\$ 21,116	\$ 5,116	\$ 22,967
Earnings on Investments	800	800	1,898	1,098	64
TOTAL REVENUES	16,800	16,800	23,014	6,214	23,031
EXPENDITURES					
Parks and Recreation	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,800	16,800	23,014	6,214	23,031
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
CHANGE IN FUND BALANCE	16,800	16,800	23,014	6,214	23,031
FUND BALANCES, Beginning	34,691	34,691	159,135	124,444	136,104
FUND BALANCES, Ending	\$ 51,491	\$ 51,491	\$ 182,149	\$ 130,658	\$ 159,135

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PARK IMPACT FEES FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Impact Fees	\$ 100	\$ 100	\$ -	\$ (100)	\$ 98
Earnings on Investments	2	2	50	48	2
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	102	102	50	(52)	100
EXPENDITURES					
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
CHANGE IN FUND BALANCE	102	102	50	(52)	100
FUND BALANCES, Beginning	132	132	4,551	4,419	4,451
FUND BALANCES, Ending	\$ 234	\$ 234	\$ 4,601	\$ 4,367	\$ 4,551

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

FACILITIES IMPACT FEES FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Impact Fees	\$ 50	\$ 50	\$ -	\$ (50)	\$ 413
Earnings on Investments	50	50	409	359	17
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	100	100	409	309	430
EXPENDITURES					
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
CHANGE IN FUND BALANCE	100	100	409	309	430
FUND BALANCES, Beginning	350	350	37,344	36,994	36,914
FUND BALANCES, Ending	\$ 450	\$ 450	\$ 37,753	\$ 37,303	\$ 37,344

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET IMPACT FEES FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Impact Fees	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)	\$ 3,385
Earnings on Investments	90	90	1,737	1,647	70
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	5,090	5,090	1,737	(3,353)	3,455
EXPENDITURES					
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,090	5,090	1,737	(3,353)	3,455
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
CHANGE IN FUND BALANCE	5,090	5,090	1,737	(3,353)	3,455
FUND BALANCES, Beginning	5,128	5,128	158,291	153,163	154,836
FUND BALANCES, Ending	\$ 10,218	\$ 10,218	\$ 160,028	\$ 149,810	\$ 158,291

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Charges for Services	\$ 708,100	\$ 708,100	\$ 769,027	\$ 60,927	\$ 784,644
Tap Fees	43,000	43,000	71	(42,929)	5,000
Earnings on Investments	6,000	6,000	6,287	287	262
Other Revenues	15,100	591,900	34,305	(557,595)	23,718
TOTAL REVENUES	772,200	1,349,000	809,690	(539,310)	813,624
EXPENDITURES					
Current					
Operations and Maintenance	479,604	495,203	661,505	(166,302)	455,431
Administration	237,998	237,998	151,673	86,325	184,156
Capital Outlay	293,000	87,000	8,866	78,134	179,148
Debt Service	85,281	85,281	83,438	1,843	83,552
Contingency	-	-	-	-	-
TOTAL EXPENDITURES	1,095,883	905,482	905,482	-	902,287
CHANGE IN NET POSITION, Budgetary Basis	\$ (323,683)	\$ 443,518	(95,792)	\$ (539,310)	(88,663)
Adjustments to GAAP Basis					
Debt Principal Payments			54,330		52,866
Capital Outlay			8,866		179,148
Depreciation			(193,290)		(180,707)
CHANGE IN NET POSITION, GAAP Basis			(225,886)		(37,356)
NET POSITION, Beginning			3,924,042		3,961,398
NET POSITION, Ending			\$ 3,698,156		\$ 3,924,042

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WASTEWATER FUND

Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES					
Charges for Services	\$ 447,000	\$ 447,000	\$ 457,213	\$ 10,213	\$ 446,471
Tap Fees	5,000	5,000	-	(5,000)	
Earnings on Investments	3,300	3,300	4,086	786	209
Other Revenues	-	-	-	-	4,141
Transfers In	189,009	189,009	139,009	(50,000)	120,000
TOTAL REVENUES	644,309	644,309	600,308	(44,001)	570,821
EXPENDITURES					
Current					
Operations and Maintenance	406,404	406,404	319,214	87,190	338,700
Administration	202,248	202,248	93,514	108,734	142,566
Capital Outlay	22,500	22,500	3,790	18,710	25,667
Debt Service	163,061	163,061	158,039	5,022	158,070
Transfers Out	-	-	-	-	-
Contingency	-	-	-	-	-
TOTAL EXPENDITURES	794,213	794,213	574,557	219,656	665,003
CHANGE IN NET POSITION, Budgetary Basis	\$ (149,904)	\$ (149,904)	25,751	\$ 175,655	(94,182)
Adjustments to GAAP Basis					
Debt Principal Payments			60,808		59,043
Capital Outlay			3,790		25,667
Depreciation			(232,171)		(228,447)
CHANGE IN NET POSITION, GAAP Basis			(141,822)		(237,919)
NET POSITION, Beginning			4,504,715		4,742,634
NET POSITION, Ending			\$ 4,362,893		\$ 4,504,715

See the accompanying independent auditor's report

COMPLIANCE



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hudson, Colorado (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated July 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PB Solutions LLC
Littleton, Colorado
July 20, 2023

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Hudson
		YEAR ENDING : December 2022
This Information From The Records Of Town of Hudson	Prepared By: Phone:	Lorraine Trotter, Prof'l Mgmt Solutions 303-910-9197

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	619,449
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	167,513
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	16,744
2. General fund appropriations	129,131	b. Snow and ice removal	8,959
3. Other local imposts (from page 2)	1,340,592	c. Other	
4. Miscellaneous local receipts (from page 2)	126,835	d. Total (a. through c.)	25,703
5. Transfers from toll facilities		4. General administration & miscellaneous	14,876
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	655,512
a. Bonds - Original Issues		6. Total (1 through 5)	1,483,053
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest & Costs of Issuance	86,650
7. Total (1 through 6)	1,596,558	b. Redemption	145,000
B. Private Contributions		c. Total (a. + b.)	231,650
C. Receipts from State government (from page 2)	118,145	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	1,714,703	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	231,650
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,714,703

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,850,000	0	145,000	2,705,000
1. Bonds (Refunding Portion)		0	0	
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,714,703	1,714,703	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2022	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	33,195
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,072,175	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	268,417	g. Other Misc. Receipts Co. Rd & Bridge	93,640
6. Total (1. through 5.)	1,340,592	h. Other	0
c. Total (a. + b.)	1,340,592	i. Total (a. through h.)	126,835
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	105,631	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	12,514	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	12,514	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	118,145	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			152,492
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			266,957
(2). Capacity Improvements			
(3). System Preservation			0
(4). System Enhancement & Operation			200,000
(5). Total Construction (1) + (2) + (3) + (4)		0	466,957
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	619,449
			(Carry forward to page 1)
Notes and Comments:			