

TOWN OF HUDSON, COLORADO

FINANCIAL STATEMENTS

December 31, 2015

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FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hudson as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Hudson, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hudson as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

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

Other Matters (Other Information)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of the Town of Hudson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hudson's internal control over financial reporting and compliance.



June 30, 2016

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, 2015. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$3,811,773 (21.4%) during 2015.
- At December 31, 2015, the Town's governmental funds reported combined ending fund balances of \$6,347,470. This marked an increase of \$1,075,305 (20.4%) from the prior year's ending governmental fund balances. Oil and gas operations in the area contributed greatly to these gains.
- The Town's water and wastewater funds net position declined by \$252,284 (2.8%) during 2015 primarily due to depreciation of the water and wastewater capital assets.
- The Town's Library completed the construction of its new building, contributing toward an increase of governmental capital assets of \$3,075,285 during 2015.

USING THIS ANNUAL REPORT

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

Government-wide financial statements

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

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

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

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

Fund financial statements

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

Governmental Funds -- Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The

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

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

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

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

Notes to the Financial Statements

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

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2015, all funds had budgeted expenditures/expenses except the Sales Tax Capital Improvement 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 exceeded liabilities and deferred property taxes by \$21,637,358 at the close of 2015. As shown below, the Town's financial position improved by \$3,811,773 (21.4%) during 2015.

Town of Hudson's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 8,397,866	\$ 7,063,543	\$ 858,490	\$ 792,311	\$ 9,256,356	\$ 7,855,854
Capital assets, net	9,982,625	6,974,510	12,975,356	13,236,102	22,957,981	20,210,612
Total assets	\$18,380,491	\$14,038,053	\$13,833,846	\$14,028,413	\$32,214,337	\$28,066,466
Current liabilities	152,982	183,867	132,055	122,065	285,034	305,932
Noncurrent Liabilities	3,313,949	3,229,969	4,826,241	4,778,511	8,140,190	8,008,480
Total liabilities	\$ 3,466,931	\$ 3,413,836	\$ 4,958,296	\$ 4,900,576	\$ 8,425,224	\$ 8,314,412
Deferred inflow s of resources	\$ 2,151,755	\$ 1,926,469	\$ -	\$ -	\$ 2,151,755	\$ 1,926,469
Net position:						
Net investment in capital assets	\$ 6,446,746	\$ 3,457,230	\$ 8,159,939	\$ 8,467,500	\$ 14,606,685	\$ 11,924,730
Restricted	1,673,802	1,659,307	55,801	47,825	1,729,603	1,707,132
Unrestricted	4,641,257	3,581,211	659,813	612,512	5,301,070	4,193,723
Total net position	\$12,761,805	\$ 8,697,748	\$ 8,875,553	\$ 9,127,837	\$ 21,637,358	\$ 17,825,585

Approximately two-thirds (67.5%) of the Town's total net position at December 31, 2015 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 8.0% (\$1,729,603) of the Town's total net position at the end of 2015 represents resources that are subject to external restrictions on how they may be used. They are primarily fund balance reserves of sales taxes collected for paving and maintenance of streets (\$623,229), debt service reserves required for the Town's 2009 Limited General Obligation Bonds and 2009 Sales Tax Revenue Bonds (\$426,251) and wastewater obligations (\$55,801), and fund balance reserves of sales taxes collected for capital improvements (\$374,076). An additional \$54,246 is restricted for parks and \$196,000 for emergencies.

The remaining amount of the Town's total net position at the end of 2015 (\$5,301,070) represents 24.5% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors. The Town utilizes a working policy to maintain a minimum of approximately one year's operating expenses in the General Fund balance.

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

Town of Hudson's Changes in Net Position

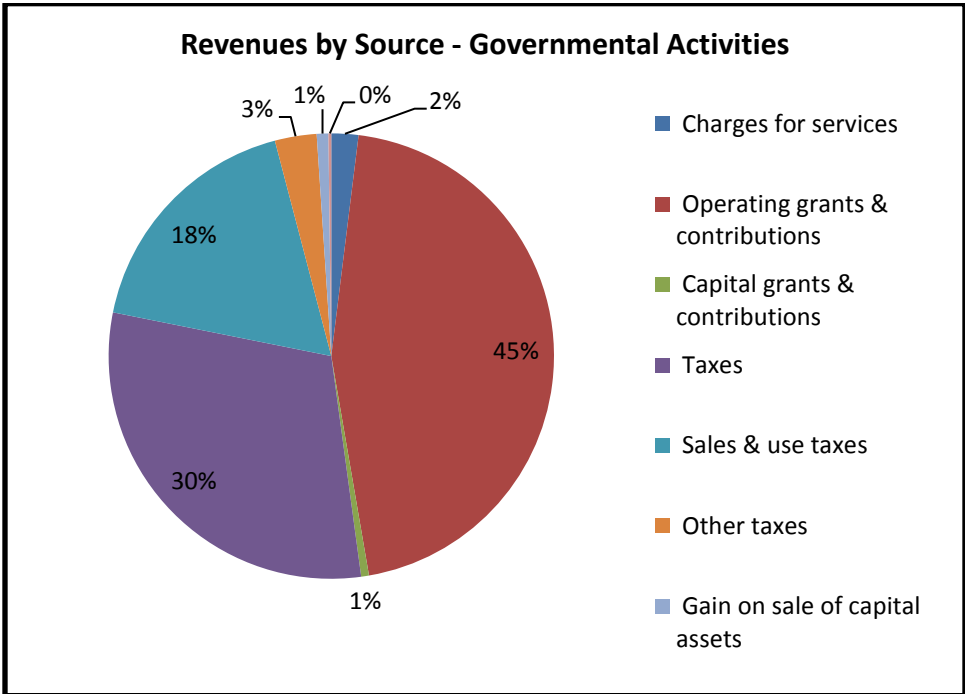
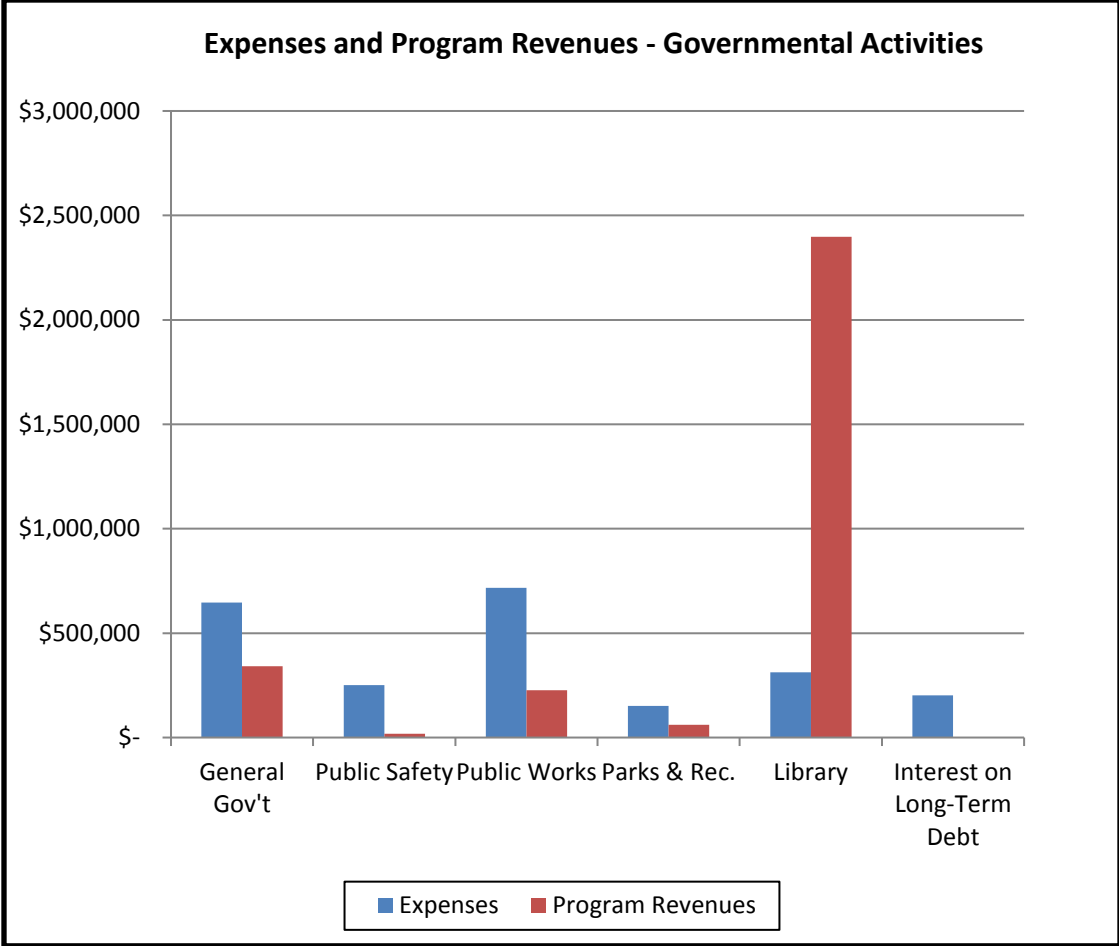
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 124,751	\$ 69,406	\$ 843,690	\$ 773,282	\$ 968,441	\$ 842,688
Operating grants & contributions	2,885,179	1,310,094	-	-	2,885,179	1,310,094
Capital grants & contributions	36,000	582,304	-	-	36,000	582,304
General revenues:						
Property taxes	1,927,926	952,070	-	-	1,927,926	952,070
Sales & use taxes	1,195,535	660,549	-	-	1,195,535	660,549
Other taxes	192,848	164,634	-	-	192,848	164,634
Gain on sale of capital assets	53,592	-	249,234	-	302,826	-
Other general revenues	13,203	16,427	25,330	94,851	38,533	111,278
Total revenues	\$ 6,429,034	\$ 3,755,484	\$ 1,118,254	\$ 868,133	\$ 7,547,288	\$ 4,623,617
Program expenses:						
General government	\$ 646,077	\$ 615,478	\$ -	\$ -	\$ 646,077	\$ 615,478
Public safety	250,401	140,424	-	-	250,401	140,424
Public works	716,813	498,242	-	-	716,813	498,242
Parks and Recreation	152,135	140,075	-	-	152,135	140,075
Library	312,543	204,306	-	-	312,543	204,306
Water utility	-	-	736,140	671,047	736,140	671,047
Wastewater utility	-	-	718,722	800,704	718,722	800,704
Interest on long-term debt	202,684	202,148	-	-	202,684	202,148
Total expenses	\$ 2,280,653	\$ 1,800,673	\$ 1,454,862	\$ 1,471,751	\$ 3,735,515	\$ 3,272,424
Transfers In/(Out)	\$ (84,324)	\$ (104,324)	\$ 84,324	\$ 104,324	\$ -	\$ -
Increase/(decrease) in net position	\$ 4,064,057	\$ 1,850,487	\$ (252,284)	\$ (499,294)	\$ 3,811,773	\$ 1,351,193
Net Position, Beginning	8,697,748	6,847,261	9,127,837	9,627,131	17,825,585	16,474,392
Net Position, Ending	\$ 12,761,805	\$ 8,697,748	\$ 8,875,553	\$ 9,127,837	\$ 21,637,358	\$ 17,825,585

Governmental Activities

The Town's Governmental Activities increased in net position by \$4,064,057 (46.7%) in 2015. Key elements of this increase are as follows:

- Property taxes increased by \$975,856 (102.5%) due to increases in assessed valuation led by oil and gas production.
- Sales and use taxes increased by \$534,986 (81.0%) in 2015 due primarily to fracking sand sales occurring at Hudson Terminal Railroad.
- Shared revenues from the High Plains Library District increased by \$1,310,533 (120.5%) due to increases in assessed valuation associated with oil and gas production and growth within the district.

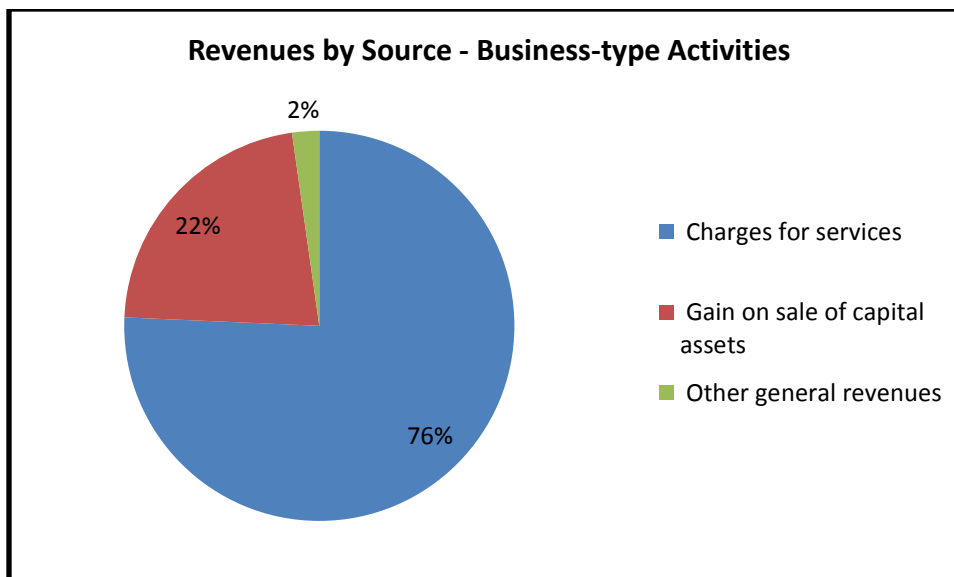
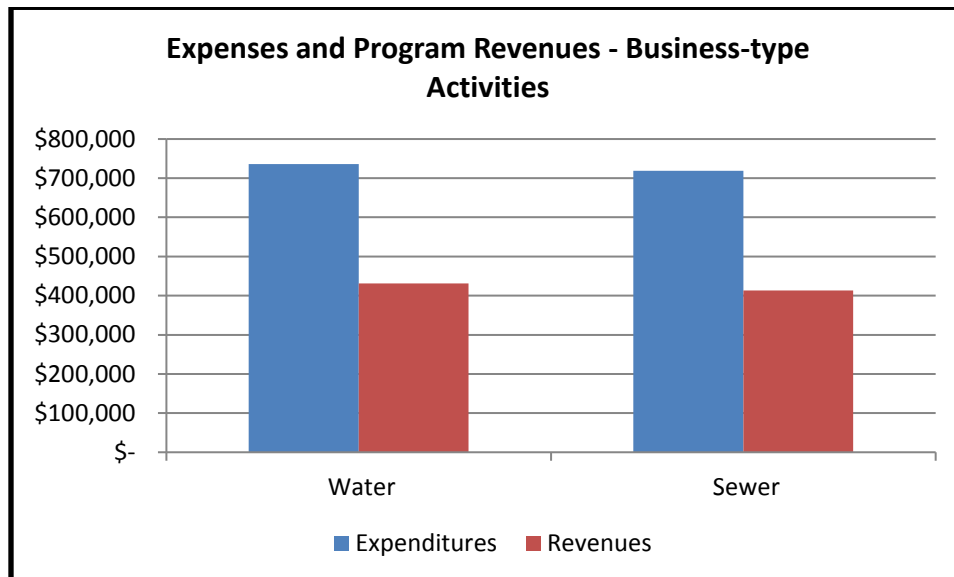
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



Business-type Activities

Business-type Activities reduced the Town of Hudson's net position by 252,284 (-2.8%) during 2015. This was an improvement over 2014 when these activities reduced the Town's total net position \$499,294, but most of that improvement is due to the gain on sale of a capital asset (land) during the year. Operational expenses including depreciation exceeded charges for services by \$262,801 and \$196,263 in the Water and Wastewater Funds respectively. Management anticipates future rate increases as well as slow growth in customer bases to address future revenue needs in these funds. In addition, the sale of the decommissioned lagoon property will improve the net position of the Wastewater Fund.

The following two charts illustrate the Business-type Activities revenues and expenses for 2015.

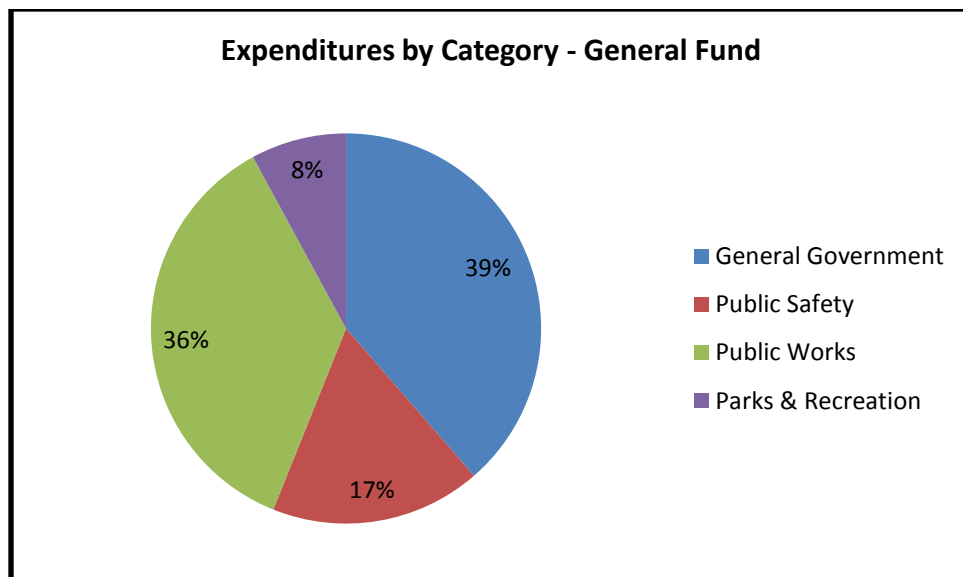
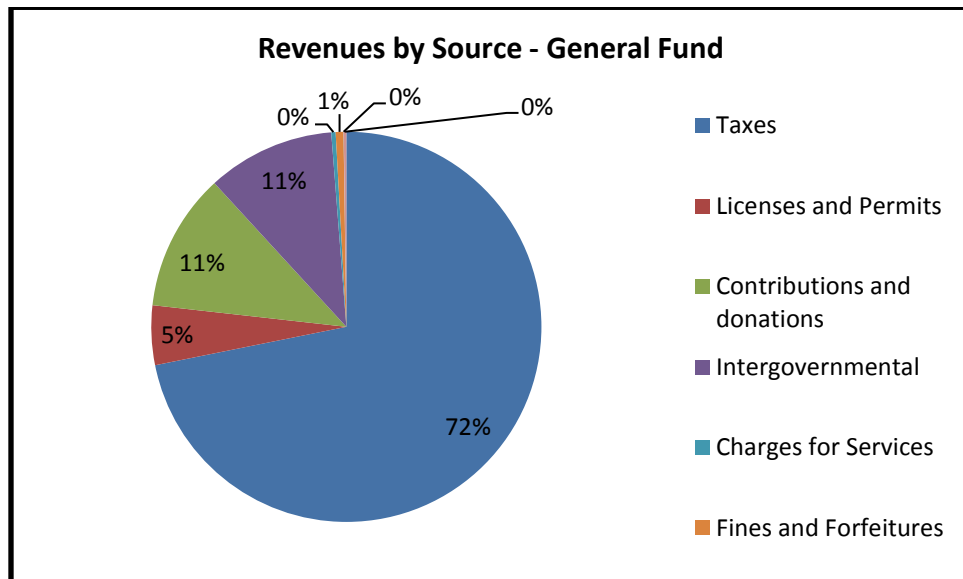


THE TOWN'S FUNDS

As noted earlier, the Town of Hudson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are

shown at year end. At December 31, 2015 the Town's four major Governmental funds reported combined unrestricted fund balances of \$4,528,294. These funds are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Hudson. It accounts for all of the general services provided by the Town. At the end of 2015, the fund balance of the General Fund totaled \$1,602,159. This was a \$743,677 (86.6%) increase over 2014, due primarily to the increases in property taxes and sales and use taxes discussed above. These revenues allowed the Town to achieve its goal of maintaining approximately one year of General Fund operating expenses in its fund balance. Management is aware of the volatility of revenues connected to the oil and gas industry, and budgets accordingly. The following two tables illustrate General Fund revenues and expenditures during 2015.

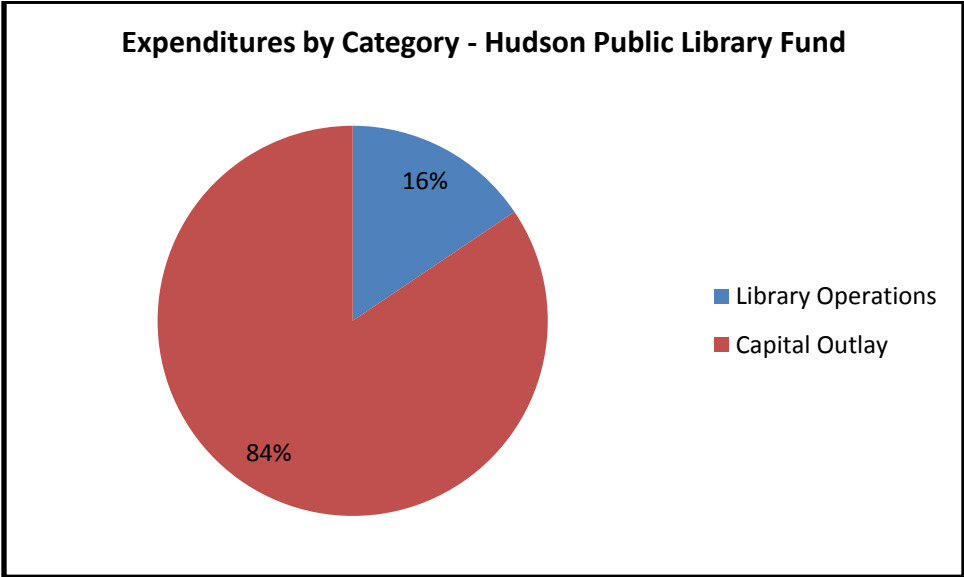
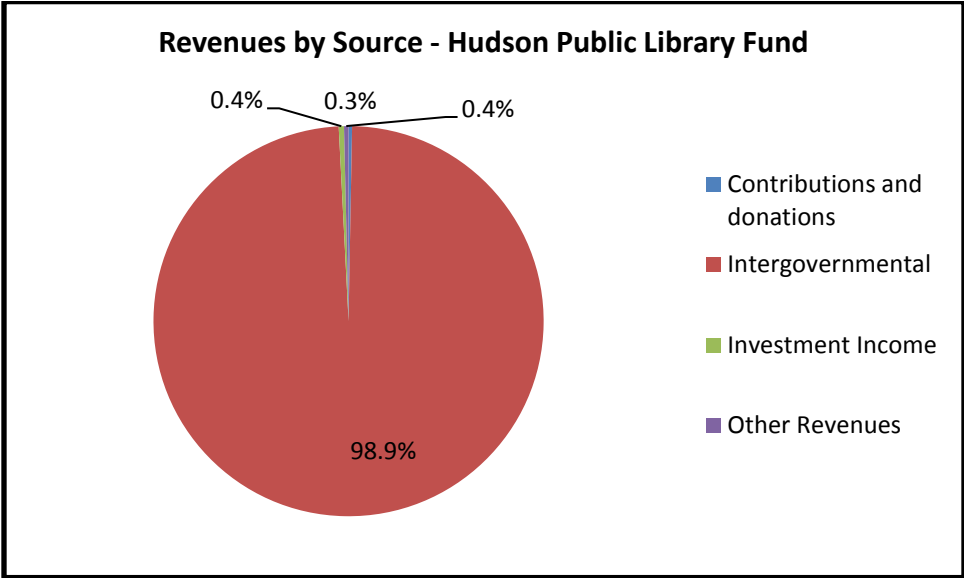


Property Tax Special Revenue Fund. This fund is utilized to account for the capital acquisition and/or construction of capital projects and related debt service. Property taxes from a 15.966 mill levy are the primary revenues for the fund. During 2015, expenditures included improvements to the Town's public

works facility and debt service on its 2009 Limited General Obligation Bonds. Fund revenues exceeded fund expenditures and a transfer to the Water Fund (for debt service) by \$420,904.

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. During 2015, expenditures included street overlay and other street improvement projects and debt service on the Town's 2009 Sales Tax Revenue Bonds for street paving projects. Fund expenditures drew down prior year fund balances by \$215,076 to \$623,229 at the end of 2015.

Hudson Public Library Fund. This fund accounts for the operations of the Hudson Public Library. Virtually all the revenues of this fund are shared revenues from property taxes received through an Intergovernmental Agreement with the High Plains Library District. As discussed above, these revenues increased significantly during 2015, mostly due to oil and gas development in the region. Expenditures included \$276,148 for library operations and \$2,490,271 for completion of the new Hudson Library building. The following two charts illustrate Hudson Public Library Fund revenues and expenditures during 2015.



Water Fund. At December 31, 2015 the net position of the Water Fund was \$3,304,403. This was a decrease of \$215,177 (6.1%) from 2014. Although most of the decrease was caused by depreciation of capital assets (\$171,973), management recognizes that fund shortfalls will need to be corrected by rate increases and customer growth. The planned opening of a motel and restaurant in 2016 will add important customers for the utility.

Wastewater Fund. At December 31, 2015 the net position of the Wastewater Fund was \$5,571,150. This was a decrease of \$37,107 (0.7%) from 2014. Most of the decrease was caused by depreciation of capital assets (\$231,649), but proceeds from the sale of land (\$249,234) improved the net position to compensate for much of the operating loss. Management recognizes that operating losses will need to be corrected by rate increases and customer growth. The planned opening of a motel and restaurant in 2016 will add important customers for the utilities. In addition, the planned sale of the decommissioned lagoon property to a local business will improve the net position of the fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2015 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, and park equipment. Note 4 of the financial statements provides a summary of changes in capital assets during the year. During 2015, the Town made improvements to its streets, fishing pond, and water meter system; purchased four vehicles and a street sweeper; completed construction of a new public works facility and new library building; and continued development of a new Town Hall.

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

Debt Administration. The Town's long-term debt primarily consists of bonds, loans, and capital leases. During 2015, the Town entered into capital lease agreements to finance the purchases of a street sweeper and water meters. In governmental activities at December 31, 2015, the Town had a \$1,725,000 balance remaining on its 2009 Limited Tax G.O. Bonds, and a \$1,435,000 balance on its 2009 Sales Tax Revenue Bonds. These bond issues were for street improvements. \$140,769 remained outstanding on a capital lease for the street sweeper. Compensated absences are also recorded. See Note 5 on page 16 for more detailed information.

In business-type activities at December 31, 2015, the Town had a \$3,359,430 balance on its 2011 Revenue Bonds, an \$820,061 balance on its 1996 water loan, and a \$496,000 balance on its 1995 general obligation bonds. These debts were incurred for water rights acquisition and water and wastewater system facilities and upgrades. \$139,926 remained outstanding on a capital lease for the water meter system. Compensated absences are also recorded. See Note 5 on page 18 for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While traditionally the Town of Hudson's economy has been primarily driven by agriculture, the last few years have been buoyed by the construction of a privately-owned and operated prison and the oil and gas industry. The prison was built in 2009 and operated for approximately four years, precipitating and enabling the construction of the Town's wastewater treatment plant in 2009-2010. Due to fluctuating economic needs, the prison ceased operations in 2013. When operating, the prison adds significant property taxes and water and wastewater fees to the Town's revenues without burdening the general governmental services provided by the Town. Management has not budgeted for any prison operations in 2016.

The extent of oil and gas industry operations in the region fluctuates quickly and significantly with the national economy. When active drilling takes place in the region, the Town benefits from increases in sales

taxes, property taxes, and state shared excise taxes. Management is optimistic that these revenues will continue to benefit the Town to some extent, but is very conservative in its revenue estimates.

Some measurable growth in the residential and commercial sectors of Hudson's economy is occurring. The construction of a four-story motel and restaurant are expected to enhance sales and use taxes as well as water and wastewater revenues beginning in 2016. Three small home builders have purchased land and begun construction of some new houses.

Management carefully monitors the economic factors affecting the Town, and the 2016 Budget anticipates these items. It also includes the establishment of a two-person Town Marshal's Office to replace its contract with Weld County for public safety services.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Hudson's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town's management at Town of Hudson, 557 Ash Street, P.O. Box 351, Hudson, CO 80642-0351 or call Town Hall at (303) 536-9311.

BASIC FINANCIAL STATEMENTS

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	\$ 5,667,892	\$ 708,835	\$ 6,376,727
Restricted Cash and Investments	426,251	55,801	482,052
Accounts Receivable	146,122	93,854	239,976
Taxes Receivable	2,157,601	-	2,157,601
Land Held for Resale	235,110	-	235,110
Capital Assets, Not Being Depreciated	173,677	962,266	1,135,943
Capital Assets, Net of Accumulated Depreciation	<u>9,573,838</u>	<u>12,013,090</u>	<u>21,586,928</u>
TOTAL ASSETS	<u>18,380,491</u>	<u>13,833,846</u>	<u>32,214,337</u>
LIABILITIES			
Accounts Payable	108,030	40,242	148,272
Accrued Liabilities	25,721	10,344	36,065
Deposits	-	3,343	3,343
Accrued Interest Payable	19,231	78,123	97,354
Noncurrent Liabilities			
Due Within One Year	105,710	125,913	231,623
Due in More Than One Year	<u>3,208,239</u>	<u>4,700,328</u>	<u>7,908,567</u>
TOTAL LIABILITIES	<u>3,466,931</u>	<u>4,958,293</u>	<u>8,425,224</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>2,151,755</u>	<u>-</u>	<u>2,151,755</u>
NET POSITION			
Net Investment in Capital Assets	6,446,746	8,159,939	14,606,685
Restricted for Street Paving and Maintenance	623,229	-	623,229
Restricted for Debt Service	426,251	55,801	482,052
Restricted for Capital Improvements	374,076	-	374,076
Restricted for Parks	54,246	-	54,246
Restricted for Emergencies	196,000	-	196,000
Unrestricted	<u>4,641,257</u>	<u>659,813</u>	<u>5,301,070</u>
TOTAL NET POSITION	<u>\$ 12,761,805</u>	<u>\$ 8,875,553</u>	<u>\$ 21,637,358</u>

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

TOWN OF HUDSON, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 646,077	\$ 19,318	\$ 322,002	\$ -
Public Safety	250,401	18,798	-	-
Public Works	716,813	86,260	140,447	-
Parks and Recreation	152,135	375	24,795	36,000
Library	312,543	-	2,397,935	-
Interest on Long-Term Debt	202,684	-	-	-
Total Governmental Activities	2,280,653	124,751	2,885,179	36,000
Business-Type Activities				
Water Utility	736,140	430,811	-	-
Wastewater Utility	718,722	412,879	-	-
Total Business-Type Activities	1,454,862	843,690	-	-
TOTAL PRIMARY GOVERNMENT	\$ 3,735,515	\$ 968,441	\$ 2,885,179	\$ 36,000

GENERAL REVENUES

Property Taxes
 Specific Ownership Taxes
 Sales and Use Taxes
 Franchise Taxes
 Investment Income
 Gain on Sale of Capital Assets
 Other

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (304,757)	\$ -	\$ (304,757)
(231,603)	-	(231,603)
(490,106)	-	(490,106)
(90,965)	-	(90,965)
2,085,392	-	2,085,392
<u>(202,684)</u>	<u>-</u>	<u>(202,684)</u>
<u>765,277</u>	<u>-</u>	<u>765,277</u>
-	(305,329)	(305,329)
<u>-</u>	<u>(305,843)</u>	<u>(305,843)</u>
<u>-</u>	<u>(611,172)</u>	<u>(611,172)</u>
<u>765,277</u>	<u>(611,172)</u>	<u>154,105</u>
1,927,926	-	1,927,926
128,523	-	128,523
1,195,535	-	1,195,535
64,325	-	64,325
3,055	599	3,654
53,592	249,234	302,826
10,148	24,731	34,879
<u>(84,324)</u>	<u>84,324</u>	<u>-</u>
<u>3,298,780</u>	<u>358,888</u>	<u>3,657,668</u>
4,064,057	(252,284)	3,811,773
<u>8,697,748</u>	<u>9,127,837</u>	<u>17,825,585</u>
\$ <u>12,761,805</u>	\$ <u>8,875,553</u>	\$ <u>21,637,358</u>

TOWN OF HUDSON, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	GENERAL	PROPERTY TAX SPECIAL REVENUE	PAVING SALES TAX
ASSETS			
Cash and Investments	\$ 1,416,029	\$ 508,998	\$ 565,599
Restricted Cash and Investments	-	-	-
Accounts Receivable	74,085	-	57,630
Taxes Receivables	1,025,378	1,132,223	-
Land Held for Resale	235,110	-	-
TOTAL ASSETS	\$ 2,750,602	\$ 1,641,221	\$ 623,229
LIABILITIES			
Accounts Payable	\$ 106,941	\$ -	\$ -
Accrued Liabilities	21,966	-	-
TOTAL LIABILITIES	128,907	-	-
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,019,536	1,132,219	-
FUND BALANCES			
Restricted for Street Paving and Maintenance	-	-	623,229
Restricted for Debt Service	-	-	-
Restricted for Capital Improvements	-	-	-
Restricted for Parks	-	-	-
Restricted for Emergencies	196,000	-	-
Committed to Debt Service	-	509,002	-
Committed to Capital Improvements	-	-	-
Committed to Public Library Activities	-	-	-
Unrestricted, Unassigned	1,406,159	-	-
TOTAL FUND BALANCES	1,602,159	509,002	623,229
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,750,602	\$ 1,641,221	\$ 623,229

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

Total Fund Balances of Governmental Funds

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.

Long-term liabilities and related items, including bonds payable (\$3,160,000), capital lease payable (\$140,769), accrued compensated absences (\$13,180), and accrued interest payable (\$19,231), are not due and payable in the current year and, therefore, are not reported in governmental funds.

Total Net Position of Governmental Activities

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

HUDSON PUBLIC LIBRARY	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
\$ 2,617,977	\$ 559,289	\$ 5,667,892
-	426,251	426,251
-	14,407	146,122
-	-	2,157,601
-	-	235,110
<u>\$ 2,617,977</u>	<u>\$ 999,947</u>	<u>\$ 8,632,976</u>
\$ 1,089	\$ -	\$ 108,030
3,755	-	25,721
<u>4,844</u>	<u>-</u>	<u>133,751</u>
-	-	2,151,755
-	-	623,229
-	426,251	426,251
-	374,076	374,076
-	54,246	54,246
-	-	196,000
-	-	509,002
-	145,374	145,374
2,613,133	-	2,613,133
-	-	1,406,159
<u>2,613,133</u>	<u>999,947</u>	<u>6,347,470</u>
<u>\$ 2,617,977</u>	<u>\$ 999,947</u>	<u>\$ 8,632,976</u>
		\$ 6,347,470
		9,747,515
		<u>(3,333,180)</u>
		<u>\$ 12,761,805</u>

TOWN OF HUDSON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 Year Ended December 31, 2015

	<u>GENERAL</u>	<u>PROPERTY TAX SPECIAL REVENUE</u>	<u>PAVING SALES TAX</u>
REVENUES			
Taxes	\$ 1,510,954	\$ 1,014,475	\$ 538,234
Licenses and Permits	103,598	-	-
Contributions and Donations	239,901	-	-
Intergovernmental	222,548	-	-
Charges for Services	7,605	-	-
Fines and Forfeitures	13,548	-	-
Investment Income	417	137	316
Other	4,485	-	-
	<u>2,103,056</u>	<u>1,014,612</u>	<u>538,550</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	592,498	10,145	-
Public Safety	268,044	-	-
Public Works	550,848	-	629,095
Parks and Recreation	121,489	-	-
Library	-	-	-
Capital Outlay	-	368,639	-
Debt Service			
Principal	-	25,000	30,000
Interest and Fiscal Charges	-	105,600	94,531
	<u>1,532,879</u>	<u>509,384</u>	<u>753,626</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>570,177</u>	<u>505,228</u>	<u>(215,076)</u>
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	173,500	-	-
Proceeds from Sale of Capital Assets	-	-	-
Transfers Out	-	(84,324)	-
	<u>173,500</u>	<u>(84,324)</u>	<u>-</u>
TOTAL OTHER FINANCIAL SOURCES (USES)			
NET CHANGE IN FUND BALANCES	743,677	420,904	(215,076)
FUND BALANCES, Beginning	<u>858,482</u>	<u>88,098</u>	<u>838,305</u>
FUND BALANCES, Ending	<u>\$ 1,602,159</u>	<u>\$ 509,002</u>	<u>\$ 623,229</u>

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

HUDSON PUBLIC LIBRARY	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
\$ -	\$ 252,646	\$ 3,316,309
-	-	103,598
-	-	239,901
2,397,935	60,795	2,681,278
-	-	7,605
-	-	13,548
1,536	649	3,055
5,663	-	10,148
<u>2,405,134</u>	<u>314,090</u>	<u>6,375,442</u>
-	-	602,643
-	-	268,044
-	9,104	1,189,047
-	173	121,662
276,148	-	276,148
2,490,271	84,808	2,943,718
-	-	55,000
-	-	200,131
<u>2,766,419</u>	<u>94,085</u>	<u>5,656,393</u>
<u>(361,285)</u>	<u>220,005</u>	<u>719,049</u>
-	-	173,500
267,080	-	267,080
-	-	(84,324)
<u>267,080</u>	<u>-</u>	<u>356,256</u>
(94,205)	220,005	1,075,305
<u>2,707,338</u>	<u>779,942</u>	<u>5,272,165</u>
<u>\$ 2,613,133</u>	<u>\$ 999,947</u>	<u>\$ 6,347,470</u>

TOWN OF HUDSON, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

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

Net Change in Fund Balances of Governmental Funds	\$	1,075,305
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$3,534,280 exceeded depreciation expense (\$245,507) and loss on disposal (\$213,488) in the current year.		3,075,285
Repayments of long-term debt are reported as expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		87,731
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount represents lease proceeds in the current year.		(173,500)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in accrued compensated absences \$1,789 and accrued interest payable (\$2,553).		<u>(764)</u>
Change in Net Position of Governmental Activities	\$	<u>4,064,057</u>

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

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 December 31, 2015

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTALS</u>
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 168,053	\$ 540,782	\$ 708,835
Restricted Cash and Investments	-	55,801	55,801
Accounts Receivable	39,368	54,486	93,854
TOTAL CURRENT ASSETS	<u>207,421</u>	<u>651,069</u>	<u>858,490</u>
NONCURRENT ASSETS			
Capital Assets, Not Being Depreciated	962,266	-	962,266
Capital Assets, Net of Accumulated Depreciation	3,656,485	8,356,605	12,013,090
TOTAL NONCURRENT ASSETS	<u>4,618,751</u>	<u>8,356,605</u>	<u>12,975,356</u>
TOTAL ASSETS	<u>4,826,172</u>	<u>9,007,674</u>	<u>13,833,846</u>
CURRENT LIABILITIES			
Accounts Payable	27,289	12,953	40,242
Accrued Liabilities	5,752	4,592	10,344
Deposits	3,343	-	3,343
Accrued Interest Payable	23,532	54,591	78,123
Compensated Absences Payable - Current Portion	1,891	1,705	3,596
Lease Payable - Current Portion	26,224	-	26,224
Bonds and Loans Payable - Current Portion	45,840	50,253	96,093
TOTAL CURRENT LIABILITIES	<u>133,871</u>	<u>124,094</u>	<u>257,965</u>
NONCURRENT LIABILITIES			
Compensated Absences Payable	3,975	3,253	7,228
Lease Payable	113,702	-	113,702
Bonds and Loans Payable	1,270,221	3,309,177	4,579,398
TOTAL NONCURRENT LIABILITIES	<u>1,387,898</u>	<u>3,312,430</u>	<u>4,700,328</u>
TOTAL LIABILITIES	<u>1,521,769</u>	<u>3,436,524</u>	<u>4,958,293</u>
NET POSITION			
Net Investment in Capital Assets	3,162,764	4,997,175	8,159,939
Restricted for Debt Service	-	55,801	55,801
Unrestricted	141,639	518,174	659,813
TOTAL NET POSITION	<u>\$ 3,304,403</u>	<u>\$ 5,571,150</u>	<u>\$ 8,875,553</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, 2015

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTALS</u>
OPERATING REVENUES			
Charges for Services	\$ 430,811	\$ 412,879	\$ 843,690
Other	<u>5,336</u>	<u>19,395</u>	<u>24,731</u>
TOTAL OPERATING REVENUES	<u>436,147</u>	<u>432,274</u>	<u>868,421</u>
OPERATING EXPENSES			
Operations and Maintenance	436,041	309,210	745,251
Administration	85,598	68,283	153,881
Depreciation	<u>171,973</u>	<u>231,649</u>	<u>403,622</u>
TOTAL OPERATING EXPENSES	<u>693,612</u>	<u>609,142</u>	<u>1,302,754</u>
NET OPERATING INCOME (LOSS)	<u>(257,465)</u>	<u>(176,868)</u>	<u>(434,333)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	492	107	599
Gain on Sale of Capital Assets	-	249,234	249,234
Interest and Fiscal Charges	<u>(42,528)</u>	<u>(109,580)</u>	<u>(152,108)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(42,036)</u>	<u>139,761</u>	<u>97,725</u>
NET LOSS BEFORE TRANSFERS	(299,501)	(37,107)	(336,608)
TRANSFERS			
Transfers In	<u>84,324</u>	<u>-</u>	<u>84,324</u>
CHANGE IN NET POSITION	(215,177)	(37,107)	(252,284)
NET POSITION, Beginning	<u>3,519,580</u>	<u>5,608,257</u>	<u>9,127,837</u>
NET POSITION, Ending	<u>\$ 3,304,403</u>	<u>\$ 5,571,150</u>	<u>\$ 8,875,553</u>

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

TOWN OF HUDSON, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2015

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 427,528	\$ 408,892	\$ 836,420
Cash Received from Others	5,336	19,395	24,731
Cash Payments to Employees	(141,004)	(117,934)	(258,938)
Cash Payments to Vendors and Suppliers	<u>(373,714)</u>	<u>(255,219)</u>	<u>(628,933)</u>
Net Cash Provided (Used) by Operating Activities	<u>(81,854)</u>	<u>55,134</u>	<u>(26,720)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(2,950)	-	(2,950)
Cash Received from Sale of Land	-	249,234	249,234
Payments From Other Funds	84,324	200,000	284,324
Proceeds from Treatment Plant Settlement	-	92,500	92,500
Debt Principal Payments	(44,451)	(48,660)	(93,111)
Debt Interest and Fiscal Charges Paid	<u>(39,819)</u>	<u>(110,370)</u>	<u>(150,189)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,896)</u>	<u>382,704</u>	<u>379,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>492</u>	<u>107</u>	<u>599</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(84,258)	437,945	353,687
CASH AND CASH EQUIVALENTS, Beginning	<u>252,311</u>	<u>158,638</u>	<u>410,949</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 168,053</u>	<u>\$ 596,583</u>	<u>\$ 764,636</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	\$ (257,465)	\$ (176,868)	\$ (434,333)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	171,973	231,649	403,622
Changes in Assets and Liabilities			
Accounts Receivable	(3,495)	(3,987)	(7,482)
Prepaid Expenses	1,357	1,133	2,490
Accounts Payable	3,417	1,455	4,872
Accrued Liabilities	1,727	1,257	2,984
Deposits	212	-	212
Compensated Absences Payable	<u>420</u>	<u>495</u>	<u>915</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (81,854)</u>	<u>\$ 55,134</u>	<u>\$ (26,720)</u>
NONCASH CAPITAL AND RELATED ACTIVITIES			
Capital Assets Purchased with Capital Lease	<u>\$ 139,926</u>	<u>\$ -</u>	<u>\$ 139,926</u>

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

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hudson (the “Town”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Town includes the Hudson Public Library (the “Library”) in its reporting entity. The Library provides services to the citizens of the Town through an intergovernmental agreement between the Town and the High Plains Library District. The Town’s Board of Trustees appoints the governing board of the Library and management of the Town has operational responsibility for the Library. Therefore, the financial activities of the Library are blended into the Town’s financial statements.

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

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

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

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

The *Hudson Public Library Fund* accounts for the operations of the library utilizing two-thirds of the property tax proceeds collected by the High Plains Library District from within the library's service area.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the Town reports the following major proprietary funds:

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

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

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The Town considers all pooled cash and investments to be cash equivalents. Investments are stated at fair value.

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

Land Held for Resale - Land held for resale is carried at the lower of cost or market value.

Capital Assets - Capital assets, which include land, buildings, utility systems, streets constructed since January 1, 2004, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	20 years
Streets	10 - 50 years
Buildings and Improvements	10 - 50 years
Water and Sewer Plants and Lines	40 years
Machinery and Equipment	3 - 30 years

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences - Employees of the Town are allowed to accumulate unused vacation and compensatory time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay up to 40 hours and 8 hours, respectively. Accumulated, unpaid vacation and compensatory time is accrued when earned in the government-wide financial statements and the proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

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

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Trustees approves an ordinance or a contractual agreement with a third party that places constraints on the use of resources for a specific purpose. Assigned fund balances arise from an informal action of the Board of Trustees.

The Town has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Town uses restricted fund balances first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year end.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2015, follows:

Petty Cash	\$ 300
Cash Deposits	6,073,376
Investments	<u>785,103</u>
Total	<u>\$ 6,858,779</u>

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

Cash and Investments	\$ 6,376,727
Restricted Cash and Investments	<u>482,052</u>
Total	<u>\$ 6,858,779</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the Town and the Library had bank deposits of \$5,208,095 collateralized with securities held by the financial institutions' agents but not in their name.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the Town may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the Town may invest in one issuer, except for corporate securities.

Local Government Investment Pool - At December 31, 2015, the Town had \$785,103 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At December 31, 2015, the Capital Reserve Fund reported debt reserves of \$291,787 and \$134,464 required by the 2009 Sales Tax Revenue Bond and the 2009 Limited Tax General Obligation Bond agreements, respectively. In addition, as required by the USDA debt agreement, debt reserves of \$55,801 are held in a separate account on behalf of the Wastewater Fund.

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS

During the year ended December 31, 2013, the General Fund purchased land from the Wastewater Fund for \$600,000. During the year ended December 31, 2015, the General Fund paid the remaining installment of \$200,000 to the Wastewater Fund.

The Property Tax Special Revenue Fund collects and remits the property taxes established for capital improvements and the related debt service to other funds. During the year ended December 31, 2015, the Property Tax Special Revenue Fund transferred \$84,324 to the Water Fund to service debt.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, is summarized below.

	Balances 12/31/14	Additions	Deletions	Balances 12/31/15
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 140,396	\$ -	\$ -	\$ 140,396
Construction in Progress	<u>1,220,516</u>	<u>20,977</u>	<u>1,208,212</u>	<u>33,281</u>
Total Capital Assets, Not Being Depreciated	<u>1,360,912</u>	<u>20,977</u>	<u>1,208,212</u>	<u>173,677</u>
Capital Assets, Being Depreciated				
Land Improvements	585,427	48,075	-	633,502
Infrastructure	4,772,671	407,629	-	5,180,300
Buildings	511,881	4,060,341	257,802	4,314,420
Equipment	<u>505,594</u>	<u>205,470</u>	<u>-</u>	<u>711,064</u>
Total Capital Assets, Being Depreciated	<u>6,375,573</u>	<u>4,721,515</u>	<u>257,802</u>	<u>10,839,286</u>
Less Accumulated Depreciation				
Land Improvements	(53,359)	(30,473)	-	(83,832)
Infrastructure	(533,870)	(124,412)	-	(658,282)
Buildings	(192,679)	(48,817)	(44,314)	(197,182)
Equipment	<u>(284,347)</u>	<u>(41,805)</u>	<u>-</u>	<u>(326,152)</u>
Total Accumulated Depreciation	<u>(1,064,255)</u>	<u>(245,507)</u>	<u>(44,314)</u>	<u>(1,265,448)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,311,318</u>	<u>4,476,008</u>	<u>213,488</u>	<u>9,573,838</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,672,230</u>	<u>\$ 4,496,985</u>	<u>\$ 1,421,700</u>	<u>\$ 9,747,515</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land and Water Rights	<u>\$ 962,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,266</u>
Capital Assets, Being Depreciated				
Collection and Distribution Systems	16,292,807	-	-	16,292,807
Equipment	<u>130,636</u>	<u>142,876</u>	<u>-</u>	<u>273,512</u>
Total Capital Assets, Being Depreciated	<u>16,423,443</u>	<u>142,876</u>	<u>-</u>	<u>16,566,319</u>
Less Accumulated Depreciation				
Collection and Distribution Systems	(4,065,234)	(393,783)	-	(4,459,017)
Equipment	<u>(84,373)</u>	<u>(9,839)</u>	<u>-</u>	<u>(94,212)</u>
Total Accumulated Depreciation	<u>(4,149,607)</u>	<u>(403,622)</u>	<u>-</u>	<u>(4,553,229)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,273,836</u>	<u>(260,746)</u>	<u>-</u>	<u>12,013,090</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,236,102</u>	<u>\$ (260,746)</u>	<u>\$ -</u>	<u>\$ 12,975,356</u>

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: CAPITAL ASSETS (Continued)

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

Governmental Activities	
General Government	\$ 45,223
Public Safety	1,357
Public Works	132,059
Parks and Recreation	30,473
Library	<u>36,395</u>
 Total	 <u><u>\$ 245,507</u></u>

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2015:

	Balance <u>12/31/14</u>	Additions	Payments	Balance <u>12/31/15</u>	Due Within <u>One Year</u>
2009 Sales Tax Revenue Bonds	\$ 1,465,000	\$ -	\$ 30,000	\$ 1,435,000	\$ 35,000
2009 Limited Tax GO Bonds	1,750,000	-	25,000	1,725,000	30,000
2015 Street Sweeper Capital Lease	-	173,500	32,731	140,769	33,687
Compensated Absences	<u>14,969</u>	<u>-</u>	<u>1,789</u>	<u>13,180</u>	<u>7,023</u>
 Total	 <u><u>\$ 3,229,969</u></u>	 <u><u>\$ 173,500</u></u>	 <u><u>\$ 89,520</u></u>	 <u><u>\$ 3,313,949</u></u>	 <u><u>\$ 105,710</u></u>

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

During 2009, the Town issued \$1,555,000 Sales Tax Revenue Bonds to finance street improvements. Interest accrues on the bonds at rates ranging from 5% to 6.75% per annum. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2036. These bonds are payable solely from the Town's 2% street paving sales taxes reported in the Paving Sales Tax Fund. During the year ended December 31, 2015, revenues of \$522,135 were available to pay annual debt service of \$124,531. Remaining debt service at December 31, 2015, was \$2,715,402.

During 2009, the Town issued \$1,805,000 Limited Tax General Obligation Bonds to finance street improvements. Interest accrues on the bonds at rates ranging from 4.75% to 6.25% per annum. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, through 2036. The bonds are payable from a 15.966 mill levy reported in the Property Tax Special Revenue Fund. For the year ended December 31, 2015, revenues of \$1,014,612 were available to pay annual debt service of \$130,600. Remaining debt service at December 31, 2015, was \$3,163,136.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Future debt service requirements for the outstanding bonds are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 65,000	\$ 197,444	\$ 262,444
2017	70,000	194,226	264,226
2018	75,000	190,638	265,638
2019	85,000	186,794	271,794
2020	90,000	182,188	272,188
2021 - 2025	580,000	823,814	1,403,814
2026 - 2030	805,000	612,340	1,417,340
2031 - 2035	1,120,000	313,602	1,433,602
2036	<u>270,000</u>	<u>17,492</u>	<u>287,492</u>
Total	<u>\$ 3,160,000</u>	<u>\$ 2,718,538</u>	<u>\$ 5,878,538</u>

During January 2015, the Town entered into a capital lease agreement to finance the purchase of a street sweeper. Principal and interest payments of \$9,348 are due quarterly, through December 1, 2019. Interest accrues at 2.89% per annum. Capital assets of \$173,500 have been capitalized under this lease.

Capital lease payments to maturity are as follows.

<u>Year Ended December 31,</u>	
2016	\$ 37,392
2017	37,392
2018	37,392
2019	<u>37,392</u>
Total Minimum Lease Payments	149,568
Less: Interest Portion	<u>(8,799)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 140,769</u>

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2015:

	Balance <u>12/31/14</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/15</u>	Due Within <u>One Year</u>
1995 GO Bonds	\$ 511,000	\$ -	\$ 15,000	\$ 496,000	\$ 15,800
1996 CWCB Loan	849,512	-	29,451	820,061	30,040
2011 Revenue Bonds	3,408,090	-	48,660	3,359,430	50,253
2015 Water Meters Capital Lease	-	139,926	-	139,926	26,224
Compensated Absences	<u>9,909</u>	<u>915</u>	<u>-</u>	<u>10,824</u>	<u>3,596</u>
Total	<u>\$ 4,778,511</u>	<u>\$ 140,841</u>	<u>\$ 93,111</u>	<u>\$ 4,826,241</u>	<u>\$ 125,913</u>

During 1995, the Town issued \$700,000 General Obligation Bonds to finance the acquisition of water rights and the construction of improvements to the water system. The bonds were purchased by the United States Department of Agriculture (USDA), allowing the Town to obtain favorable interest rates, and payments are made directly to the USDA. Interest accrues on the bonds at 4.5% per annum. Interest and principal payments are due semi-annually in May and November, through 2035.

During 1996, the Town entered into a loan agreement with the Colorado Water Conservation Board in the amount of \$1,270,420 to purchase a portion of the Southern Water Supply Project, a pipeline that carries water from Carter Lake to several Northeastern Colorado communities. The Town is a 0.3% participant in the Southern Water Supply Project. Principal and interest payments of \$46,441 are due annually on January 1, through 2037. Interest accrues at 2% per annum. The loan is payable solely from the water user charges and fees.

For the year ended December 31, 2015, the Water Fund had net revenues of (\$85,000). Interfund transfers of \$84,324 were utilized to pay total debt service of \$84,270. Remaining debt service of the Water Fund at December 31, 2015, was \$1,778,975.

During 2011, the Town issued \$3,545,000 Wastewater Revenue Bonds to finance the construction, operation, repair, and replacement of wastewater facilities and to refinance the outstanding bond anticipation loan. The bonds were purchased by the United States Department of Agriculture (USDA), allowing the Town to obtain favorable interest rates, and payments are made directly to the USDA. Interest accrues on the bonds at 3.25% per annum. Interest and principal payments of \$79,515 are due semi-annually in January and July, through 2051. The bonds are payable solely from all fees and charges for services of the Town's wastewater system after deducting the operation and maintenance expenses as defined in the agreement. For the year ended December 31, 2015, the Wastewater Fund had net revenues of \$54,888 and debt service was \$159,030. Interfund payments of \$200,000 were utilized to pay the required debt service as scheduled. Remaining debt service at December 31, 2015, was \$5,722,677.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Annual debt service requirements for the outstanding bonds and loan at December 31, 2015, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 96,093	\$ 147,323	\$ 243,416
2017	98,941	144,357	243,298
2018	102,054	141,298	243,352
2019	105,235	138,134	243,369
2020	108,487	134,862	243,349
2021 - 2025	595,509	621,299	1,216,808
2026 - 2030	695,407	521,361	1,216,768
2031 - 2035	813,115	403,218	1,216,333
2036 - 2040	601,395	286,637	888,032
2041 - 2045	600,646	194,504	795,150
2046 - 2050	705,706	89,444	795,150
2051	<u>152,903</u>	<u>3,724</u>	<u>156,627</u>
Total	<u>\$ 4,675,491</u>	<u>\$ 2,826,161</u>	<u>\$ 7,501,652</u>

During April 2015, the Town entered into a capital lease agreement to finance the purchase of water meters. Principal and interest payments of \$30,772 are due annually, through April 8, 2020. Interest accrues at 3.25% per annum. Capital assets of \$139,926 have been capitalized under this lease.

Capital lease payments to maturity are as follows.

<u>Year Ended December 31,</u>	
2016	\$ 30,772
2017	30,772
2018	30,772
2019	30,772
2020	<u>30,772</u>
Total Minimum Lease Payments	153,860
Less: Interest Portion	<u>(13,934)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 139,926</u>

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 6: RISK MANAGEMENT

Public Entity Risk Pool

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is a member of 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 provision of 24-10-115.5, Colorado Revised Statutes, and the Colorado Constitution, Article XIV, Section 18(2).

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

NOTE 7: RETIREMENT COMMITMENTS

Employee Pension Plan

The Town has established a deferred compensation pension plan authorized under Internal Revenue Code Section 457(b) on behalf of all employees. The Town is required to contribute 5% of each employee's compensation to the Plan. Employees are not required to contribute to the Plan. Employees become vested in Town contributions at 20% annually after one year of employment. The contribution requirements of Plan members and the Town are established and may be amended by the Board of Trustees. During the year ended December 31, 2015, the Town contributed \$28,669 to the Plan, equal to the required contributions. All Plan assets are held by the Plan administrator, Great-West Financial.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the Colorado Constitution, Article X, Section 20, which limits state and local government taxing powers and imposes spending limitations. The Tabor Amendment is subject to many interpretations, but the Town believes it is in substantial compliance with the Amendment.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

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

The Town has established an emergency reserve representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of \$196,000 was reported as restricted fund balance in the General Fund.

Claims and Judgements

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2015, significant amounts of grant expenditures have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

Litigation

The Town is involved in various threatened and pending litigation. The outcome of this litigation cannot be determined at this time. However, management believes the outcome of any litigation will not have a significant effect on the Town's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Property Taxes	\$ 912,792	\$ 913,451	\$ 659
Specific Ownership Taxes	75,000	128,523	53,523
Sales and Use Taxes	194,720	404,655	209,935
Franchise Taxes	75,000	64,325	(10,675)
Total Taxes	<u>1,257,512</u>	<u>1,510,954</u>	<u>253,442</u>
Licenses and Permits			
Building Permits	57,000	86,260	29,260
Transportation Permits	2,500	14,790	12,290
Other Permits and Licenses	2,400	2,548	148
Total Licenses and Permits	<u>61,900</u>	<u>103,598</u>	<u>41,698</u>
Contributions and Donations	<u>-</u>	<u>239,901</u>	<u>239,901</u>
Intergovernmental			
Auto Registration Fees	2,700	2,352	(348)
Highway Users Taxes	72,612	79,716	7,104
Severance Taxes	60,000	62,112	2,112
Road and Bridge Fees	21,000	58,379	37,379
Cigarette Taxes	2,000	2,384	384
Mineral Lease	14,000	17,605	3,605
Total Intergovernmental	<u>172,312</u>	<u>222,548</u>	<u>50,236</u>
Charges for Services			
Development Review Fees	500	5,250	4,750
Other Charges for Services	2,820	2,355	(465)
Total Charges for Services	<u>3,320</u>	<u>7,605</u>	<u>4,285</u>
Court Fines and Forfeitures	<u>6,150</u>	<u>13,548</u>	<u>7,398</u>
Investment Income	<u>300</u>	<u>417</u>	<u>117</u>
Other	<u>578,000</u>	<u>4,485</u>	<u>(573,515)</u>
TOTAL REVENUES	<u>\$ 2,079,494</u>	<u>\$ 2,103,056</u>	<u>\$ 23,562</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
EXPENDITURES			
Current			
General Government	\$ 653,997	\$ 592,498	\$ 61,499
Public Safety	257,146	268,044	(10,898)
Public Works	516,824	550,848	(34,024)
Parks and Recreation	182,273	121,489	60,784
Contingency	<u>25,000</u>	<u>-</u>	<u>25,000</u>
TOTAL EXPENDITURES	<u>1,635,240</u>	<u>1,532,879</u>	<u>102,361</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	444,254	570,177	125,923
OTHER FINANCING SOURCES			
Lease Proceeds	<u>-</u>	<u>173,500</u>	<u>173,500</u>
NET CHANGE IN FUND BALANCE	444,254	743,677	299,423
FUND BALANCE, Beginning	<u>424,220</u>	<u>858,482</u>	<u>434,262</u>
FUND BALANCE, Ending	<u>\$ 868,474</u>	<u>\$ 1,602,159</u>	<u>\$ 733,685</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

HUDSON PUBLIC LIBRARY FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,335,619	\$ 2,335,619	\$ 2,397,935	\$ 62,316
Investment Income	3,113	3,113	1,536	(1,577)
Other	2,550	2,550	5,663	3,113
 TOTAL REVENUES	 <u>2,341,282</u>	 <u>2,341,282</u>	 <u>2,405,134</u>	 <u>63,852</u>
EXPENDITURES				
Library	573,066	573,066	276,148	296,918
Capital Outlay	1,691,475	2,391,475	2,490,271	(98,796)
 TOTAL EXPENDITURES	 <u>2,264,541</u>	 <u>2,964,541</u>	 <u>2,766,419</u>	 <u>198,122</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 76,741	 (623,259)	 (361,285)	 261,974
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	267,080	267,080
 NET CHANGE IN FUND BALANCE	 76,741	 (623,259)	 (94,205)	 529,054
FUND BALANCE, Beginning	<u>1,879,553</u>	<u>1,879,553</u>	<u>2,707,338</u>	<u>827,785</u>
FUND BALANCE, Ending	\$ <u><u>1,956,294</u></u>	\$ <u><u>1,256,294</u></u>	\$ <u><u>2,613,133</u></u>	\$ <u><u>1,356,839</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted. For the year ended December 31, 2015, a budget was not adopted for the Sales Tax Capital Improvement Fund because the fund had no expenditures.

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

- Management submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at the end of each fiscal year.

SUPPLEMENTARY INFORMATION

TOWN OF HUDSON, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	SALES TAX CAPITAL IMPROVEMENT	CAPITAL RESERVE	CONSERVATION TRUST	PARK IMPACT FEE
ASSETS				
Cash and Investments	\$ 359,669	\$ 113,685	\$ 54,246	\$ -
Restricted Cash and Investments	-	426,251	-	-
Accounts Receivable	14,407	-	-	-
 TOTAL ASSETS	 \$ <u>374,076</u>	 \$ <u>539,936</u>	 \$ <u>54,246</u>	 \$ <u>-</u>
FUND BALANCES				
Restricted for Debt Service	\$ -	\$ 426,251	\$ -	\$ -
Restricted for Capital Improvements	374,076	-	-	-
Restricted for Parks	-	-	54,246	-
Committed to Capital Improvements	-	113,685	-	-
 TOTAL FUND BALANCES	 \$ <u>374,076</u>	 \$ <u>539,936</u>	 \$ <u>54,246</u>	 \$ <u>-</u>

See the accompanying Independent Auditors' Report.

<u>FACILITIES IMPACT FEE</u>	<u>STREET IMPACT FEE</u>	<u>TOTALS</u>
\$ 2,649	\$ 29,040	\$ 559,289
-	-	426,251
-	-	14,407
<u>\$ 2,649</u>	<u>\$ 29,040</u>	<u>\$ 999,947</u>
\$ -	\$ -	\$ 426,251
-	-	374,076
-	-	54,246
2,649	29,040	145,374
<u>\$ 2,649</u>	<u>\$ 29,040</u>	<u>\$ 999,947</u>

TOWN OF HUDSON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2015

	<u>SALES TAX CAPITAL IMPROVEMENT</u>	<u>CAPITAL RESERVE</u>	<u>CONSERVATION TRUST</u>	<u>PARK IMPACT FEE</u>
REVENUES				
Taxes	\$ 130,455	\$ 122,191	\$ -	\$ -
Intergovernmental	-	36,000	24,795	-
Investment Income	97	464	84	-
 TOTAL REVENUES	 <u>130,552</u>	 <u>158,655</u>	 <u>24,879</u>	 <u>-</u>
EXPENDITURES				
Current				
Public Works	-	2,400	-	-
Parks and Recreation	-	-	-	173
Capital Outlay	-	75,730	9,078	-
 TOTAL EXPENDITURES	 <u>-</u>	 <u>78,130</u>	 <u>9,078</u>	 <u>173</u>
 NET CHANGE IN FUND BALANCES	 130,552	 80,525	 15,801	 (173)
FUND BALANCES, Beginning	<u>243,524</u>	<u>459,411</u>	<u>38,445</u>	<u>173</u>
FUND BALANCES, Ending	<u>\$ 374,076</u>	<u>\$ 539,936</u>	<u>\$ 54,246</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

<u>FACILITIES IMPACT FEE</u>	<u>STREET IMPACT FEE</u>	<u>TOTALS</u>
\$ -	\$ -	\$ 252,646
-	-	60,795
<u>2</u>	<u>2</u>	<u>649</u>
 <u>2</u>	 <u>2</u>	 <u>314,090</u>
 729	 5,975	 9,104
-	-	173
<u>-</u>	<u>-</u>	<u>84,808</u>
 <u>729</u>	 <u>5,975</u>	 <u>94,085</u>
 (727)	 (5,973)	 220,005
<u>3,376</u>	<u>35,013</u>	<u>779,942</u>
 <u>\$ 2,649</u>	 <u>\$ 29,040</u>	 <u>\$ 999,947</u>

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
PROPERTY TAX SPECIAL REVENUE FUND
 Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 1,014,177	\$ 1,014,475	\$ 298
Investment Income	150	137	(13)
TOTAL REVENUES	<u>1,014,327</u>	<u>1,014,612</u>	<u>285</u>
EXPENDITURES			
General Government	10,200	10,145	55
Capital Outlay	692,800	368,639	324,161
Debt Service			
Principal	25,000	25,000	-
Interest and Fiscal Charges	105,600	105,600	-
TOTAL EXPENDITURES	<u>833,600</u>	<u>509,384</u>	<u>324,216</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	180,727	505,228	324,501
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(104,270)</u>	<u>(84,324)</u>	<u>19,946</u>
NET CHANGE IN FUND BALANCE	76,457	420,904	344,447
FUND BALANCE, Beginning	<u>87,809</u>	<u>88,098</u>	<u>289</u>
FUND BALANCE, Ending	<u>\$ 164,266</u>	<u>\$ 509,002</u>	<u>\$ 344,736</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PAVING SALES TAX FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales and Use Taxes	\$ 250,000	\$ 250,000	\$ 538,234	\$ 288,234
Investment Income	200	200	316	116
 TOTAL REVENUES	 <u>250,200</u>	 <u>250,200</u>	 <u>538,550</u>	 <u>288,350</u>
EXPENDITURES				
Public Works	455,200	680,200	629,095	51,105
Debt Service				
Principal	30,000	30,000	30,000	-
Interest and Fiscal Charges	94,531	94,531	94,531	-
 TOTAL EXPENDITURES	 <u>579,731</u>	 <u>804,731</u>	 <u>753,626</u>	 <u>51,105</u>
 NET CHANGE IN FUND BALANCE	 (329,531)	 (554,531)	 (215,076)	 339,455
FUND BALANCE, Beginning	<u>810,204</u>	<u>810,204</u>	<u>838,305</u>	<u>28,101</u>
FUND BALANCE, Ending	<u>\$ 480,673</u>	<u>\$ 255,673</u>	<u>\$ 623,229</u>	<u>\$ 367,556</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL RESERVE FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Use Taxes	\$ 125,000	\$ 122,191	\$ (2,809)
Intergovernmental	36,000	36,000	-
Investment Income	500	464	(36)
 TOTAL REVENUES	 <u>161,500</u>	 <u>158,655</u>	 <u>(2,845)</u>
EXPENDITURES			
Public Works	12,600	2,400	10,200
Capital Outlay	141,200	75,730	65,470
 TOTAL EXPENDITURES	 <u>153,800</u>	 <u>78,130</u>	 <u>75,670</u>
 NET CHANGE IN FUND BALANCE	 7,700	 80,525	 72,825
FUND BALANCES, Beginning	<u>454,425</u>	<u>459,411</u>	<u>4,986</u>
FUND BALANCES, Ending	\$ <u><u>462,125</u></u>	\$ <u><u>539,936</u></u>	\$ <u><u>77,811</u></u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 17,900	\$ 24,795	\$ 6,895
Investment Income	20	84	64
TOTAL REVENUES	<u>17,920</u>	<u>24,879</u>	<u>6,959</u>
EXPENDITURES			
Capital Outlay	<u>28,078</u>	<u>9,078</u>	<u>19,000</u>
TOTAL EXPENDITURES	<u>28,078</u>	<u>9,078</u>	<u>19,000</u>
NET CHANGE IN FUND BALANCE	(10,158)	15,801	25,959
FUND BALANCE, Beginning	<u>37,668</u>	<u>38,445</u>	<u>777</u>
FUND BALANCE, Ending	<u>\$ 27,510</u>	<u>\$ 54,246</u>	<u>\$ 26,736</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PARK IMPACT FEE FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
EXPENDITURES				
Parks and Recreation	\$ -	\$ 173	\$ 173	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>173</u>	<u>173</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(173)	(173)	-
FUND BALANCE, Beginning	<u>173</u>	<u>173</u>	<u>173</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

FACILITIES IMPACT FEE FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Impact Fees	\$ 3,259	\$ 3,259	\$ -	\$ (3,259)
Investment Income	<u>3</u>	<u>3</u>	<u>2</u>	<u>(1)</u>
TOTAL REVENUES	<u>3,262</u>	<u>3,262</u>	<u>2</u>	<u>(3,260)</u>
EXPENDITURES				
Public Works	<u>-</u>	<u>730</u>	<u>729</u>	<u>1</u>
TOTAL EXPENDITURES	<u>-</u>	<u>730</u>	<u>729</u>	<u>1</u>
NET CHANGE IN FUND BALANCE	3,262	2,532	(727)	(3,259)
FUND BALANCE, Beginning	<u>3,376</u>	<u>3,376</u>	<u>3,376</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 6,638</u>	<u>\$ 5,908</u>	<u>\$ 2,649</u>	<u>\$ (3,259)</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREET IMPACT FEE FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Impact Fees	\$ 75,325	\$ 75,325	\$ -	\$ (75,325)
Investment Income	<u>50</u>	<u>50</u>	<u>2</u>	<u>(48)</u>
TOTAL REVENUES	<u>75,375</u>	<u>75,375</u>	<u>2</u>	<u>(75,373)</u>
EXPENDITURES				
Public Works	<u>-</u>	<u>5,975</u>	<u>5,975</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>5,975</u>	<u>5,975</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	75,375	69,400	(5,973)	(75,373)
FUND BALANCE, Beginning	<u>35,013</u>	<u>35,013</u>	<u>35,013</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 110,388</u>	<u>\$ 104,413</u>	<u>\$ 29,040</u>	<u>\$ (75,373)</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 920,075	\$ 430,811	\$ (489,264)
Investment Income	450	492	42
Other	2,200	5,336	3,136
Transfers In	<u>84,270</u>	<u>84,324</u>	<u>54</u>
TOTAL REVENUES	<u>1,006,995</u>	<u>520,963</u>	<u>(486,032)</u>
EXPENDITURES			
Operations and Maintenance	429,217	436,041	(6,824)
Administration	130,045	85,598	44,447
Water Acquisition	6,000	-	6,000
Capital Outlay	223,000	2,950	220,050
Debt Principal	44,452	44,451	1
Debt Interest and Fiscal Charges	39,818	42,528	(2,710)
Contingency	<u>25,000</u>	<u>-</u>	<u>25,000</u>
TOTAL EXPENDITURES	<u>897,532</u>	<u>611,568</u>	<u>285,964</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 109,463</u>	(90,605)	<u>\$ (200,068)</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(171,973)	
Capital Outlay		2,950	
Debt Principal		<u>44,451</u>	
CHANGE IN NET POSITION, GAAP Basis		<u>\$ (215,177)</u>	

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WASTEWATER FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 476,675	\$ 412,879	\$ (63,796)
Investment Income	330	107	(223)
Other	36,100	19,395	(16,705)
Transfers In	20,000	-	(20,000)
TOTAL REVENUES	<u>533,105</u>	<u>432,381</u>	<u>(100,724)</u>
EXPENDITURES			
Operations and Maintenance	329,835	309,210	(309,210)
Administration	87,581	68,283	(68,283)
Capital Outlay	65,850	-	-
Debt Principal	48,659	48,660	(48,660)
Debt Interest and Fiscal Charges	110,371	109,580	(109,580)
Contingency	25,000	-	-
TOTAL EXPENDITURES	<u>667,296</u>	<u>535,733</u>	<u>131,563</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ (134,191)</u>	(103,352)	<u>\$ 30,839</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(231,649)	
Gain on Sale of Capital Assets		249,234	
Debt Principal		48,660	
CHANGE IN NET POSITION, GAAP Basis		<u>\$ (37,107)</u>	

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hudson as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Hudson, and have issued our report thereon dated June 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Hudson's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hudson's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hudson's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Hudson's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the Town of Hudson's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



June 30, 2016

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Hudson
		YEAR ENDING : December 2015
This Information From The Records Of Town of Hudson:	Prepared By: Phone:	Linnette Barker 303-536-9311

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	629,095
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	330,760
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,889
2. General fund appropriations	245,772	b. Snow and ice removal	
3. Other local imposts (from page 2)	1,012,749	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	4,889
5. Transfers from toll facilities		4. General administration & miscellaneous	29,590
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	99,385
a. Bonds - Original Issues		6. Total (1 through 5)	1,093,719
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	200,131
7. Total (1 through 6)	1,258,521	b. Redemption	55,000
B. Private Contributions		c. Total (a. + b.)	255,131
C. Receipts from State government (from page 2)	90,329	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,348,850	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	255,131
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,348,850

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	3,215,000		55,000	3,160,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,348,850	1,348,850		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

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	130,600	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	753,626	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	128,523	g. Other Misc. Receipts	
6. Total (1. through 5.)	882,149	h. Other	
c. Total (a. + b.)	1,012,749	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	79,716	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	10,613	d. Federal Transit Admin	
d. Other (Specify)	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	10,613	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	90,329	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		13,636	13,636
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		407,629	
(3). System Preservation		207,830	207,830
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	615,459	615,459
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	629,095	629,095
			(Carry forward to page 1)

Notes and Comments: