

**TOWN OF
HUDSON, COLORADO**

BASIC FINANCIAL STATEMENTS

December 31, 2025

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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 Town Council
Town of Hudson
Hudson, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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, 2025, 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, 2025, 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.

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

April 28, 2026

BASIC FINANCIAL STATEMENTS

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, 2025. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$5,878,562 (9.3%) during 2025.
- On December 31, 2025, the Town's governmental funds reported combined ending fund balances of \$40,992,010. This marked an increase of \$4,047,541 (11.0%) from the prior year's ending governmental fund balances.
- The Town's General Fund decreased its Fund Balance by \$42,379 (-1.1%) during 2025 primarily higher operating costs than what was anticipated.
- The Town's water and wastewater funds' net positions increased by \$1,477,634 (15.7%) during 2025 primarily due to the purchase of water rights and land with water rights.

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) governmentwide 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 eleven 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 eleven 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 (Capital Projects Fund, Conservation Trust Fund, Park Impact Fee Fund, Facilities Impact Fee Fund, and Street Impact Fee Fund, Police Impact Fee Fund, and Surcharge Fees 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, 2025, all funds had budgeted expenditures/expenses except the Police Impact Fee Fund and Surcharge Fund.

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 \$69,120,331 at the close of 2025. As shown below, the Town's financial position improved by \$5,878,562 (9.3%) during 2025.

Town of Hudson's Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$45,497,597	\$41,631,166	\$ (270,416)	\$ 4,922,384	\$ 45,227,181	\$ 46,553,550
Capital Assets, net	19,468,351	19,217,246	16,038,493	10,822,540	35,506,844	30,039,786
Net Pension Asset	-	-	-	-	-	-
Total assets	\$64,965,948	\$60,848,412	\$ 15,768,077	\$ 15,744,924	\$ 80,734,025	\$ 76,593,336
Deferred outflows of resources	\$ 507,677	\$ 408,370	\$ -	\$ -	\$ 507,677	\$ 408,370
Current liabilities	\$ 360,358	\$ 642,041	1,301,204	2,755,685	\$ 1,661,562	\$ 3,397,726
Noncurrent liabilities	2,548,881	2,450,362	3,569,359	3,569,359	6,118,240	6,019,721
Net Pension Liability	-	-	-	-	-	-
Total liabilities	\$ 2,909,239	\$ 3,092,403	\$ 4,870,563	\$ 6,325,044	\$ 7,779,802	\$ 9,417,447
Deferred inflows of resources	\$ 4,341,569	\$ 4,342,490	\$ -	\$ -	\$ 4,341,569	\$ 4,342,490
Net position:						
Net investment in capital assets	\$17,156,374	\$16,721,718	12,469,134	7,126,610	\$ 29,625,508	\$ 23,848,328
Restricted	6,514,833	5,573,305	-	-	6,514,833	5,573,305
Unrestricted	34,551,610	31,526,866	(1,571,620)	2,293,270	32,979,990	33,820,136
Total net position	\$58,222,817	\$53,821,889	\$ 10,897,514	\$ 9,419,880	\$ 69,120,331	\$ 63,241,769

Much (42.9%) of the Town's total net position on December 31, 2025, 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 9.4% (\$6,514,833) of the Town's total net position at the end of 2025 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 (\$6,096,910) and capital improvements (\$45,723). An additional \$418,200 is restricted for emergencies (TABOR).

The remaining amount of the Town's total net position at the end of 2025 (\$32,979,990) represents 47.7% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors. The Town utilizes a working policy seeking to improve the General Fund Reserve – Unrestricted Fund Balance to about 9 months (75%) of one year's expenditure budget.

The following table 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

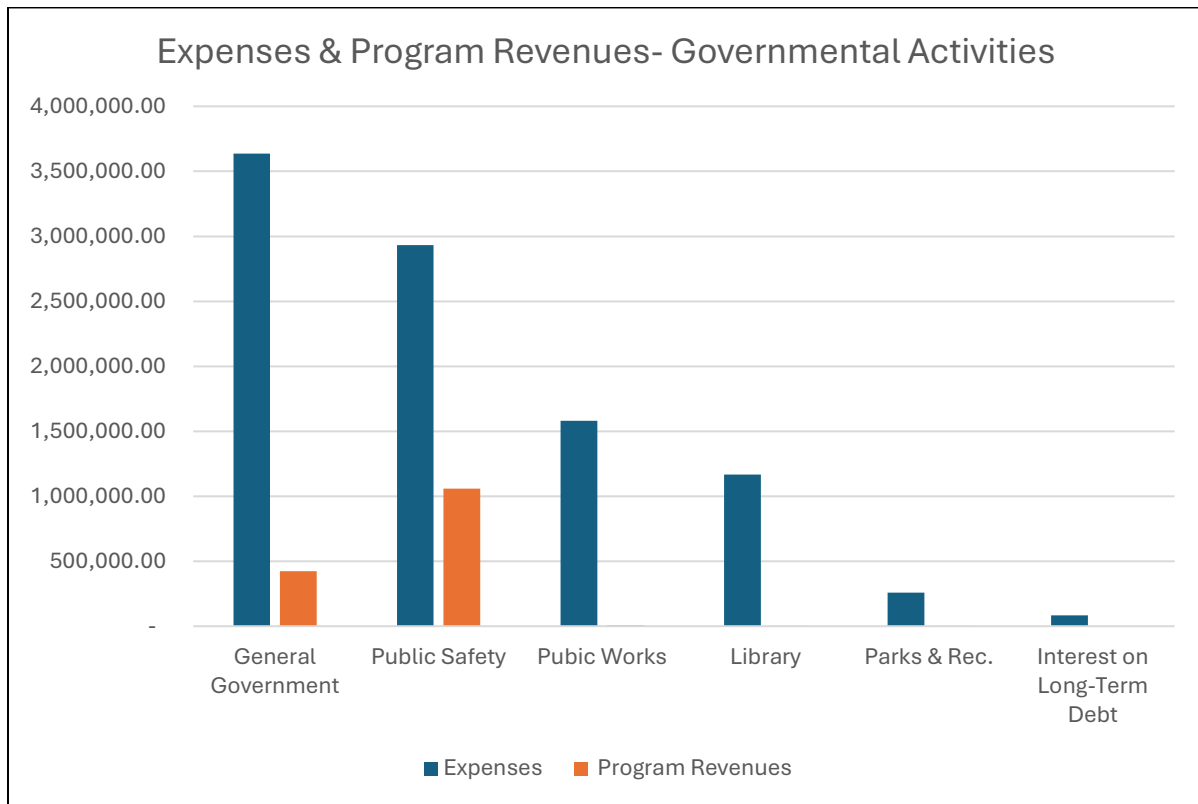
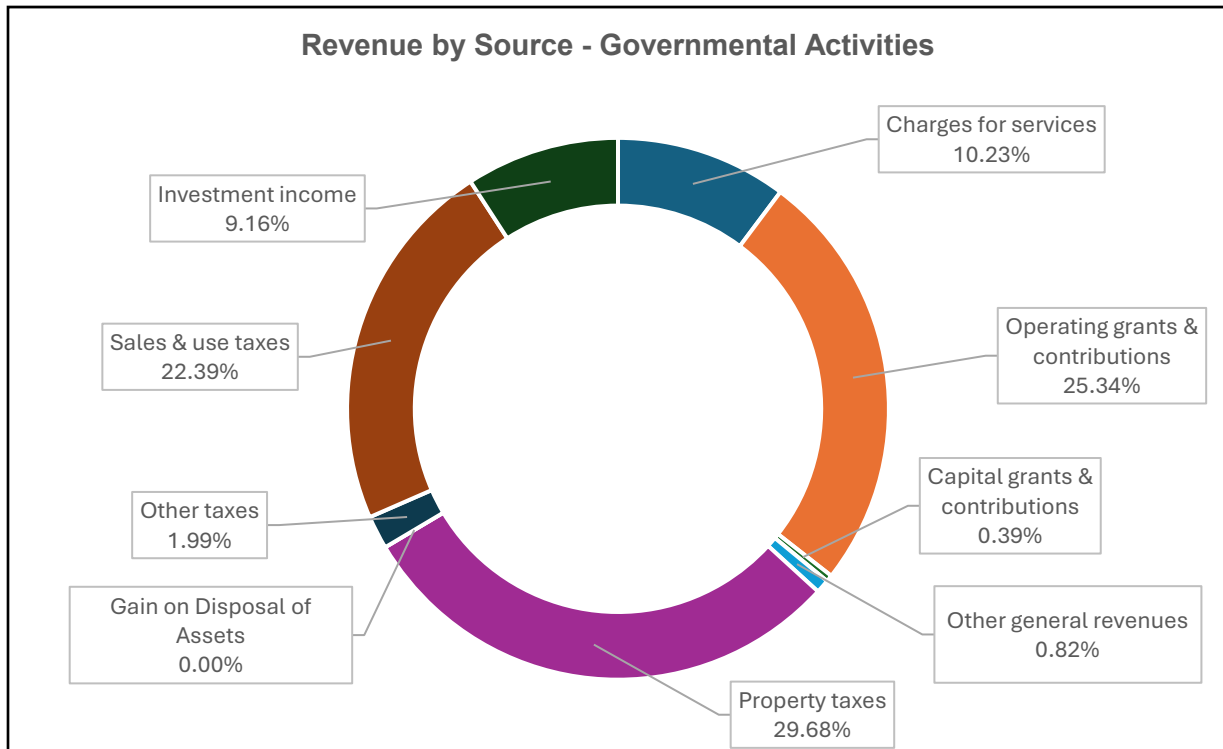
	Governmental		Business-type		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 1,490,533	\$ 743,096	\$ 1,595,276	\$ 1,396,765	\$ 3,085,809	\$ 2,139,861
Operating grants & contributions	3,690,543	4,524,838	-	-	3,690,543	4,524,838
Capital grants & contributions	57,125	113,635	1,116,512	1,566,365	1,173,637	1,680,000
General Revenues						
Property taxes	4,322,039	5,211,858	-	-	4,322,039	5,211,858
Sales & use taxes	3,260,372	2,618,950	-	-	3,260,372	2,618,950
Other taxes	289,787	156,959	-	-	289,787	156,959
Investment income	1,334,441	1,487,494	126,122	69,193	1,460,563	1,556,687
Other general revenues	118,706	229,660	92,664	1,610	211,370	231,270
Total Revenues	\$ 14,563,546	\$ 15,086,490	\$ 2,930,574	\$ 3,033,933	\$ 17,494,120	\$ 18,120,423
Program expenses:						
General Government	\$ 3,637,292	\$ 4,100,777	\$ -	\$ -	\$ 3,637,292	\$ 4,100,777
Public safety	2,931,794	2,407,615	-	-	2,931,794	2,407,615
Public works	1,579,891	1,202,364	-	-	1,579,891	1,202,364
Parks & Recreation	257,916	162,918	-	-	257,916	162,918
Library	1,166,437	1,043,659	-	-	1,166,437	1,043,659
Water utility	-	-	1,051,362	838,542	1,051,362	838,542
Wastewater utility	-	-	791,559	664,232	791,559	664,232
Interest on long-term debt	82,516	88,979	116,791	120,666	199,307	209,645
Total program expenses	\$ 9,655,846	\$ 9,006,312	\$ 1,959,712	\$ 1,623,440	\$ 11,615,558	\$ 10,629,752
Transfers In/(Out)	\$ (506,772)	\$ (159,030)	\$ 506,772	\$ 159,030	\$ -	\$ -
Increase/(decrease) in net position	\$ 4,400,928	\$ 5,921,148	\$ 1,477,634	\$ 1,569,523	\$ 5,878,562	\$ 7,490,671
Net Position, Beginning	53,821,890	47,900,741	9,419,880	7,850,357	63,241,770	55,751,098
Net Position, Ending	\$ 58,222,818	\$ 53,821,890	\$ 10,897,514	\$ 9,419,880	\$ 69,120,332	\$ 63,241,769

Governmental Activities

The Town's Governmental Activities increased in net position by \$4,400,928 (7.8%) in 2024. Key elements of this increase are as follows:

- Shared revenues from the High Plains Library District of \$3,481,554 outpaced Library expenses by \$1,184,398 (194.0%) in 2025. These revenues are tied to assessed property valuations which have increased in recent years due to development within the district. However, valuations decreased in 2025 due to lower oil and gas property tax valuations.
- Sales and use taxes for streets and general purposes increased by \$641,422 (24.5%) in 2025.
- Transfers of property taxes to the Business-type Activities specifically for debt service payments remained the same between 2024 and 2025. Governmental Activities net position was reduced by \$506,772 in 2025 compared to \$159,030 in 2024 due to transfers of federal funds received in the General Fund for projects completed in the Business-type funds.
- Investment income decreased from fairly insignificant amounts in prior years to \$1,460,563 in 2025 due to lower interest rates from national economic instability.
- Increased expenses did not surpass total revenues from all sources.

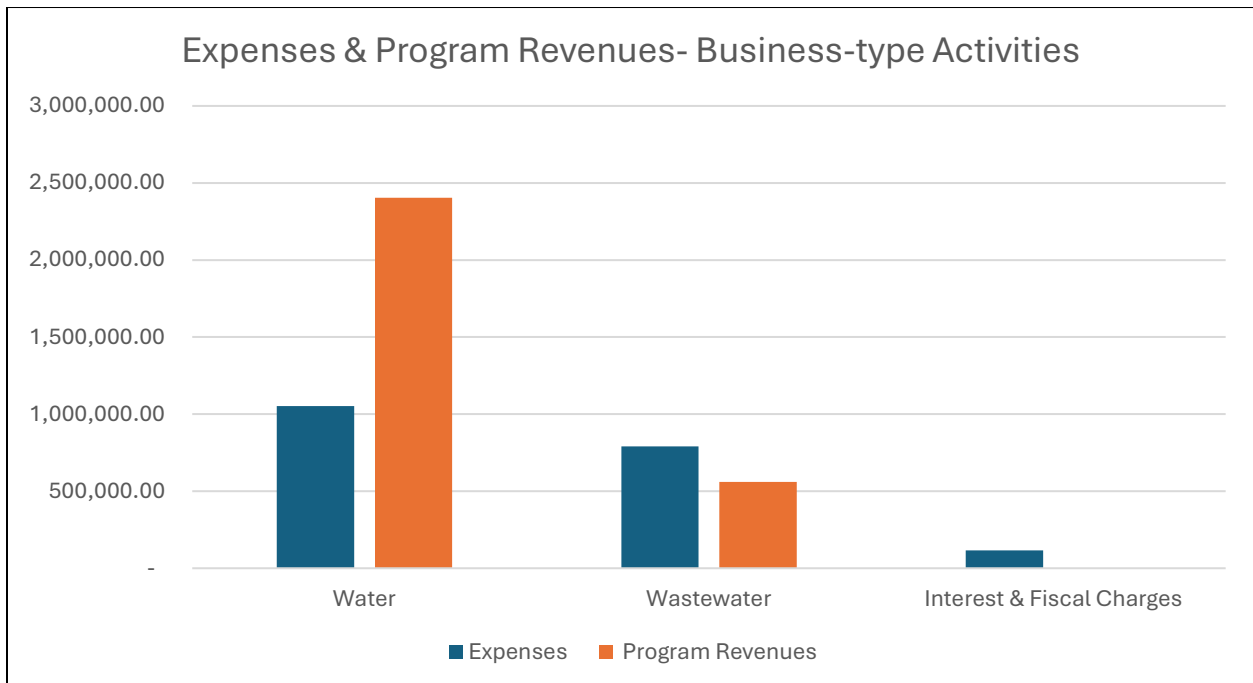
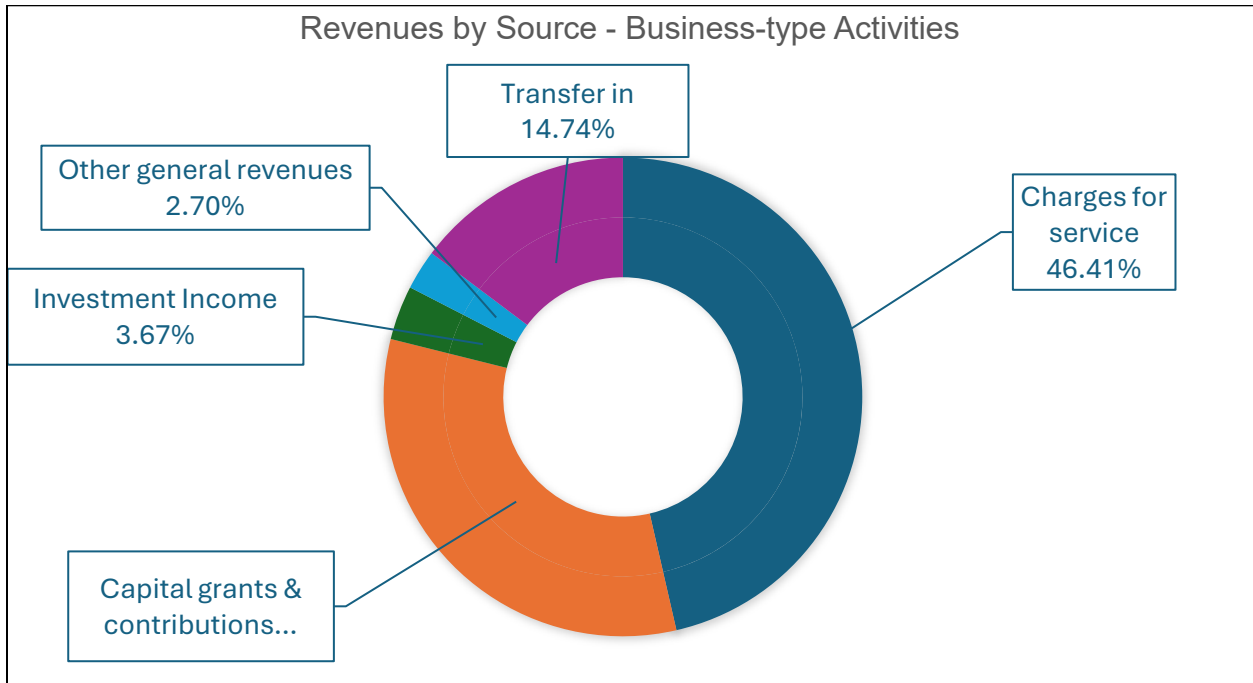
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



Business-type Activities

Business-type Activities increased in net position by \$1,147,634 (15.7%) during 2025. Operating revenue exceeded operating expenses in the Water Fund by \$2,601. However, in the Wastewater Fund, operating expenses exceeded operating revenue by \$157,582. Management anticipates that rate increases as well as gradual growth in customer bases will address future revenue needs in these funds. In addition, the sale of the decommissioned lagoon property in 2023 has improved the net position of the Water Fund.

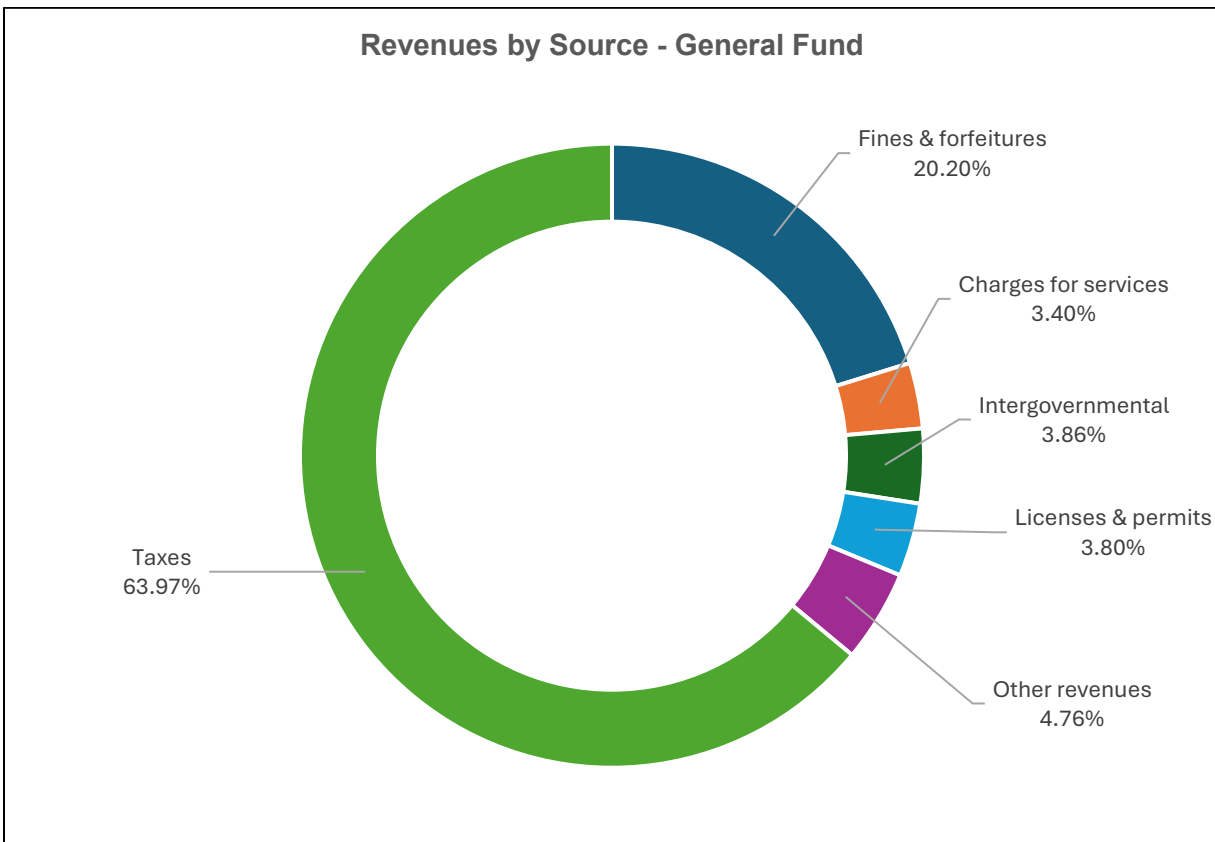
The following two charts illustrate the Business-type Activities revenues and expenses for 2025.

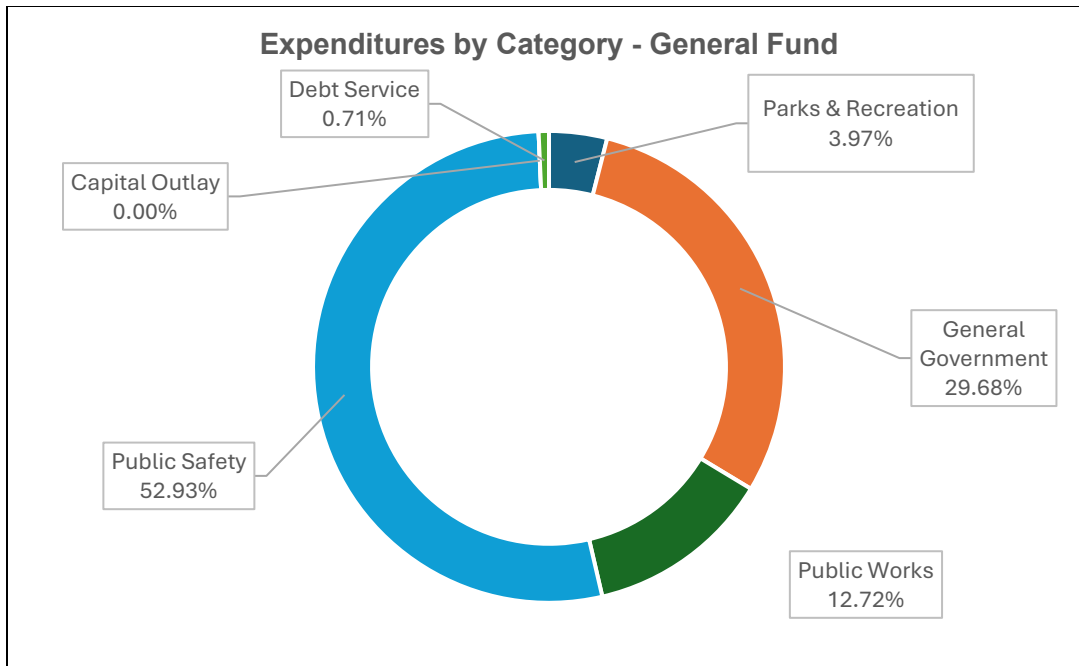


THE TOWN'S FUNDS

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. On December 31, 2025, the Town's four major Governmental funds reported combined ending fund balances of \$38,426,437. 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 2025, the fund balance of the General Fund totaled \$3,679,154. This was a \$42,379 (-1.1%) decrease from 2024 primarily due to costs associated with slightly higher operating expenses. Expenditures, excluding transfers, in 2025 totaled \$5,167,613. The following two tables illustrate General Fund revenues and expenditures during 2025.



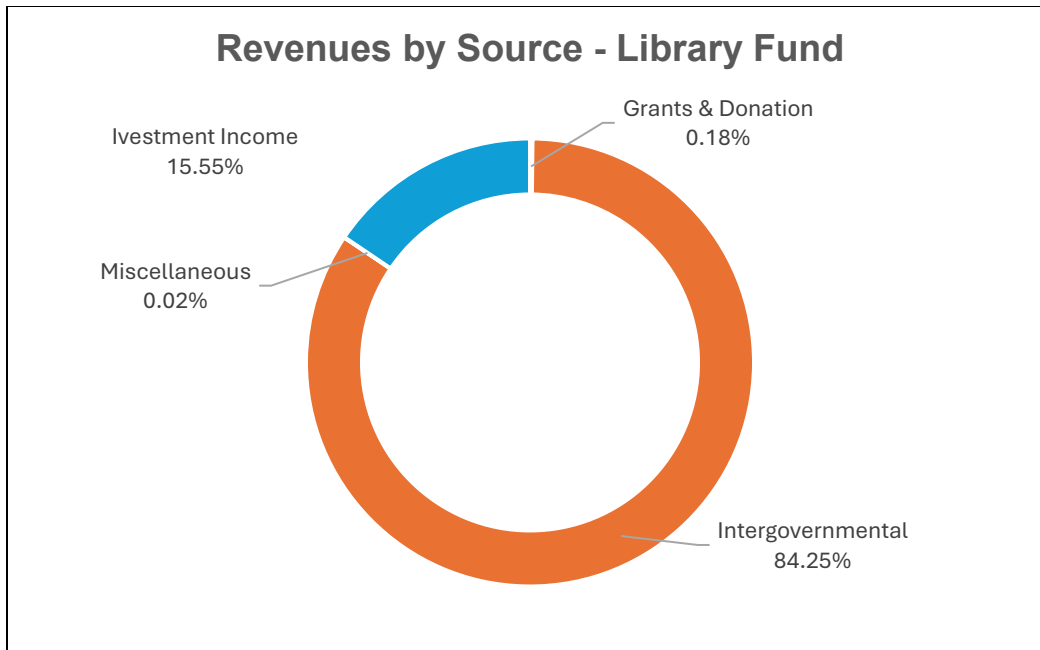


Property Tax Special Revenue Fund. This fund is mostly utilized to account for the capital acquisition and/or construction of capital projects and related debt service. Property taxes from a 15.966 mill levy are the primary revenues for the fund. Property tax revenues are subject to fluctuations in assessed property values from varying levels of oil and natural gas production. During 2025, the Town spent \$264,824 on Highway 52 improvements, \$74,125 on Water and Wastewater asset plan and master plan, \$71,822 on a land use code update, and \$37,129 on general government expenses. A transfer of \$159,030 was made to the Wastewater Fund to assist with debt service payments on bonds and loans. Fund revenues were greater than fund expenditures by \$136,245 before transfers in 2025.

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 2025 as sales taxes pledged in the Paving Sales Tax Fund were sufficient to make the debt service payments. A little over half of property taxes are shared with the associated payor for future development on the property, and this expense comes entirely out of this fund. During 2025, this revenue sharing expense totaled \$1,217,399.

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. These revenues are pledged to pay the debt service on the 2016 Limited Property and Sales Tax Refunding Bonds as needed. During 2025, fund revenues exceeded expenditures by \$957,025 (116.7%), 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 (84.2%) 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 2025 fund revenues totaled \$4,132,629 and exceeded expenditures for operating costs (\$1,184,398) by \$2,948,231 (248.9%). The following chart illustrates Hudson Public Library Fund revenues during 2025.



The majority of fund expenditures were for general operations (\$1,055,131 or 89.1%). The small amount of capital outlay expenditures were for the Library's share of the canopy sail and the building of a carport for the bookmobile.

Water Fund. On December 31, 2025, the net position of the Water Fund was \$6,717,973. This was an increase of \$1,295,295 (23.9%) from 2024. Most of the increase was attributable to water rights and land with water rights. The Fund had an operating income gain of \$2,601 in 2025.

Wastewater Fund. On December 31, 2025, the net position of the Wastewater Fund was \$4,179,541. This increased by \$182,339 (4.6%) from 2024. Most of the increase was attributable to higher revenue due to rate increases, and higher than anticipated costs for repairs at the Wastewater Treatment Plant. The Fund had an operating loss of \$157,582 in 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2025, the Town invested in a range of capital assets including buildings and improvements, vehicles, office equipment, and park equipment. Note 4 on page 23 of the financial statements provides a summary of changes in capital assets during the year. During 2025, the Town purchased two police vehicles and two public works trucks, replaced the public works dump truck, purchased a fleet scanner and a car lift for the in-house mechanic, made software, communications, and technology improvements, installed a canopy sail for the common space between the library and Town Hall, a new carport for the library, and purchased water rights and land with water rights for the Water Fund.

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 2025, the governmental activities had a balance of \$2,210,000 owed on the 2016 limited tax refunding bonds for street improvements. Bond premium and accrued compensated absences are also recorded. See Note 5 on pages 23-24 for more detailed information.

In business-type activities on December 31, 2025, the Town had a balance of \$2,776,129 owed on its 2011 Revenue Bonds, a \$302,100 balance on its 1995 general obligation bonds, and a \$491,130 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 pages 24-26 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 increased the taxable assessed property value in the Town. The 2026 Budget anticipates some 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 are causing significant inflation throughout all sectors of the economy. The full economic impact of these state-imposed and federal-imposed policies and restrictions on the Town's 2026 and future budgets has yet to be determined.

In January 2026, the Town entered into a loan agreement in the amount of \$3,475,000. Proceeds of the loan are used to reimburse the Property Tax Special Revenue fund and Capital Projects Fund for funds borrowed in conjunction with the Water Fund's Water Rights purchase, and to fund water and wastewater projects. The loan carries an interest rate of 6.15 percent. Semi-annual principal and interest payments in the amount of 152,165 are due beginning in July 2026 through January 2046.

Additionally, the Town purchased land in January 2026 for a cost of \$1.2 million. The purchase was funded by using reserves, and the land is held in the Town's water fund.

The Library plans significant capital improvements, including expansion of the Library's physical footprint. The proposed expansion will add approximately 12,000 square feet of new, purpose-built space to the existing structure. The Library has budgeted \$17 million from reserves for this project, which is set to begin in the summer of 2026.

The Town will begin construction of a splash pad in the in the summer of 2026 while the Library will begin construction of a learning grove and the library expansion.

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 any questions about this report, or should you desire additional financial information, contact the Town's management at Town of Hudson, 50 S. Beech Street, Hudson, CO 80642-0351 or call Town Hall at (303) 536-9311.

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION

December 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 36,322,185	\$ 3,573,969	\$ 39,896,154
Restricted Cash and Investments	307,779	264,583	572,362
Cash Held by County Treasurer	4,676	-	4,676
Due from Other Fund	4,250,000	(4,250,000)	-
Receivables			
Property Taxes	4,099,104	-	4,099,104
Sales Taxes and Other	462,107	-	462,107
Accounts	-	141,032	141,032
Capital Assets, Not Depreciated	3,537,238	6,613,438	10,150,676
Capital Assets, Depreciated, Net of Accumulated Depreciation	15,931,113	9,425,055	25,356,168
Right to Use Asset, Net of Accumulated Amortization	51,746	-	51,746
TOTAL ASSETS	64,965,948	15,768,077	80,734,025
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges	146,681	-	146,681
Related to Pensions	360,996	-	360,996
TOTAL DEFERRED OUTFLOWS OF RESOURCES	507,677	-	507,677
LIABILITIES			
Accounts Payable	161,612	105,849	267,461
Accrued Expenses	148,710	918	149,628
Accrued Interest Payable	5,621	54,336	59,957
Deposits	44,415	1,140,101	1,184,516
Noncurrent Liabilities			
Due Within One Year	260,480	130,490	390,970
Due in More Than One Year	2,155,632	3,438,869	5,594,501
Compensated Absences Due in More Than One Year	132,769	-	132,769
TOTAL LIABILITIES	2,909,239	4,870,563	7,779,802
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	242,465	-	242,465
Deferred Property Tax Revenue	4,099,104	-	4,099,104
TOTAL DEFERRED INFLOWS OF RESOURCES	4,341,569	-	4,341,569
NET POSITION			
Net Investment in Capital Assets	17,156,374	12,469,134	29,625,508
Restricted	6,514,833	-	6,514,833
Unrestricted	34,551,610	(1,571,620)	32,979,990
TOTAL NET POSITION	\$ 58,222,817	\$ 10,897,514	\$ 69,120,331

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

TOWN OF HUDSON, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 3,637,292	\$ 422,686	\$ -	\$ 12,750	\$ (3,201,856)	\$ -	\$ (3,201,856)
Public Safety	2,931,794	1,058,957	65,713	12,750	(1,794,374)	-	(1,794,374)
Public Works	1,579,891	8,418	116,155	18,875	(1,436,443)	-	(1,436,443)
Library	1,166,437	122	3,489,045	-	2,322,730	-	2,322,730
Parks and Recreation	257,916	350	19,630	12,750	(225,186)	-	(225,186)
Interest and Fiscal Charges	82,516	-	-	-	(82,516)	-	(82,516)
Total Governmental Activities	9,655,846	1,490,533	3,690,543	57,125	(4,417,645)	-	(4,417,645)
Business-Type Activities							
Water	1,051,362	1,036,696	-	1,080,330	-	1,065,664	1,065,664
Wastewater	791,559	558,580	-	36,182	-	(196,797)	(196,797)
Interest and Fiscal Charges	116,791	-	-	-	-	(116,791)	(116,791)
Total Business-Type Activities	1,959,712	1,595,276	-	1,116,512	-	752,076	752,076
GENERAL REVENUES							
					4,322,039	-	4,322,039
					171,613	-	171,613
					3,260,372	-	3,260,372
					118,174	-	118,174
					Grants and Contributions Not Restricted to		
					63,425	-	63,425
					55,281	92,664	147,945
					1,334,441	126,122	1,460,563
					(506,772)	506,772	-
					<u>8,818,573</u>	<u>725,558</u>	<u>9,544,131</u>
					CHANGE IN NET POSITION		
					4,400,928	1,477,634	5,878,562
					<u>53,821,889</u>	<u>9,419,880</u>	<u>63,241,769</u>
					<u>\$ 58,222,817</u>	<u>\$ 10,897,514</u>	<u>\$ 69,120,331</u>

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

TOWN OF HUDSON, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL FUND	PROPERTY TAX SPECIAL REVENUE FUND	PAVING SALES TAX FUND	HUDSON PUBLIC LIBRARY FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Investments	\$ 3,739,465	\$ 832,650	\$ 5,614,889	\$ 25,468,321	\$ 666,860	\$ 36,322,185
Restricted Cash and Investments	-	-	307,779	-	-	307,779
Cash Held by County Treasurer	4,676	-	-	-	-	4,676
Due from Other Funds	-	2,400,000	-	-	1,850,000	4,250,000
Taxes Receivable	1,942,221	2,156,883	-	-	-	4,099,104
Accounts Receivable	205,720	-	205,110	-	51,277	462,107
TOTAL ASSETS	\$ 5,892,082	\$ 5,389,533	\$ 6,127,778	\$ 25,468,321	\$ 2,568,137	\$ 45,445,851
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 105,676	\$ 13,169	\$ 23,080	\$ 17,123	\$ 2,564	\$ 161,612
Accrued Expenses	120,616	-	7,788	20,306	-	148,710
Deposits	44,415	-	-	-	-	44,415
TOTAL LIABILITIES	270,707	13,169	30,868	37,429	2,564	354,737
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Tax Revenues	1,942,221	2,156,883	-	-	-	4,099,104
FUND BALANCES						
Restricted for Fund Purpose	-	-	6,050,910	-	45,723	6,096,633
Restricted for Emergencies	152,700	69,200	46,000	123,800	26,500	418,200
Committed	-	3,150,281	-	25,307,092	2,493,350	30,950,723
Unassigned	3,526,454	-	-	-	-	3,526,454
TOTAL FUND BALANCES	3,679,154	3,219,481	6,096,910	25,430,892	2,565,573	40,992,010
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,892,082	\$ 5,389,533	\$ 6,127,778	\$ 25,468,321	\$ 2,568,137	\$ 45,445,851

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

TOWN OF HUDSON, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2025

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

Total fund balances of governmental funds	\$ 40,992,010
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, Not Depreciated	3,537,238	
Capital Assets, Depreciated	21,349,388	
Accumulated Depreciation	(5,418,275)	
Right to Use Asset	129,365	
Accumulated Amortization	<u>(77,619)</u>	<u>19,520,097</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	(5,621)	
Bond Payable	(2,210,000)	
Bond Premium	(85,887)	
Deferred Charges	146,681	
Lease Payable	(67,836)	
Compensated Absences	(185,158)	
Net Pension Liability	<u>-</u>	<u>(2,407,821)</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	360,996	
Deferred inflows of resources - Related to Pensions	<u>(242,465)</u>	<u>118,531</u>

Net position of governmental activities		<u><u>\$ 58,222,817</u></u>
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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, 2025

	GENERAL FUND	PROPERTY TAX SPECIAL REVENUE FUND	PAVING SALES TAX FUND	HUDSON PUBLIC LIBRARY FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Property Taxes	\$ 2,088,495	\$ 2,233,544	\$ -	\$ -	\$ -	\$ 4,322,039
Specific Ownership Taxes	171,613	-	-	-	-	171,613
Sales and Use Taxes	1,155,196	-	1,540,261	-	564,915	3,260,372
Occupation Taxes	422	-	-	-	-	422
Franchise Fees	85,489	-	-	-	-	85,489
Intergovernmental Revenue	211,390	-	-	3,481,554	19,630	3,712,574
Impact Fees	-	-	-	-	57,125	57,125
Surcharge Fees	-	-	-	-	11,159	11,159
Charges for Services	186,241	-	-	-	-	186,241
Licenses and Permits	207,935	-	-	-	-	207,935
Fines and Forfeitures	1,105,538	-	-	-	-	1,105,538
Grants and Donations	63,425	-	-	7,490	-	70,915
Investment Earnings	160,469	208,655	237,092	642,665	85,560	1,334,441
Miscellaneous	36,763	-	-	920	-	37,683
TOTAL REVENUES	5,472,976	2,442,199	1,777,353	4,132,629	738,389	14,563,546
EXPENDITURES						
Current						
General Government	1,533,493	1,835,399	-	-	96,078	3,464,970
Public Safety	2,734,970	-	-	-	-	2,734,970
Public Works	657,333	-	258,655	-	-	915,988
Library	-	-	-	1,055,131	-	1,055,131
Parks and Recreation	205,334	-	-	-	-	205,334
Capital Outlay	-	470,555	319,123	129,267	434,862	1,353,807
Debt Service						
Principal	31,515	-	170,000	-	-	201,515
Interest	4,968	-	72,550	-	-	77,518
TOTAL EXPENDITURES	5,167,613	2,305,954	820,328	1,184,398	530,940	10,009,233
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	305,363	136,245	957,025	2,948,231	207,449	4,554,313
OTHER FINANCING (USES)						
Transfer Out	(347,742)	(159,030)	-	-	-	(506,772)
NET CHANGE IN FUND BALANCES	(42,379)	(22,785)	957,025	2,948,231	207,449	4,047,541
FUND BALANCES, Beginning	3,721,533	3,242,266	5,139,885	22,482,661	2,358,124	36,944,469
FUND BALANCES, Ending	\$ 3,679,154	\$ 3,219,481	\$ 6,096,910	\$ 25,430,892	\$ 2,565,573	\$ 40,992,010

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

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, 2025

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

Net change in fund balances - total governmental funds \$ 4,047,541

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	926,445		
Depreciation and amortization	(687,606)		
Loss on Disposal of Assets	(13,607)		225,232

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

Bond Principal Payments	170,000		
Lease Principal Payments	31,515		
Amortization of Deferred Charges	(13,332)		
Amortization of Bond Premium	7,909		
Changes in Accrued Interest Payable	425		
Changes in Compensated Absences	(36,670)		159,847

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			(31,692)
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Change in net position of governmental activities \$ 4,400,928

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

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	WATER FUND	WASTEWATER FUND	TOTAL
ASSETS			
Current Assets			
Cash and Investments	\$ 3,128,214	\$ 445,755	\$ 3,573,969
Restricted Cash and Investments	-	264,583	264,583
Accounts Receivable	76,489	64,543	141,032
Total Current Assets	<u>3,204,703</u>	<u>774,881</u>	<u>3,979,584</u>
Noncurrent Assets			
Capital Assets, Not Being Depreciated	6,613,438	-	6,613,438
Capital Assets, Net of Accumulated Depreciation	3,175,507	6,249,548	9,425,055
Total Noncurrent Assets	<u>9,788,945</u>	<u>6,249,548</u>	<u>16,038,493</u>
TOTAL ASSETS	<u>12,993,648</u>	<u>7,024,429</u>	<u>20,018,077</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	80,035	25,814	105,849
Accrued Expenses	899	19	918
Due to Other Funds	4,250,000	-	4,250,000
Deposits	1,140,101	-	1,140,101
Accrued Interest Payable	11,410	42,926	54,336
Bonds and Notes Payable, Current Portion	61,119	69,371	130,490
Total Current Liabilities	<u>5,543,564</u>	<u>138,130</u>	<u>5,681,694</u>
Noncurrent Liabilities			
Bonds and Notes Payable	732,111	2,706,758	3,438,869
Total Noncurrent Liabilities	<u>732,111</u>	<u>2,706,758</u>	<u>3,438,869</u>
TOTAL LIABILITIES	<u>6,275,675</u>	<u>2,844,888</u>	<u>9,120,563</u>
NET POSITION			
Net Investment in Capital Assets	8,995,715	3,473,419	12,469,134
Unrestricted	<u>(2,277,742)</u>	<u>706,122</u>	<u>(1,571,620)</u>
TOTAL NET POSITION	<u>\$ 6,717,973</u>	<u>\$ 4,179,541</u>	<u>\$ 10,897,514</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, 2025

	WATER FUND	WASTEWATER FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 1,036,696	\$ 558,580	\$ 1,595,276
Other Revenues	17,267	75,397	92,664
TOTAL OPERATING REVENUES	1,053,963	633,977	1,687,940
OPERATING EXPENSES			
Operations and Maintenance	682,791	532,289	1,215,080
Administration	171,688	20,935	192,623
Depreciation	196,883	238,335	435,218
TOTAL OPERATING EXPENSES	1,051,362	791,559	1,842,921
NET OPERATING INCOME (LOSS)	2,601	(157,582)	(154,981)
NON-OPERATING REVENUES (EXPENSES)			
Earnings on Investments	120,638	5,484	126,122
Interest Expense	(24,931)	(91,860)	(116,791)
TOTAL NON-OPERATING REVENUES (EXPENSES)	95,707	(86,376)	9,331
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	98,308	(243,958)	(145,650)
Tap Fees	1,080,330	36,182	1,116,512
Transfers In	116,657	390,115	506,772
CHANGE IN NET POSITION	1,295,295	182,339	1,477,634
NET POSITION, Beginning	5,422,678	3,997,202	9,419,880
NET POSITION, Ending	\$ 6,717,973	\$ 4,179,541	\$ 10,897,514

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, 2025
 Increase (Decrease) in Cash and Cash Equivalents

	WATER	WASTEWATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,054,983	\$ 620,038	\$ 1,675,021
Cash Paid to Suppliers and Employees	(1,322,728)	(590,107)	(1,912,835)
Net Cash Provided (Used) by Operating Activities	<u>(267,745)</u>	<u>29,931</u>	<u>(237,814)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Payments to/from Other Funds	<u>4,366,657</u>	<u>390,115</u>	<u>4,756,772</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,366,657</u>	<u>390,115</u>	<u>4,756,772</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(5,651,171)	-	(5,651,171)
Principal Payments on Long Term Debt	(59,401)	(67,170)	(126,571)
Interest Payments	(27,378)	(96,191)	(123,569)
Tap Fees and Capital Contributions	264,330	36,182	300,512
Net Cash Provided (Used) by Capital Financing Activities	<u>(5,473,620)</u>	<u>(127,179)</u>	<u>(5,600,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>120,638</u>	<u>5,484</u>	<u>126,122</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,254,070)	298,351	(955,719)
CASH AND CASH EQUIVALENTS, Beginning	<u>4,382,284</u>	<u>411,987</u>	<u>4,794,271</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 3,128,214</u>	<u>\$ 710,338</u>	<u>\$ 3,838,552</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Income (Loss)	<u>\$ 2,601</u>	<u>\$ (157,582)</u>	<u>\$ (154,981)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation Expense	196,883	238,335	435,218
Changes in Assets and Liabilities			
Accounts Receivable	1,020	(13,939)	(12,919)
Accounts Payable	(469,148)	(36,902)	(506,050)
Accrued Expenses	899	19	918
Total Adjustments	<u>(270,346)</u>	<u>187,513</u>	<u>(82,833)</u>
Net Cash Used by Operating Activities	<u>\$ (267,745)</u>	<u>\$ 29,931</u>	<u>\$ (237,814)</u>

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

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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 Town Council (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 Council 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.

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*.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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	10 - 30 years

Compensated Absences – Town employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. The maximum accrual is based on tenure. Once an employee has reached their maximum, accrual of compensated absences stops until the balance is below the minimum. Unused vacation is automatically carried over to the next fiscal year. The Town gives employees the option to sell back unused vacation time down to 80 hours. This opportunity occurs once a year at the end of the year. Upon termination of employment, employees are entitled to receive compensation for any unused vacation time.

Town employees are 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 employee. 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.

Town employees also accrue personal leave time (sick leave) based on their length of employment and are allowed to accumulate unused sick leave. Once an employee has reached their maximum accrual of 240 hours, accrual of sick leave stops. Sick leave is not paid to the employee upon termination of employment. The Town estimates that approximately 23% of the sick leave awarded to employees each year is used during the year.

These compensated absences are expended when paid in the governmental fund types. A long-term liability in the amount of \$185,158 has been recorded in the governmental activities in the statement of net position for the accrued benefits.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 Council 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 does not report any nonspendable fund balances on December 31, 2025.
- 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 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, 2025

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 Council. These amounts cannot be used for any other purpose unless the Council 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 Capital Projects Fund, the Park Impact Fees Fund, the Facilities Impact Fees Fund, the Street Impact Fees Fund, the Police Impact Fees Fund, and the Surcharge Fees Fund as committed resources for the respective fund purpose as of December 31, 2025.
- 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, 2025.
- 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).

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management (Continued)

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.

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. During the fiscal year ended December 31, 2025, the Town did not adopt a budget for its newly created funds, the Police Impact Fee Fund and the Surcharge Fee Fund.

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 Council 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 Council.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Town Council.

TOWN OF HUDSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025

NOTE 3: CASH AND INVESTMENTS

Cash and investments on December 31, 2025, consist of the following:

Petty Cash	\$ 982
Deposits	24,869,428
Investments	15,598,106
Total	\$ 40,468,516

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

Cash and Investments - Governmental Activities	\$ 36,322,185
Cash and Investments - Governmental Activities, Restricted	307,779
Cash and Investments - Business-Type Activities	3,573,969
Cash and Investments - Business-Type Activities, Restricted	264,583
Total	\$ 40,468,516

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, 2025, 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, 2025, the Town had deposits with financial institutions with a carrying amount of \$24,869,428. The bank balances with the financial institutions were \$24,956,664. Of these balances, \$1,228,772 was covered by federal depository insurance and \$23,727,892 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 3: CASH AND INVESTMENTS (Continued)

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.

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 \$15,598,106 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 (net asset value). 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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools (Continued)

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.

Restricted Cash and Investments

Cash and investments in the amount of \$307,779 and \$264,583 are restricted in the Paving Sales Tax Fund and Wastewater Fund to comply with debt covenants.

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TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 4: CAPITAL ASSETS

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 3,292,805	\$ -	\$ -	\$ 3,292,805
Construction in Progress	121,290	244,433	121,290	244,433
Total Capital Assets, Not Depreciated	<u>3,414,095</u>	<u>244,433</u>	<u>121,290</u>	<u>3,537,238</u>
Capital Asset, Being Depreciated/Amortized				
Land Improvements	1,141,913	121,290	-	1,263,203
Infrastructure	8,201,122	17,891	-	8,219,013
Buildings	9,085,940	111,591	-	9,197,531
Machinery and Equipment	2,155,212	552,530	38,101	2,669,641
RTU - Equipment	129,365	-	-	129,365
Total Capital Assets, Being Depreciated/Amortized	<u>20,713,552</u>	<u>803,302</u>	<u>38,101</u>	<u>21,478,753</u>
Accumulated Depreciation and Amortization				
Land Improvements	437,039	52,582	-	489,621
Infrastructure	2,019,235	205,252	-	2,224,487
Buildings	1,421,361	186,211	-	1,607,572
Machinery and Equipment	903,401	217,688	24,494	1,096,595
RTU - Equipment	51,746	25,873	-	77,619
Total Depreciation and Amortization	<u>4,832,782</u>	<u>687,606</u>	<u>24,494</u>	<u>5,495,894</u>
Capital Assets, Depreciated/Amortized, Net	<u>15,880,770</u>	<u>115,696</u>	<u>13,607</u>	<u>15,982,859</u>
Net Capital Assets	<u>\$ 19,294,865</u>	<u>\$ 360,129</u>	<u>\$ 134,897</u>	<u>\$ 19,520,097</u>

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 4: CAPITAL ASSETS (Continued)

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

General Government	\$ 135,652
Public Safety	151,525
Public Works	236,541
Library	111,306
Parks and Recreation	<u>52,582</u>
 Total	 <u>\$ 687,606</u>

	<u>Balance 12/31/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2025</u>
Business-Type Activities				
Capital Assets, Not Depreciated				
Water Rights	<u>\$ 962,267</u>	<u>\$ 5,651,171</u>	<u>\$ -</u>	<u>\$ 6,613,438</u>
Capital Asset, Being Depreciated				
Water System	8,171,084	-	-	8,171,084
Wastewater System	9,658,665	-	-	9,658,665
Machinery and Equipment	<u>299,032</u>	<u>-</u>	<u>-</u>	<u>299,032</u>
Total Capital Assets, Being Depreciated	<u>18,128,781</u>	<u>-</u>	<u>-</u>	<u>18,128,781</u>
Accumulated Depreciation				
Water System	4,886,936	187,944	-	5,074,880
Wastewater System	3,183,099	236,540	-	3,419,639
Machinery and Equipment	<u>198,473</u>	<u>10,734</u>	<u>-</u>	<u>209,207</u>
Total Depreciation	<u>8,268,508</u>	<u>435,218</u>	<u>-</u>	<u>8,703,726</u>
Capital Assets, Depreciated Net	<u>9,860,273</u>	<u>(435,218)</u>	<u>-</u>	<u>9,425,055</u>
Net Capital Assets	<u>\$ 10,822,540</u>	<u>\$ 5,215,953</u>	<u>\$ -</u>	<u>\$ 16,038,493</u>

Depreciation expense in the amount of \$196,883 and \$238,335 was charged to the Water Fund and Wastewater Fund, respectively.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: LONG-TERM DEBT

The following is a summary of the Town’s long-term debt transactions for the year ended December 31, 2025:

Governmental Activities	12/31/2024			12/31/2025	
	Balance	Additions	Payments	Balance	Due Within One Year
2016 Bonds	\$2,380,000	\$ -	\$ 170,000	\$2,210,000	\$ 175,000
Bond Premium	93,796	-	7,909	85,887	-
Lease Payable	99,351	-	31,515	67,836	33,091
Compensated Absences	148,488	47,195	-	195,683	52,389
Total	\$2,721,635	\$ 47,195	\$ 209,424	\$2,559,406	\$ 260,480

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.

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: LONG-TERM DEBT (Continued)

2016 Limited Property and Sales Tax Refunding Bonds (Continued)

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>
2026	\$ 175,000	\$ 67,450	\$ 242,450
2027	175,000	62,200	237,200
2028	180,000	56,950	236,950
2029	185,000	51,550	236,550
2030	190,000	46,000	236,000
2031-2035	1,070,000	138,800	1,208,800
2036	235,000	7,638	242,638
Total	\$ 2,210,000	\$ 430,588	\$ 2,640,588

Lease Payable

In May of 2023, the Town entered in a lease agreement for police equipment. The Town paid an initial amount of \$13,229 at lease signing. Annual principal and interest payments of \$36,483 are due beginning May 2024 through May 2027. The interest on the lease is calculated using an estimated incremental borrowing rate of 5%. Principal and interest payments to maturity of the lease are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 33,091	\$ 3,392	\$ 36,483
2027	34,745	1,738	36,483
Total	\$ 67,836	\$ 5,130	\$ 72,966

Business-Type Activities	12/31/2024			12/31/2025		Due Within One Year
	Balance	Additions	Payments	Balance		
1995 Water Revenue Bonds	\$ 325,600	\$ -	\$ 23,500	\$ 302,100	\$ 24,500	
1994 CWCB Loan	527,031	-	35,901	491,130	36,619	
2011 Revenue Bonds	2,843,299	-	67,170	2,776,129	69,371	
Total	\$ 3,695,930	\$ -	\$ 126,571	\$ 3,569,359	\$ 130,490	

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: LONG-TERM DEBT (Continued)

1995 Water Revenue Bond (Continued)

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>
2026	\$ 24,500	\$ 13,322	\$ 37,822
2027	25,700	12,206	37,906
2028	26,900	11,037	37,937
2029	28,100	9,806	37,906
2030	29,300	8,527	37,827
2031-2035	167,600	21,346	188,946
Total	\$ 302,100	\$ 76,244	\$ 378,344

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. 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>
2026	\$ 36,619	\$ 9,822	\$ 46,441
2027	37,351	9,090	46,441
2028	38,098	8,343	46,441
2029	38,860	7,581	46,441
2030	39,637	6,804	46,441
2031-2035	210,398	21,807	232,205
2036-2037	90,167	2,715	92,882
Total	\$ 491,130	\$ 66,162	\$ 557,292

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: LONG-TERM DEBT (Continued)

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. 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>
2026	\$ 69,371	\$ 89,659	\$ 159,030
2027	71,644	87,386	159,030
2028	73,991	85,039	159,030
2029	76,416	82,614	159,030
2030	78,920	80,110	159,030
2031-2035	435,117	360,033	795,150
2036-2040	511,226	283,924	795,150
2041-2045	600,644	194,506	795,150
2046-2050	705,704	89,446	795,150
2051	153,096	6,306	159,402
Total	<u>\$ 2,776,129</u>	<u>\$ 1,359,023</u>	<u>\$ 4,135,152</u>

NOTE 6: INTERFUND BALANCES AND TRANSFERS

During the year ended December 31, 2025, the Property Tax Special Revenue Fund transferred \$159,030 to the Wastewater Fund to cover a portion of the debt service expenses and the General Fund transferred \$116,657 and \$231,085 to the Water and Wastewater Funds, respectively to provide funding for capital projects using grant funds received in prior years.

At December 31, 2025, the Water Fund owes \$2,400,000 and \$1,850,000 to the Property Tax Special Revenue Fund and the Capital Projects Fund, respectively, for funds borrowed in connection with the Water Fund's water rights purchase.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION

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.

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.

As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members’ Benefit Investment Fund Long-Term Pool and the Fire & Police Members’ Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent. Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the SWDBP (Continued)

Benefits provided. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of services totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least 5 years of credited service.

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.

The annual normal retirement benefit of the Defined Benefit Component 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.

Beginning January 1, 2007, the annual normal retirement benefits for the Social Security Component is 1 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years plus 1.25 percent of the average of the members' highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefits started as of age 62.

The annual benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022, and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent of the Consumer

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the SWDBP (Continued)

Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5 percent as interest returned as a lump sum distribution in lieu of retirement benefits.

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.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22.2 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.0 percent.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the SWDBP (Continued)

The Hybrid Defined Benefit Component and Money Purchase Component members, and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.0 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024, through June 30, 2025, is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 1, 2023, through June 30, 2024, was 14.24 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occur according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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, 2025, the Town reported a net pension liability of \$0 for its proportionate share of the net pension asset. The net pension asset/liability was measured as of December 31, 2024, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of January 1, 2024.

The Town’s proportion of the net pension asset/liability was based on Town contributions to the SWDBP for the calendar year 2024 relative to the total contributions of participating employers to the SWDBP.

On December 31, 2025, the Town’s proportion was 0.09263 percent which is an increase of 0.0456 from its proportion measured as of December 31, 2024 For the year ended December 31, 2025, the Town recognized pension expense of \$147,915.

On December 31, 2025, 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	\$10,325	\$5,573
Changes of assumptions or other inputs	\$59,208	N/A
Net difference between projected and actual earnings on pension plan	\$171,919	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$3,321	\$236,892
Contributions subsequent to the measurement date	\$116,223	N/A
Total	\$360,996	\$242,465

\$116,223 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, 2026.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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,	
2026	\$96,893
2027	(28,112)
2028	(23,516)
2029	(6,740)
2030	925
Thereafter	(37,142)

Actuarial Assumptions

The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Total Pension Liability

Actuarial Valuation Date	January 1, 2025
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%-11.75%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

Actuarial Determined Contributions

Actuarial Valuation Date	January 1, 2024
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%-11.75%
Cost of Living Adjustments (COLA)	0.0%
* Includes Inflation at	2.5%

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. 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 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. 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). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2024 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate
Global Equity	33.00%	7.00%
Equity Long/Short	6.00%	6.20%
Private Markets	34.00%	8.80%
Fixed Income – Rates	7.00%	5.00%
Fixed Income – Credit	7.00%	6.50%
Absolute Return	9.00%	5.70%
Cash	4.00%	4.20%
Total	100.00%	

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

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

The COLA assumption reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

TOWN OF HUDSON
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2025

NOTE 7: STATEWIDE DEFINED BENEFIT PENSION PLAN (Continued)

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:

	1% Decrease (6.00%)	Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$452,042	\$0	\$0

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

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, 2025 and 2024, the Town contributed \$97,369 and \$111,846 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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 8: OTHER RETIREMENT COMMITMENTS (Continued)

Deferred 457 Compensation Plan (Continued)

The contribution requirements of the plan members and the Town are established and may be amended by the Town Council. During the year ended December 31, 2025, and 2024 the Town contributed \$76,406 and \$66,404, respectively, to the plan. The plan investments are managed by the plan administrator, Empower Financial Services.

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, 2025, 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. The construction of the infrastructure asset has been completed and was placed in service in 2022.

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.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Enhanced Sales Tax Incentive Program Agreement (ESTIP)

On February 7, 2024, the Town entered into an Enhanced Sales Tax Incentive Program (ESTIP) Agreement with Pilot Travel Centers, LLC. The term of the agreement is 10 years from the date of issuance of the first certificate of occupancy for a retail or commercial business on the property owned by Pilot Travel Centers, LLC.

Under the terms of the agreement, the Town will segregate 100 percent of the ESTIP collected by the Town and derived from the property for the ESTIP. From the allocated revenues, the Town will pay Pilot Travel Centers, LLC up to the actual cost incurred by Pilot Travel Centers, LLC for the construction and installation of public improvements but not to exceed the maximum amount of \$1,991,026.

Once public improvements have substantially been completed by Pilot Travel Centers, LLC, the Town will begin payments of collected revenues to Pilot Travel Centers, LLC. No payments were made by the Town under the terms of the agreement during the fiscal year ended December 31, 2025 and 2024.

Intergovernmental Agreement – City of Fort Lupton

The Town entered into an intergovernmental agreement with the City of Fort Lupton in July of 1995 to provide for the construction, operation, and maintenance of the water treatment plant to treat raw water, owned, controlled, by the respective parties to the agreement. Upon completion of the original water treatment plant, each party owned the following rights and interests, Fort Lupton owns an undivided five-sixth of the treatment capacity and personal property which constitutes the physical plant. The Town owns the remaining one-sixth interest.

Separate flow meters are installed at the discharge point of the plant and at which treated water is delivered to the separate delivery systems of Fort Lupton and the Town. Monthly operating and fixed costs are billed to the Town and are based on the number of gallons of treated water delivered.

In addition to monthly operating costs, the Town is also responsible for its one-sixth share of the cost of any capital improvements or expansions.

During the year ended December 31, 2025, the Town paid \$200,497 for operating costs and \$494,016 for facility expansion expenses to the City of Fort Lupton under the terms of the agreement.

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

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.

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, 2025, the emergency reserve was reported as a restriction of fund balance in the following funds:

General Fund	\$ 152,700
Property Tax Special Revenue Fund	69,200
Paving Sales Tax Fund	46,000
Library Fund	123,800
Capital Projects Fund	19,100
Conservation Trust Fund	600
Park Impact Fees	400
Facilities Impact Fees Fund	400
Street Impact Fees Fund	5,300
Police Impact Fees Fund	400
Surcharge Fees Fund	<u>300</u>
 Total	 <u>\$ 418,200</u>

TOWN OF HUDSON
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 10: SUBSEQUENT EVENTS

The Town has evaluated events subsequent to the year ended December 31, 2025, through April 28, 2026, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

In January 2026, the Town entered into a loan agreement in the amount of \$3,475,000. Proceeds of the loan are used to reimburse the Property Tax Special Revenue Fund for funds borrowed in conjunction with the Water Fund's Water Rights purchase, and to fund water and wastewater projects. The loan carries an interest rate of 6.15 percent. Semi-annual principal and interest payments in the amount of 152,165 are due beginning in July 2026 through January 2046.

In January 2026, the Town purchased land for a cost of \$1.2 million. The purchase was funded using reserves. The land is held in the Town's water fund.

The Library plans significant capital improvements, including expansion of the Library's physical footprint. The proposed expansion will add approximately 12,000 square feet of new, purpose-built space to the existing structure. The Library has budgeted \$17 million from reserves for this project, which is set to begin in the summer of 2026.

The Town will begin construction of a splash pad in the summary of 2026 while the library will begin construction of a learning grove and the library expansion.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Property Taxes	\$ 3,095,803	\$ 1,995,831	\$ 2,088,495	\$ 92,664	\$ 2,438,912
Specific Ownership Taxes	-	177,089	171,613	(5,476)	178,564
Sales and Use Taxes	-	832,651	1,155,196	322,545	893,874
Occupation Taxes	-	232	422	190	237
Franchise Fees	-	90,000	85,489	(4,511)	89,985
Intergovernmental	286,054	286,054	211,390	(74,664)	243,066
Charges for Services	39,930	39,930	186,241	146,311	166,831
Licenses and Permits	68,578	68,578	207,935	139,357	189,494
Fines and Forfeitures	264,600	264,600	1,105,538	840,938	410,504
Grants and Donations	1,141,160	1,141,160	63,425	(1,077,735)	175,914
Earnings on Investments	154,569	154,569	160,469	5,900	187,933
Miscellaneous	5,000	5,000	36,763	31,763	18,948
TOTAL REVENUES	5,055,694	5,055,694	5,472,976	417,282	4,994,262
EXPENDITURES					
Current					
General Government	1,240,026	1,385,026	1,533,493	(148,467)	2,069,149
Public Safety	2,412,442	2,895,442	2,734,970	160,472	2,316,111
Public Works	594,955	605,955	657,333	(51,378)	645,365
Parks and Recreation	398,765	398,765	205,334	193,431	113,368
Capital Outlay	-	-	-	-	41,313
Debt Service					
Principal	-	-	31,515	(31,515)	30,014
Interest	-	-	4,968	(4,968)	6,468
TOTAL EXPENDITURES	4,646,188	5,285,188	5,167,613	117,575	5,221,788
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	409,506	(229,494)	305,363	534,857	(227,526)
OTHER FINANCING (USES)					
Transfer Out	-	(347,742)	(347,742)	-	-
TOTAL OTHER FINANCING (USES)	-	(347,742)	(347,742)	-	-
CHANGE IN FUND BALANCE	409,506	(577,236)	(42,379)	534,857	(227,526)
FUND BALANCES, Beginning	4,054,473	3,721,533	3,721,533	-	3,949,059
FUND BALANCES, Ending	\$ 4,463,979	\$ 3,144,297	\$ 3,679,154	\$ 534,857	\$ 3,721,533

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
 PROPERTY TAX SPECIAL REVENUE FUND
 Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Property Taxes	\$ 2,216,385	\$ 2,216,385	\$ 2,233,544	\$ 17,159	\$ 2,594,382
Earnings on Investments	70,423	70,423	208,655	138,232	296,534
TOTAL REVENUES	2,286,808	2,286,808	2,442,199	155,391	2,890,916
EXPENDITURES					
Current					
General Government	1,829,899	1,829,899	1,835,399	(5,500)	1,734,052
Capital Outlay	1,442,030	487,931	470,555	17,376	381,137
TOTAL EXPENDITURES	3,271,929	2,317,830	2,305,954	11,876	2,115,189
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(985,121)	(31,022)	136,245	167,267	775,727
OTHER FINANCING (USES)					
Transfer Out	(434,030)	(2,559,030)	(159,030)	2,400,000	(159,030)
TOTAL OTHER FINANCING (USES)	(434,030)	(2,559,030)	(159,030)	2,400,000	(159,030)
CHANGE IN FUND BALANCE	(1,419,151)	(2,590,052)	(22,785)	2,567,267	616,697
FUND BALANCES, Beginning	4,356,332	3,242,266	3,242,266	-	2,625,569
FUND BALANCES, Ending	\$ 2,937,181	\$ 652,214	\$ 3,219,481	\$ 2,567,267	\$ 3,242,266

See the accompanying independent auditor's report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PAVING SALES TAX FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Sales and Use Tax	\$ 1,132,185	\$ 1,132,185	\$ 1,540,261	\$ 408,076	\$ 1,191,832
Earnings on Investments	96,206	96,206	237,092	140,886	230,259
TOTAL REVENUES	1,228,391	1,228,391	1,777,353	548,962	1,422,091
EXPENDITURES					
Current					
Public Works	298,374	277,373	258,655	18,718	369,565
Capital Outlay	658,550	481,910	319,123	162,787	-
Debt Service					
Principal	-	170,000	170,000	-	165,000
Interest	-	72,550	72,550	-	77,500
TOTAL EXPENDITURES	956,924	1,001,833	820,328	181,505	612,065
CHANGE IN FUND BALANCE	271,467	226,558	957,025	730,467	810,026
FUND BALANCES, Beginning	4,926,603	5,139,885	5,139,885	-	4,329,859
FUND BALANCES, Ending	\$ 5,198,070	\$ 5,366,443	\$ 6,096,910	\$ 730,467	\$ 5,139,885

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

HUDSON PUBLIC LIBRARY FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Intergovernmental	\$ 3,505,533	\$ 3,505,533	\$ 3,481,554	\$ (23,979)	\$ 4,334,556
Grants and Donations	5,000	5,000	7,490	2,490	3,665
Earnings on Investments	392,982	392,982	642,665	249,683	671,422
Miscellaneous	2,015	2,015	920	(1,095)	1,278
TOTAL REVENUES	3,905,530	3,905,530	4,132,629	227,099	5,010,921
EXPENDITURES					
Current					
Library	2,203,234	1,421,910	1,055,131	366,779	943,246
Capital Outlay	3,058,676	3,840,000	129,267	3,710,733	129,166
TOTAL EXPENDITURES	5,261,910	5,261,910	1,184,398	4,077,512	1,072,412
CHANGE IN FUND BALANCE	(1,356,380)	(1,356,380)	2,948,231	4,304,611	3,938,509
FUND BALANCES, Beginning	22,120,698	22,120,698	22,482,661	361,963	18,544,152
FUND BALANCES, Ending	<u>\$ 20,764,318</u>	<u>\$ 20,764,318</u>	<u>\$ 25,430,892</u>	<u>\$ 4,666,574</u>	<u>\$ 22,482,661</u>

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,

	2024	2023	2022	2021	2020	2019
Proportion of the Net Pension Liability (Asset)	0.09263%	0.04700%	0.04800%	0.03134%	0.01522%	0.01575%
Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ 42,712	\$ (169,858)	\$ (33,043)	\$ (8,905)
Covered payroll	\$ 773,607	\$ 925,971	\$ 853,975	\$ 506,245	\$ 244,502	\$ 71,415
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%	5.00%	-33.55%	-13.51%	-12.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.00%	100.00%	97.60%	116.20%	106.70%	101.90%

NOTE: Information for the prior four 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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 116,223	\$ 73,384	\$ 43,900	\$ 39,927	\$ 21,447	\$ 9,780	\$ 2,857
Contributions in Relation to the Contractually Required Contributions	<u>116,223</u>	<u>73,384</u>	<u>43,900</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$1,106,899	\$773,607	\$925,971	\$853,975	\$506,245	\$244,502	\$71,415
Contributions as a Percentage of Covered Payroll	10.50%	9.49%	4.74%	4.68%	4.24%	4.00%	4.00%

NOTE: Information for the prior three 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, 2025

	CAPITAL PROJECTS FUND	CONSERVATION TRUST FUND	PARK IMPACT FEES FUND	FACILITIES IMPACT FEES FUND	STREET IMPACT FEES FUND	POLICE IMPACT FEES FUND	SURCHARGE FEES FUND	TOTALS
ASSETS								
Cash and Investments	\$ 414,737	\$ 46,323	\$ 13,199	\$ 21,517	\$ 146,933	\$ 12,890	\$ 11,261	\$ 666,860
Due from Other Funds	1,850,000	-	-	-	-	-	-	1,850,000
Accounts Receivable	51,277	-	-	-	-	-	-	51,277
TOTAL ASSETS	\$ 2,316,014	\$ 46,323	\$ 13,199	\$ 21,517	\$ 146,933	\$ 12,890	\$ 11,261	\$ 2,568,137
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 2,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,564
TOTAL LIABILITIES	2,564	-	-	-	-	-	-	2,564
FUND BALANCES								
Restricted for Fund Purpose	-	45,723	-	-	-	-	-	45,723
Restricted for Emergencies	19,100	600	400	400	5,300	400	300	26,500
Committed	2,294,350	-	12,799	21,117	141,633	12,490	10,961	2,493,350
TOTAL FUND BALANCES	2,313,450	46,323	13,199	21,517	146,933	12,890	11,261	2,565,573
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,316,014	\$ 46,323	\$ 13,199	\$ 21,517	\$ 146,933	\$ 12,890	\$ 11,261	\$ 2,568,137

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	CAPITAL PROJECTS FUND	CONSERVATION TRUST FUND	PARK IMPACT FEES FUND	FACILITIES IMPACT FEES FUND	STREET IMPACT FEES FUND	POLICE IMPACT FEE FUND	SURCHARGE FEE FUND	TOTALS
REVENUES								
Sales and Use Taxes	\$ 564,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 564,915
Intergovernmental Revenue	-	19,630	-	-	-	-	-	19,630
Impact Fees	-	-	12,750	12,750	18,875	12,750	-	57,125
Surcharge Fees	-	-	-	-	-	-	11,159	11,159
Interest Income	72,273	1,473	349	673	10,550	140	102	85,560
TOTAL REVENUES	\$ 637,188	\$ 21,103	\$ 13,099	\$ 13,423	\$ 29,425	\$ 12,890	\$ 11,261	\$ 738,389
EXPENDITURES								
Current								
General Government	87,328	-	-	8,750	-	-	-	96,078
Capital Outlay	252,570	-	5,000	-	177,292	-	-	434,862
TOTAL EXPENDITURES	339,898	-	5,000	8,750	177,292	-	-	530,940
NET CHANGE IN FUND BALANCES	297,290	21,103	8,099	4,673	(147,867)	12,890	11,261	207,449
FUND BALANCES, beginning	2,016,160	25,220	5,100	16,844	294,800	-	-	2,358,124
FUND BALANCES, Ending	\$ 2,313,450	\$ 46,323	\$ 13,199	\$ 21,517	\$ 146,933	\$ 12,890	\$ 11,261	\$ 2,565,573

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Sales and Use Taxes	\$ 332,550	\$ 395,000	\$ 564,915	\$ 169,915	\$ 533,244
Earnings on Investments	30,103	30,103	72,273	42,170	88,010
TOTAL REVENUES	362,653	425,103	637,188	212,085	621,254
EXPENDITURES					
Current					
General Government	-	220,500	87,328	133,172	54,316
Capital Outlay	505,500	329,910	252,570	77,340	305,274
TOTAL EXPENDITURES	505,500	550,410	339,898	210,512	359,590
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(142,847)	(125,307)	297,290	422,597	261,664
OTHER FINANCING SOURCES (USES)					
Transfers Out	(275,000)	(1,850,000)	-	1,850,000	-
NET CHANGE IN FUND BALANCE	(417,847)	(1,975,307)	297,290	2,272,597	261,664
FUND BALANCES, Beginning	1,561,720	2,016,160	2,016,160	-	1,754,496
FUND BALANCES, Ending	<u>\$ 1,143,873</u>	<u>\$ 40,853</u>	<u>\$2,313,450</u>	<u>\$ 2,272,597</u>	<u>\$ 2,016,160</u>

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Intergovernmental Revenue	\$ 22,018	\$ 22,018	\$ 19,630	\$ (2,388)	\$ 20,075
Earnings on Investments	532	532	1,473	941	703
TOTAL REVENUES	22,550	22,550	21,103	(1,447)	20,778
EXPENDITURES					
Parks and Recreation	20,000	20,000	-	20,000	-
TOTAL EXPENDITURES	20,000	20,000	-	20,000	-
CHANGE IN FUND BALANCE	2,550	2,550	21,103	18,553	20,778
FUND BALANCES, Beginning	26,692	26,692	25,220	(1,472)	4,442
FUND BALANCES, Ending	\$ 29,242	\$ 29,242	\$ 46,323	\$ 17,081	\$ 25,220

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PARK IMPACT FEES FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Impact Fees	\$ 100	\$ 100	\$ 12,750	\$ 12,650	\$ -
Earnings on Investments	248	248	349	101	245
TOTAL REVENUES	348	348	13,099	12,751	245
EXPENDITURES					
Capital Outlay	5,000	5,000	5,000	-	-
TOTAL EXPENDITURES	5,000	5,000	5,000	-	-
CHANGE IN FUND BALANCE	(4,652)	(4,652)	8,099	12,751	245
FUND BALANCES, Beginning	5,098	5,098	5,100	2	4,855
FUND BALANCES, Ending	\$ 446	\$ 446	\$ 13,199	\$ 12,753	\$ 5,100

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
 FACILITIES IMPACT FEES FUND
 Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Impact Fees	\$ 100	\$ 100	\$ 12,750	\$ 12,650	\$ 5,713
Earnings on Investments	2,064	2,064	673	(1,391)	1,928
TOTAL REVENUES	2,164	2,164	13,423	11,259	7,641
EXPENDITURES					
General Government	-	8,750	8,750	-	31,250
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	8,750	8,750	-	31,250
CHANGE IN FUND BALANCE	2,164	(6,586)	4,673	11,259	(23,609)
FUND BALANCES, Beginning	2,477	16,844	16,844	-	40,453
FUND BALANCES, Ending	\$ 4,641	\$ 10,258	\$ 21,517	\$ 11,259	\$ 16,844

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET IMPACT FEES FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Impact Fees	\$ 6,000	\$ 6,000	\$ 18,875	\$ 12,875	\$ 107,922
Earnings on Investments	3,705	3,705	10,550	6,845	10,460
TOTAL REVENUES	9,705	9,705	29,425	19,720	118,382
EXPENDITURES					
Capital Outlay	189,000	189,000	177,292	11,708	-
TOTAL EXPENDITURES	189,000	189,000	177,292	11,708	-
CHANGE IN FUND BALANCE	(179,295)	(179,295)	(147,867)	31,428	118,382
FUND BALANCES, Beginning	185,519	185,519	294,800	109,281	176,418
FUND BALANCES, Ending	\$ 6,224	\$ 6,224	\$ 146,933	\$ 140,709	\$ 294,800

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Charges for Services	\$ 844,957	\$ 1,276,796	\$ 1,036,696	\$ (240,100)	\$ 943,525
Tap Fees	-	10,000	1,080,330	1,070,330	1,460,326
Earnings on Investments	35,618	33,660	120,638	86,978	60,920
Other Revenues	1,500	3,456	17,267	13,811	1,610
Transfer In	-	4,366,657	116,657	(4,250,000)	-
TOTAL REVENUES	882,075	5,690,569	2,371,588	(3,318,981)	2,466,381
EXPENDITURES					
Current					
Operations and Maintenance	715,084	916,665	682,791	233,874	649,043
Administration	27,516	75,878	171,688	(95,810)	-
Capital Outlay	297,445	5,686,171	5,651,171	35,000	504,581
Debt Service	-	84,333	84,332	1	84,356
TOTAL EXPENDITURES	1,040,045	6,763,047	6,589,982	173,065	1,237,980
CHANGE IN NET POSITION, Budgetary Basis	\$ (157,970)	\$ (1,072,478)	(4,218,394)	\$ (3,145,916)	1,228,401
Adjustments to GAAP Basis					
Debt Principal Payments			59,401		57,697
Capital Outlay			5,651,171		504,581
Depreciation			(196,883)		(189,499)
CHANGE IN NET POSITION, GAAP Basis			1,295,295		1,601,180
NET POSITION, Beginning			5,422,678		3,821,498
NET POSITION, Ending			\$ 6,717,973		\$ 5,422,678

See the accompanying independent auditor's report

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WASTEWATER FUND

Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Charges for Services	\$ 510,385	\$ 505,385	\$ 558,580	\$ 53,195	\$ 453,240
Tap Fees	-	5,000	36,182	31,182	106,039
Wastewater PIF	-	-	75,397	75,397	-
Earnings on Investments	16,320	16,320	5,484	(10,836)	8,273
Transfers In	709,030	665,115	390,115	(275,000)	159,030
TOTAL REVENUES	1,235,735	1,191,820	1,065,758	(126,062)	726,582
EXPENDITURES					
Current					
Operations and Maintenance	344,775	396,584	532,289	(135,705)	429,023
Administration	-	18,803	20,935	(2,132)	-
Capital Outlay	942,330	712,688	-	712,688	79,264
Debt Service	-	159,030	159,030	-	159,030
TOTAL EXPENDITURES	1,287,105	1,287,105	712,254	574,851	667,317
CHANGE IN NET POSITION, Budgetary Basis	\$ (51,370)	\$ (95,285)	353,504	\$ 448,789	59,265
Adjustments to GAAP Basis					
Debt Principal Payments			67,170		65,023
Capital Outlay			-		79,264
Depreciation			(238,335)		(235,209)
CHANGE IN NET POSITION, GAAP Basis			182,339		(31,657)
NET POSITION, Beginning			3,997,202		4,028,859
NET POSITION, Ending			\$ 4,179,541		\$ 3,997,202

See the accompanying independent auditor's report

COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/2025
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This Information From The Records Of: Town of Hudson	Prepared By: Kimberly Brown 303-536-9311
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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. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 160,574.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 645,384.80
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 19,551.00
2. General fund appropriations		b. Snow and ice removal	\$ 20,093.08
3. Other local imposts (from page 2)	\$ 1,730,749.05	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 302,196.13	d. Total (a. through c.)	\$ 39,644.08
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 31,356.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 1,043,983.19
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 1,920,942.07
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ 72,550.00
7. Total (1 through 6)	\$ 2,032,945.18	b. Redemption	\$ 170,000.00
B. Private Contributions		c. Total (a. + b.)	\$ 242,550.00
C. Receipts from State government (from page 2)	\$ 124,573.13	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 2,157,518.31	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ 242,550.00
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 2,163,492.07

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	\$ 2,380,000.00		\$ 170,000.00	\$ 2,210,000.00
1. Bonds (Refunding Portion)				\$ -
B. Notes (Total)				\$ -

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 444,776.00	\$ 2,157,518.31	\$ 2,163,492.07	\$ 438,802.24	\$ -

Notes and Comments:

The Town needed to concentrate on more pressing needs in our water and wastewater utilities in 2023. As a result, the town did maintenance to existing roads only. In 2024 and 2025, the Town started to spend funds on equipment replacements while continuing ongoing maintenance. The town has plans to spend down the balance in the next couple of years through capital projects and more equipment replacements.

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/y): 12/2025 0

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II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	\$ 247,643.21
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 1,540,261.00	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 18,875.00	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 171,613.05	g. Other Misc. Receipts	\$ 54,552.92
6. Total (1. through 5.)	\$ 1,730,749.05	h. Other	
c. Total (a. + b.)	\$ 1,730,749.05	i. Total (a. through h.)	\$ 302,196.13
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 116,154.78	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	\$ 8,418.35	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 8,418.35	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 124,573.13	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation		\$ 160,574.00	\$ 160,574.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 160,574.00	\$ 160,574.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 160,574.00	\$ 160,574.00
<i>(Carry forward to page 1)</i>			

Notes and Comments: