

TOWN OF HUDSON, COLORADO

FINANCIAL STATEMENTS

December 31, 2014

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FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

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, 2014, 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, 2014, 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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.



July 13, 2015

BASIC FINANCIAL STATEMENTS

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION

December 31, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	\$ 4,567,984	\$ 363,124	\$ 4,931,108
Restricted Cash and Investments	426,033	47,825	473,858
Accounts Receivable	252,914	178,872	431,786
Taxes Receivable	2,011,888	-	2,011,888
Internal Balances	(200,000)	200,000	-
Prepaid Expenses	4,724	2,490	7,214
Land Held for Resale	302,280	-	302,280
Capital Assets, Not Being Depreciated	1,360,912	962,266	2,323,178
Capital Assets, Net of Accumulated Depreciation	<u>5,311,318</u>	<u>12,273,836</u>	<u>17,585,154</u>
TOTAL ASSETS	<u>14,038,053</u>	<u>14,028,413</u>	<u>28,066,466</u>
LIABILITIES			
Accounts Payable	72,661	35,370	108,031
Accrued Liabilities	14,818	7,360	22,178
Retainage Payable	79,710	-	79,710
Deposits	-	3,131	3,131
Accrued Interest Payable	16,678	76,204	92,882
Noncurrent Liabilities			
Due Within One Year	63,586	98,581	162,167
Due in More Than One Year	<u>3,166,383</u>	<u>4,679,930</u>	<u>7,846,313</u>
TOTAL LIABILITIES	<u>3,413,836</u>	<u>4,900,576</u>	<u>8,314,412</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>1,926,469</u>	<u>-</u>	<u>1,926,469</u>
NET POSITION			
Net Investment in Capital Assets	3,457,230	8,467,500	11,924,730
Restricted for Street Paving and Maintenance	838,305	-	838,305
Restricted for Debt Service	426,033	47,825	473,858
Restricted for Capital Improvements	243,524	-	243,524
Restricted for Parks	38,445	-	38,445
Restricted for Emergencies	113,000	-	113,000
Unrestricted	<u>3,581,211</u>	<u>612,512</u>	<u>4,193,723</u>
TOTAL NET POSITION	<u>\$ 8,697,748</u>	<u>\$ 9,127,837</u>	<u>\$ 17,825,585</u>

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

TOWN OF HUDSON, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 615,478	\$ 4,866	\$ 90,869	\$ -
Public Safety	140,424	23,170	-	-
Public Works	498,242	40,995	103,852	582,304
Parks and Recreation	140,075	375	24,776	-
Library	204,306	-	1,090,597	-
Interest on Long-Term Debt	202,148	-	-	-
Total Governmental Activities	1,800,673	69,406	1,310,094	582,304
Business-Type Activities				
Water Utility	671,047	383,191	-	-
Wastewater Utility	800,704	390,091	-	-
Total Business-Type Activities	1,471,751	773,282	-	-
TOTAL PRIMARY GOVERNMENT	\$ 3,272,424	\$ 842,688	\$ 1,310,094	\$ 582,304

GENERAL REVENUES

Property Taxes
 Specific Ownership Taxes
 Sales and Use Taxes
 Franchise Taxes
 Investment Income
 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
\$ (519,743)	\$ -	\$ (519,743)
(117,254)	-	(117,254)
228,909	-	228,909
(114,924)	-	(114,924)
886,291	-	886,291
<u>(202,148)</u>	<u>-</u>	<u>(202,148)</u>
161,131	-	161,131
-	(287,856)	(287,856)
<u>-</u>	<u>(410,613)</u>	<u>(410,613)</u>
-	(698,469)	(698,469)
<u>161,131</u>	<u>(698,469)</u>	<u>(537,338)</u>
952,070	-	952,070
87,346	-	87,346
660,549	-	660,549
77,288	-	77,288
6,639	1,150	7,789
9,788	93,701	103,489
<u>(104,324)</u>	<u>104,324</u>	<u>-</u>
<u>1,689,356</u>	<u>199,175</u>	<u>1,888,531</u>
1,850,487	(499,294)	1,351,193
<u>6,847,261</u>	<u>9,627,131</u>	<u>16,474,392</u>
<u>\$ 8,697,748</u>	<u>\$ 9,127,837</u>	<u>\$ 17,825,585</u>

TOWN OF HUDSON, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	GENERAL	PROPERTY TAX SPECIAL REVENUE	CAPITAL RESERVE
ASSETS			
Cash and Investments	\$ 581,827	\$ 88,098	\$ -
Restricted Cash and Investments	-	-	426,033
Accounts Receivable	85,238	-	167,676
Taxes Receivables	921,118	1,013,677	-
Interfund Receivables	132,040	-	-
Prepaid Expenditures	2,634	-	-
Land Held for Resale	302,280	-	-
TOTAL ASSETS	\$ 2,025,137	\$ 1,101,775	\$ 593,709
LIABILITIES			
Accounts Payable	\$ 42,616	\$ -	\$ 2,258
Accrued Liabilities	11,247	-	-
Retainage Payable	-	-	-
Interfund Payables	200,000	-	132,040
TOTAL LIABILITIES	253,863	-	134,298
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	912,792	1,013,677	-
FUND BALANCES			
Nonspendable Prepaid Expenditures	2,634	-	-
Restricted for Street Paving and Maintenance	-	-	-
Restricted for Debt Service	-	-	426,033
Restricted for Capital Improvements	-	-	-
Restricted for Parks	-	-	-
Restricted for Emergencies	113,000	-	-
Committed to Debt Service	-	88,098	-
Committed to Capital Improvements	-	-	33,378
Committed to Public Library Activities	-	-	-
Unrestricted, Unassigned	742,848	-	-
TOTAL FUND BALANCES	858,482	88,098	459,411
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,025,137	\$ 1,101,775	\$ 593,709

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 (\$3,215,000), accrued compensated absences (\$14,969), and accrued interest payable (\$16,678) 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
\$ 2,788,634	\$ 1,109,425	\$ 4,567,984
-	-	426,033
-	-	252,914
-	77,093	2,011,888
-	-	132,040
2,090	-	4,724
-	-	302,280
<u>\$ 2,790,724</u>	<u>\$ 1,186,518</u>	<u>\$ 7,697,863</u>
\$ 105	\$ 27,682	\$ 72,661
3,571	-	14,818
79,710	-	79,710
-	-	332,040
<u>83,386</u>	<u>27,682</u>	<u>499,229</u>
-	-	1,926,469
2,090	-	4,724
-	838,305	838,305
-	-	426,033
-	243,524	243,524
-	38,445	38,445
-	-	113,000
-	-	88,098
-	38,562	71,940
2,705,248	-	2,705,248
-	-	742,848
<u>2,707,338</u>	<u>1,158,836</u>	<u>5,272,165</u>
<u>\$ 2,790,724</u>	<u>\$ 1,186,518</u>	<u>\$ 7,697,863</u>
		\$ 5,272,165
		6,672,230
		<u>(3,246,647)</u>
		<u>\$ 8,697,748</u>

TOWN OF HUDSON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2014

	<u>GENERAL</u>	<u>PROPERTY TAX SPECIAL REVENUE</u>	<u>CAPITAL RESERVE</u>
REVENUES			
Taxes	\$ 867,450	\$ 500,980	\$ 4,799
Licenses and Permits	43,583	-	-
Contributions and Donations	639	34,617	-
Intergovernmental	194,082	-	547,687
Charges for Services	19,295	-	-
Fines and Forfeitures	6,528	-	-
Investment Income	420	260	290
Other	5,697	-	-
TOTAL REVENUES	<u>1,137,694</u>	<u>535,857</u>	<u>552,776</u>
EXPENDITURES			
Current			
General Government	510,680	5,024	-
Public Safety	140,424	-	-
Public Works	337,849	-	28,238
Parks and Recreation	107,512	-	-
Library	-	-	-
Capital Outlay	27,578	732,202	493,418
Debt Service			
Principal	-	20,000	-
Interest and Fiscal Charges	-	106,550	-
TOTAL EXPENDITURES	<u>1,124,043</u>	<u>863,776</u>	<u>521,656</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,651</u>	<u>(327,919)</u>	<u>31,120</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	200,000
Transfers Out	(200,000)	(104,324)	-
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>(200,000)</u>	<u>(104,324)</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCES	(186,349)	(432,243)	231,120
FUND BALANCES, Beginning	<u>1,044,831</u>	<u>520,341</u>	<u>228,291</u>
FUND BALANCES, Ending	<u>\$ 858,482</u>	<u>\$ 88,098</u>	<u>\$ 459,411</u>

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

HUDSON PUBLIC LIBRARY	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
\$ -	\$ 404,024	\$ 1,777,253
-	-	43,583
3,195	-	38,451
1,087,402	24,776	1,853,947
-	-	19,295
-	-	6,528
4,779	890	6,639
4,091	-	9,788
<u>1,099,467</u>	<u>429,690</u>	<u>3,755,484</u>
-	-	515,704
-	-	140,424
-	18,184	384,271
-	-	107,512
204,306	-	204,306
1,108,250	105,483	2,466,931
-	25,000	45,000
-	95,781	202,331
<u>1,312,556</u>	<u>244,448</u>	<u>4,066,479</u>
<u>(213,089)</u>	<u>185,242</u>	<u>(310,995)</u>
-	-	200,000
-	-	(304,324)
-	-	(104,324)
(213,089)	185,242	(415,319)
<u>2,920,427</u>	<u>973,594</u>	<u>5,687,484</u>
\$ <u><u>2,707,338</u></u>	\$ <u><u>1,158,836</u></u>	\$ <u><u>5,272,165</u></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, 2014

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

Net Change in Fund Balances of Governmental Funds	\$ (415,319)
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 \$2,494,617 exceeded depreciation expense (\$179,306) and loss on disposal (\$94,859) in the current year.	2,220,452
Repayments of long-term debt are reported as expenditures in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	45,000
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 \$171 and accrued interest payable \$183.	<u>354</u>
Change in Net Position of Governmental Activities	\$ <u><u>1,850,487</u></u>

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

TOWN OF HUDSON, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 December 31, 2014

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTALS</u>
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 252,311	\$ 110,813	\$ 363,124
Restricted Cash and Investments	-	47,825	47,825
Accounts Receivable	35,873	142,999	178,872
Interfund Receivables	-	200,000	200,000
Prepaid Expenses	1,357	1,133	2,490
TOTAL CURRENT ASSETS	<u>289,541</u>	<u>502,770</u>	<u>792,311</u>
NONCURRENT ASSETS			
Capital Assets, Not Being Depreciated	962,266	-	962,266
Capital Assets, Net of Accumulated Depreciation	3,685,582	8,588,254	12,273,836
TOTAL NONCURRENT ASSETS	<u>4,647,848</u>	<u>8,588,254</u>	<u>13,236,102</u>
TOTAL ASSETS	<u>4,937,389</u>	<u>9,091,024</u>	<u>14,028,413</u>
CURRENT LIABILITIES			
Accounts Payable	23,872	11,498	35,370
Accrued Liabilities	4,025	3,335	7,360
Deposits	3,131	-	3,131
Accrued Interest Payable	20,823	55,381	76,204
Compensated Absences Payable - Current Portion	2,997	2,473	5,470
Bonds Payable - Current Portion	44,451	48,660	93,111
TOTAL CURRENT LIABILITIES	<u>99,299</u>	<u>121,347</u>	<u>220,646</u>
NONCURRENT LIABILITIES			
Compensated Absences Payable	2,449	1,990	4,439
Bonds Payable	1,316,061	3,359,430	4,675,491
TOTAL NONCURRENT LIABILITIES	<u>1,318,510</u>	<u>3,361,420</u>	<u>4,679,930</u>
TOTAL LIABILITIES	<u>1,417,809</u>	<u>3,482,767</u>	<u>4,900,576</u>
NET POSITION			
Net Investment in Capital Assets	3,287,336	5,180,164	8,467,500
Restricted for Debt Service	-	47,825	47,825
Unrestricted	232,244	380,268	612,512
TOTAL NET POSITION	<u>\$ 3,519,580</u>	<u>\$ 5,608,257</u>	<u>\$ 9,127,837</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, 2014

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTALS</u>
OPERATING REVENUES			
Charges for Services	\$ 383,191	\$ 390,091	\$ 773,282
Other	<u>-</u>	<u>1,201</u>	<u>1,201</u>
TOTAL OPERATING REVENUES	<u>383,191</u>	<u>391,292</u>	<u>774,483</u>
OPERATING EXPENSES			
Operations and Maintenance	381,278	337,591	718,869
Administration	81,635	122,600	204,235
Depreciation	<u>167,769</u>	<u>229,365</u>	<u>397,134</u>
TOTAL OPERATING EXPENSES	<u>630,682</u>	<u>689,556</u>	<u>1,320,238</u>
NET OPERATING INCOME (LOSS)	<u>(247,491)</u>	<u>(298,264)</u>	<u>(545,755)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	721	429	1,150
Treatment Plant Settlement	-	92,500	92,500
Interest and Fiscal Charges	<u>(40,365)</u>	<u>(111,148)</u>	<u>(151,513)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(39,644)</u>	<u>(18,219)</u>	<u>(57,863)</u>
NET LOSS BEFORE TRANSFERS	<u>(287,135)</u>	<u>(316,483)</u>	<u>(603,618)</u>
TRANSFERS			
Transfers In	<u>84,324</u>	<u>20,000</u>	<u>104,324</u>
CHANGE IN NET POSITION	<u>(202,811)</u>	<u>(296,483)</u>	<u>(499,294)</u>
NET POSITION, Beginning	<u>3,722,391</u>	<u>5,904,740</u>	<u>9,627,131</u>
NET POSITION, Ending	<u>\$ 3,519,580</u>	<u>\$ 5,608,257</u>	<u>\$ 9,127,837</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, 2014

	<u>WATER</u>	<u>WASTEWATER</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 390,775	\$ 385,471	\$ 776,246
Cash Received from Others	-	1,201	1,201
Cash Payments to Employees	(132,294)	(112,859)	(245,153)
Cash Payments to Vendors and Suppliers	<u>(317,206)</u>	<u>(356,185)</u>	<u>(673,391)</u>
Net Cash Provided (Used) by Operating Activities	<u>(58,725)</u>	<u>(82,372)</u>	<u>(141,097)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(12,037)	(129,673)	(141,710)
Grants Received	-	20	20
Payments From Other Funds	84,324	220,000	304,324
Debt Principal Payments	(43,273)	(47,116)	(90,389)
Debt Interest and Fiscal Charges Paid	<u>(41,051)</u>	<u>(111,914)</u>	<u>(152,965)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,037)</u>	<u>(68,683)</u>	<u>(80,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>721</u>	<u>429</u>	<u>1,150</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(70,041)	(150,626)	(220,667)
CASH AND CASH EQUIVALENTS, Beginning	<u>322,352</u>	<u>309,264</u>	<u>631,616</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 252,311</u>	<u>\$ 158,638</u>	<u>\$ 410,949</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Operating Income (Loss)	\$ (247,491)	\$ (298,264)	\$ (545,755)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	167,769	229,365	397,134
Changes in Assets and Liabilities			
Accounts Receivable	8,053	(4,620)	3,433
Prepaid Expenses	(1,357)	(1,133)	(2,490)
Accounts Payable	11,492	(10,354)	1,138
Accrued Liabilities	1,188	828	2,016
Deposits	(469)	-	(469)
Compensated Absences Payable	<u>2,090</u>	<u>1,806</u>	<u>3,896</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (58,725)</u>	<u>\$ (82,372)</u>	<u>\$ (141,097)</u>

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

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 activity for the Library is 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, 2014

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 required to be accounted for in another fund.

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

The *Capital Reserve Fund* accumulates resources, primarily grants and interfund transfers, for capital purchases and capital improvements.

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, 2014

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.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Prepaid Expenses - Payments to vendors for services that will benefit subsequent years are reported as prepaid expenses.

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.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2014, follows:

Petty Cash	\$	300
Cash Deposits		4,620,412
Investments		<u>784,254</u>
Total	\$	<u>5,404,966</u>

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

Cash and Investments	\$	4,931,108
Restricted Cash and Investments		<u>473,858</u>
Total	\$	<u>5,404,966</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, 2014, the Town had bank deposits of \$3,742,333 collateralized with securities held by the financial institutions' agents but not in the Town's 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.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- 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.

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, 2014, the Town had \$784,254 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, 2014, the Capital Reserve Fund reported debt reserves of \$291,715 and \$134,318 required by the 2009 Sales Tax Revenue Bond and the 2009 Limited Tax General Obligation Bond agreements, respectively. As required by the USDA debt agreement, debt reserves of \$47,825 are held in a separate account on behalf of the Wastewater Fund.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: INTERFUND BALANCES AND TRANSACTIONS

Interfund balances at December 31, 2014, consisted of the following.

<u>Interfund Receivables</u>	<u>Interfund Payables</u>	
General Fund	Capital Reserve Fund	\$ 132,040
Wastewater Fund	General Fund	<u>200,000</u>
Total		<u>\$ 332,040</u>

At December 31, 2014, the General Fund had temporarily subsidized the negative cash balance of the Capital Reserve Fund in the amount of \$132,040. This loan will be repaid when grant receivables are collected.

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, 2014, the General Fund paid the second installment of \$200,000, and will pay the remaining \$200,000 upon the sale of the land or in one final installment in 2015.

Interfund transfers during the year ended December 31, 2014, consisted of the following.

<u>Transfers In</u>	<u>Transfers Out</u>	
Capital Reserve Fund	General Fund	\$ 200,000
Water Fund	Property Tax Special Revenue Fund	84,324
Wastewater Fund	Property Tax Special Revenue Fund	<u>20,000</u>
Total		<u>\$ 304,324</u>

During the year ended December 31, 2014, the General Fund transferred \$200,000 to the Capital Reserve Fund for the frontage road construction project. The Property Tax Special Revenue Fund collects and remits the property taxes established for capital improvements and the related debt service to other funds.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, is summarized below.

	Balances 12/31/13	Additions	Deletions	Balances 12/31/14
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 140,396	\$ -	\$ -	\$ 140,396
Construction in Progress	<u>50,667</u>	<u>1,179,548</u>	<u>9,699</u>	<u>1,220,516</u>
Total Capital Assets, Not Being Depreciated	<u>191,063</u>	<u>1,179,548</u>	<u>9,699</u>	<u>1,360,912</u>
Capital Assets, Being Depreciated				
Land Improvements	527,236	58,191	-	585,427
Infrastructure	3,571,057	1,201,614	-	4,772,671
Buildings	580,990	27,686	96,795	511,881
Equipment	<u>468,317</u>	<u>37,277</u>	<u>-</u>	<u>505,594</u>
Total Capital Assets, Being Depreciated	<u>5,147,600</u>	<u>1,324,768</u>	<u>96,795</u>	<u>6,375,573</u>
Less Accumulated Depreciation				
Land Improvements	(25,952)	(27,407)	-	(53,359)
Infrastructure	(429,574)	(104,296)	-	(533,870)
Buildings	(182,856)	(11,759)	(1,936)	(192,679)
Equipment	<u>(248,503)</u>	<u>(35,844)</u>	<u>-</u>	<u>(284,347)</u>
Total Accumulated Depreciation	<u>(886,885)</u>	<u>(179,306)</u>	<u>(1,936)</u>	<u>(1,064,255)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,260,715</u>	<u>1,145,462</u>	<u>94,859</u>	<u>5,311,318</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,451,778</u>	<u>\$ 2,325,010</u>	<u>\$ 104,558</u>	<u>\$ 6,672,230</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	16,175,173	117,634	-	16,292,807
Equipment	<u>106,560</u>	<u>24,076</u>	<u>-</u>	<u>130,636</u>
Total Capital Assets, Being Depreciated	<u>16,281,733</u>	<u>141,710</u>	<u>-</u>	<u>16,423,443</u>
Less Accumulated Depreciation				
Collection and Distribution Systems	(3,672,919)	(392,315)	-	(4,065,234)
Equipment	<u>(79,554)</u>	<u>(4,819)</u>	<u>-</u>	<u>(84,373)</u>
Total Accumulated Depreciation	<u>(3,752,473)</u>	<u>(397,134)</u>	<u>-</u>	<u>(4,149,607)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,529,260</u>	<u>(255,424)</u>	<u>-</u>	<u>12,273,836</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,491,526</u>	<u>\$ (255,424)</u>	<u>\$ -</u>	<u>\$ 13,236,102</u>

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: CAPITAL ASSETS (Continued)

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

Governmental Activities	
General Government	\$ 5,086
Public Works	141,657
Parks and Recreation	<u>32,563</u>
 Total	 <u><u>\$ 179,306</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, 2014:

	Balance 12/31/13	Additions	Payments	Balance 12/31/14	Due Within One Year
2009 Sales Tax Revenue Bonds	\$ 1,490,000	\$ -	\$ 25,000	\$ 1,465,000	\$ 30,000
2009 Limited Tax GO Bonds	1,770,000	-	20,000	1,750,000	25,000
Compensated Absences	<u>15,140</u>	<u>24,551</u>	<u>24,722</u>	<u>14,969</u>	<u>8,586</u>
 Total	 <u><u>\$ 3,275,140</u></u>	 <u><u>\$ 24,551</u></u>	 <u><u>\$ 69,722</u></u>	 <u><u>\$ 3,229,969</u></u>	 <u><u>\$ 63,586</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 and use taxes reported in the Paving Sales Tax Fund. During the year ended December 31, 2014, revenues of \$323,983 were available to pay annual debt service of \$120,781. Remaining debt service at December 31, 2014, was \$2,839,933.

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, 2014, revenues of \$501,240 were available to pay annual debt service of \$126,550. Remaining debt service at December 31, 2014, was \$3,293,736.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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>
2015	\$ 55,000	\$ 200,131	\$ 255,131
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 - 2024	535,000	855,127	1,390,127
2025 - 2029	760,000	661,514	1,421,514
2030 - 2034	1,050,000	381,603	1,431,603
2035 - 2036	<u>520,000</u>	<u>51,192</u>	<u>571,192</u>
Total	<u>\$ 3,215,000</u>	<u>\$ 2,918,669</u>	<u>\$ 6,133,669</u>

Business-Type Activities

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2014:

	<u>Balance 12/31/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/14</u>	<u>Due Within One Year</u>
1995 GO Bonds	\$ 525,400	\$ -	\$ 14,400	\$ 511,000	\$ 15,000
1996 CWCBL Loan	878,385	-	28,873	849,512	29,451
2011 Revenue Bonds	3,455,206	-	47,116	3,408,090	48,660
Compensated Absences	<u>6,013</u>	<u>18,210</u>	<u>14,314</u>	<u>9,909</u>	<u>5,470</u>
Total	<u>\$ 4,865,004</u>	<u>\$ 18,210</u>	<u>\$ 104,703</u>	<u>\$ 4,778,511</u>	<u>\$ 98,581</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.

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

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, 2014, the Water Fund had net revenues of (\$79,001). Interfund transfers of \$84,324 were utilized to pay total debt service of \$84,324. Remaining debt service of the Water Fund at December 31, 2014, was \$1,863,246.

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, 2014, the Wastewater Fund had net revenues of (\$68,470) and debt service was \$159,030. Interfund payments of \$220,000 were utilized to pay the required debt service as scheduled. Remaining debt service at December 31, 2014, was \$5,881,705.

Annual debt service requirements for the outstanding debt at December 31, 2014, were as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 93,111	\$ 150,189	\$ 243,300
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 - 2024	577,425	639,369	1,216,794
2025 - 2029	674,121	542,705	1,216,826
2030 - 2034	788,387	428,463	1,216,850
2035 - 2039	665,038	306,752	971,790
2040 - 2044	581,591	213,559	795,150
2045 - 2049	683,318	111,832	795,150
2050 - 2051	<u>303,288</u>	<u>12,368</u>	<u>315,656</u>
Total	<u>\$ 4,768,602</u>	<u>\$ 2,976,349</u>	<u>\$ 7,744,951</u>

TOWN OF HUDSON, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014, the Town contributed \$28,116 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, 2014

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, 2014, the emergency reserve of \$113,000 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, 2014, 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, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Taxes				
Property Taxes	\$ 493,129	\$ 493,129	\$ 451,090	\$ (42,039)
Specific Ownership Taxes	60,000	60,000	87,346	27,346
Sales and Use Taxes	168,300	168,300	251,726	83,426
Franchise Taxes	<u>70,000</u>	<u>70,000</u>	<u>77,288</u>	<u>7,288</u>
Total Taxes	<u>791,429</u>	<u>791,429</u>	<u>867,450</u>	<u>76,021</u>
Licenses and Permits				
Building Permits	12,000	12,000	40,995	28,995
Transportation Permits	2,500	2,500	400	(2,100)
Other Permits and Licenses	<u>2,125</u>	<u>2,125</u>	<u>2,188</u>	<u>63</u>
Total Licenses and Permits	<u>16,625</u>	<u>16,625</u>	<u>43,583</u>	<u>26,958</u>
Contributions and Donations	<u>-</u>	<u>-</u>	<u>639</u>	<u>639</u>
Intergovernmental				
Auto Registration Fees	7,100	7,100	2,094	(5,006)
Highway Users Taxes	69,675	69,675	73,664	3,989
Severance Taxes	32,000	32,000	62,806	30,806
Road and Bridge Fees	19,000	19,000	28,094	9,094
Cigarette Taxes	2,000	2,000	2,510	510
Mineral Lease	<u>14,000</u>	<u>14,000</u>	<u>24,914</u>	<u>10,914</u>
Total Intergovernmental	<u>143,775</u>	<u>143,775</u>	<u>194,082</u>	<u>50,307</u>
Charges for Services				
Development Review Fees	7,775	7,775	16,642	8,867
Other Charges for Services	<u>2,270</u>	<u>2,270</u>	<u>2,653</u>	<u>383</u>
Total Charges for Services	<u>10,045</u>	<u>10,045</u>	<u>19,295</u>	<u>9,250</u>
Court Fines and Forfeitures	<u>11,400</u>	<u>11,400</u>	<u>6,528</u>	<u>(4,872)</u>
Investment Income	<u>500</u>	<u>500</u>	<u>420</u>	<u>(80)</u>
Other	<u>602,000</u>	<u>602,000</u>	<u>5,697</u>	<u>(596,303)</u>
TOTAL REVENUES	<u>1,575,774</u>	<u>1,575,774</u>	<u>1,137,694</u>	<u>(438,080)</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
EXPENDITURES				
Current				
General Government	\$ 494,778	\$ 494,778	\$ 510,680	\$ (15,902)
Public Safety	168,739	168,739	140,424	28,315
Public Works	339,075	339,075	337,849	1,226
Parks and Recreation	102,091	102,091	107,512	(5,421)
Capital Outlay	496,700	496,700	27,578	469,122
Contingency	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>1,626,383</u>	<u>1,626,383</u>	<u>1,124,043</u>	<u>502,340</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,609)	(50,609)	13,651	64,260
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(173,617)	(200,000)	(26,383)
NET CHANGE IN FUND BALANCE	(50,609)	(224,226)	(186,349)	37,877
FUND BALANCE, Beginning	<u>1,172,510</u>	<u>1,172,510</u>	<u>1,044,831</u>	<u>(127,679)</u>
FUND BALANCE, Ending	<u>\$ 1,121,901</u>	<u>\$ 948,284</u>	<u>\$ 858,482</u>	<u>\$ (89,802)</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
HUDSON PUBLIC LIBRARY FUND
 Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Contributions and Donations	\$ -	\$ 3,195	\$ 3,195
Intergovernmental	1,083,991	1,087,402	3,411
Investment Income	4,320	4,779	459
Other	<u>2,595</u>	<u>4,091</u>	<u>1,496</u>
TOTAL REVENUES	<u>1,090,906</u>	<u>1,099,467</u>	<u>8,561</u>
EXPENDITURES			
Library	350,550	204,306	146,244
Capital Outlay	<u>2,717,133</u>	<u>1,108,250</u>	<u>1,608,883</u>
TOTAL EXPENDITURES	<u>3,067,683</u>	<u>1,312,556</u>	<u>1,755,127</u>
NET CHANGE IN FUND BALANCE	(1,976,777)	(213,089)	1,763,688
FUND BALANCE, Beginning	<u>2,908,628</u>	<u>2,920,427</u>	<u>11,799</u>
FUND BALANCE, Ending	<u>\$ 931,851</u>	<u>\$ 2,707,338</u>	<u>\$ 1,775,487</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

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. Capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted. For the year ended December 31, 2014, a budget was not adopted for the Park Impact Fee Fund, the Facilities Impact Fee Fund, and the Street Impact Fee Fund because the funds 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.

Legal Compliance

For the year ended December 31, 2014, the Property Tax Special Revenue Fund expenditures exceeded the amounts budgeted by \$18,100. This may be a violation of State statutes.

SUPPLEMENTARY INFORMATION

TOWN OF HUDSON, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	<u>SALES TAX CAPITAL IMPROVEMENT</u>	<u>PAVING SALES TAX</u>	<u>CONSERVATION TRUST</u>	<u>PARK IMPACT FEE</u>
ASSETS				
Cash and Investments	\$ 238,101	\$ 794,317	\$ 38,445	\$ 173
Taxes Receivable	<u>15,419</u>	<u>61,674</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 253,520</u>	<u>\$ 855,991</u>	<u>\$ 38,445</u>	<u>\$ 173</u>
LIABILITIES				
Accounts Payable	\$ <u>9,996</u>	\$ <u>17,686</u>	\$ <u>-</u>	\$ <u>-</u>
TOTAL LIABILITIES	<u>9,996</u>	<u>17,686</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for Street Paving and Maintenance	-	838,305	-	-
Restricted for Capital Improvements	243,524	-	-	-
Restricted for Parks	-	-	38,445	-
Committed to Capital Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>173</u>
TOTAL FUND BALANCES	<u>243,524</u>	<u>838,305</u>	<u>38,445</u>	<u>173</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 253,520</u>	<u>\$ 855,991</u>	<u>\$ 38,445</u>	<u>\$ 173</u>

See the accompanying Independent Auditors' Report.

<u>FACILITIES IMPACT FEE</u>	<u>STREET IMPACT FEE</u>	<u>TOTALS</u>
\$ 3,376	\$ 35,013	\$ 1,109,425
<u>-</u>	<u>-</u>	<u>77,093</u>
\$ <u>3,376</u>	\$ <u>35,013</u>	\$ <u>1,186,518</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>27,682</u>
<u>-</u>	<u>-</u>	<u>27,682</u>
-	-	838,305
-	-	243,524
-	-	38,445
<u>3,376</u>	<u>35,013</u>	<u>38,562</u>
<u>3,376</u>	<u>35,013</u>	<u>1,158,836</u>
\$ <u>3,376</u>	\$ <u>35,013</u>	\$ <u>1,186,518</u>

TOWN OF HUDSON, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2014

	<u>SALES TAX CAPITAL IMPROVEMENT</u>	<u>PAVING SALES TAX</u>	<u>CONSERVATION TRUST</u>	<u>PARK IMPACT FEE</u>
REVENUES				
Taxes	\$ 80,668	\$ 323,356	\$ -	\$ -
Intergovernmental	-	-	24,776	-
Investment Income	184	627	46	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	80,852	323,983	24,822	-
EXPENDITURES				
Current				
Public Works	-	18,184	-	-
Capital Outlay	90,483	-	15,000	-
Debt Service				
Principal	-	25,000	-	-
Interest and Fiscal Charges	-	95,781	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	90,483	138,965	15,000	-
NET CHANGE IN FUND BALANCES	(9,631)	185,018	9,822	-
FUND BALANCES, Beginning	253,155	653,287	28,623	173
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, Ending	\$ 243,524	\$ 838,305	\$ 38,445	\$ 173

See the accompanying Independent Auditors' Report.

<u>FACILITIES IMPACT FEE</u>	<u>STREET IMPACT FEE</u>	<u>TOTALS</u>
\$ -	\$ -	\$ 404,024
-	-	24,776
<u>3</u>	<u>30</u>	<u>890</u>
<u>3</u>	<u>30</u>	<u>429,690</u>
-	-	18,184
-	-	105,483
-	-	25,000
<u>-</u>	<u>-</u>	<u>95,781</u>
<u>-</u>	<u>-</u>	<u>244,448</u>
3	30	185,242
<u>3,373</u>	<u>34,983</u>	<u>973,594</u>
\$ <u><u>3,376</u></u>	\$ <u><u>35,013</u></u>	\$ <u><u>1,158,836</u></u>

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
PROPERTY TAX SPECIAL REVENUE FUND
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 547,854	\$ 547,854	\$ 500,980	\$ (46,874)
Contributions	-	-	34,617	34,617
Investment Income	150	150	260	110
TOTAL REVENUES	<u>548,004</u>	<u>548,004</u>	<u>535,857</u>	<u>(12,147)</u>
EXPENDITURES				
General Government	5,507	5,507	5,024	483
Capital Outlay	339,397	713,619	732,202	(18,583)
Debt Service				
Principal	20,000	20,000	20,000	-
Interest and Fiscal Charges	106,550	106,550	106,550	-
TOTAL EXPENDITURES	<u>471,454</u>	<u>845,676</u>	<u>863,776</u>	<u>(18,100)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	76,550	(297,672)	(327,919)	(30,247)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(104,324)	(104,324)	(104,324)	-
NET CHANGE IN FUND BALANCE	(27,774)	(401,996)	(432,243)	(30,247)
FUND BALANCE, Beginning	<u>517,774</u>	<u>517,774</u>	<u>520,341</u>	<u>2,567</u>
FUND BALANCE, Ending	<u>\$ 490,000</u>	<u>\$ 115,778</u>	<u>\$ 88,098</u>	<u>\$ (27,680)</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL RESERVE FUND

Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Use Taxes	\$ 62,000	\$ 4,799	\$ (57,201)
Intergovernmental	797,500	547,687	(249,813)
Investment Income	500	290	(210)
	<u>860,000</u>	<u>552,776</u>	<u>(307,224)</u>
TOTAL REVENUES			
EXPENDITURES			
Public Works	56,700	28,238	28,462
Capital Outlay	1,001,500	493,418	508,082
	<u>1,058,200</u>	<u>521,656</u>	<u>536,544</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(198,200)	31,120	229,320
OTHER FINANCING SOURCES			
Transfers In	-	200,000	200,000
	<u>-</u>	<u>200,000</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCE	(198,200)	231,120	429,320
FUND BALANCES, Beginning	207,507	228,291	20,784
	<u>207,507</u>	<u>228,291</u>	<u>20,784</u>
FUND BALANCES, Ending	\$ <u>9,307</u>	\$ <u>459,411</u>	\$ <u>450,104</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
SALES TAX CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Sales Taxes	\$ -	\$ 80,668	\$ 80,668
Investment Income	50	184	134
TOTAL REVENUES	<u>50</u>	<u>80,852</u>	<u>80,802</u>
EXPENDITURES			
Capital Outlay	<u>226,358</u>	<u>90,483</u>	<u>135,875</u>
TOTAL EXPENDITURES	<u>226,358</u>	<u>90,483</u>	<u>135,875</u>
NET CHANGE IN FUND BALANCE	(226,308)	(9,631)	216,677
FUND BALANCE, Beginning	<u>226,308</u>	<u>253,155</u>	<u>26,847</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 243,524</u>	<u>\$ 243,524</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

PAVING SALES TAX FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sales and Use Taxes	\$ 221,000	\$ 221,000	\$ 323,356	\$ 102,356
Investment Income	<u>200</u>	<u>200</u>	<u>627</u>	<u>427</u>
TOTAL REVENUES	<u>221,200</u>	<u>221,200</u>	<u>323,983</u>	<u>102,783</u>
EXPENDITURES				
Public Works	26,000	34,219	18,184	16,035
Debt Service				
Principal	25,000	25,000	25,000	-
Interest and Fiscal Charges	<u>95,781</u>	<u>95,781</u>	<u>95,781</u>	<u>-</u>
TOTAL EXPENDITURES	<u>146,781</u>	<u>155,000</u>	<u>138,965</u>	<u>16,035</u>
NET CHANGE IN FUND BALANCE	74,419	66,200	185,018	118,818
FUND BALANCE, Beginning	<u>632,179</u>	<u>632,179</u>	<u>653,287</u>	<u>21,108</u>
FUND BALANCE, Ending	<u>\$ 706,598</u>	<u>\$ 698,379</u>	<u>\$ 838,305</u>	<u>\$ 139,926</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
 Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 17,900	\$ 24,776	\$ 6,876
Investment Income	20	46	26
TOTAL REVENUES	<u>17,920</u>	<u>24,822</u>	<u>6,902</u>
EXPENDITURES			
Capital Outlay	<u>28,078</u>	<u>15,000</u>	<u>13,078</u>
TOTAL EXPENDITURES	<u>28,078</u>	<u>15,000</u>	<u>13,078</u>
NET CHANGE IN FUND BALANCE	(10,158)	9,822	19,980
FUND BALANCE, Beginning	<u>22,356</u>	<u>28,623</u>	<u>6,267</u>
FUND BALANCE, Ending	<u>\$ 12,198</u>	<u>\$ 38,445</u>	<u>\$ 26,247</u>

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 352,900	\$ 383,191	\$ 30,291
Investment Income	850	721	(129)
Transfers In	<u>84,324</u>	<u>84,324</u>	<u>-</u>
TOTAL REVENUES	<u>438,074</u>	<u>468,236</u>	<u>30,162</u>
EXPENDITURES			
Operations and Maintenance	424,629	381,278	43,351
Administration	122,692	81,635	41,057
Water Acquisition	6,000	-	6,000
Capital Outlay	49,500	12,037	37,463
Debt Principal	43,273	43,273	-
Debt Interest and Fiscal Charges	41,051	40,365	686
Contingency	<u>25,000</u>	<u>-</u>	<u>25,000</u>
TOTAL EXPENDITURES	<u>712,145</u>	<u>558,588</u>	<u>153,557</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ (274,071)</u>	(90,352)	<u>\$ 183,719</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(167,769)	
Capital Outlay		12,037	
Debt Principal		<u>43,273</u>	
CHANGE IN NET POSITION, GAAP Basis		<u>\$ (202,811)</u>	

See the accompanying Independent Auditors' Report.

TOWN OF HUDSON, COLORADO

BUDGETARY COMPARISON SCHEDULE

WASTEWATER FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 335,096	\$ 335,096	\$ 390,091	\$ 54,995
Interfund Loan Repayment	400,000	400,000	200,000	(200,000)
Other	-	-	1,201	1,201
Investment Income	225	225	429	204
Treatment Plant Settlement	-	-	92,500	92,500
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
TOTAL REVENUES	<u>755,321</u>	<u>755,321</u>	<u>704,221</u>	<u>(51,100)</u>
EXPENDITURES				
Operations and Maintenance	294,755	294,755	337,591	(42,836)
Administration	84,352	84,352	122,600	(38,248)
Capital Outlay	175,364	236,863	129,673	45,691
Debt Principal	47,116	47,116	47,116	-
Debt Interest and Fiscal Charges	111,914	111,914	111,148	766
Contingency	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
TOTAL EXPENDITURES	<u>738,501</u>	<u>800,000</u>	<u>748,128</u>	<u>51,872</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 16,820</u>	<u>\$ (44,679)</u>	(43,907)	<u>\$ 772</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation			(229,365)	
Capital Outlay			129,673	
Debt Principal			47,116	
Interfund Loan Payments			<u>(200,000)</u>	
CHANGE IN NET POSITION, GAAP Basis			<u>\$ (296,483)</u>	

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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 2014
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)	1,074,864
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	270,817
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,175
2. General fund appropriations	1,046,039	b. Snow and ice removal	
3. Other local imposts (from page 2)	87,346	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	9,175
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	124,090
a. Bonds - Original Issues		6. Total (1 through 5)	1,478,946
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	202,331
7. Total (1 through 6)	1,133,385	b. Redemption	45,000
B. Private Contributions		c. Total (a. + b.)	247,331
C. Receipts from State government (from page 2)	592,892	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,726,277	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	247,331
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,726,277

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	3,260,000		45,000	3,215,000
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
		1,726,277	1,726,277		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		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	87,346	g. Other Misc. Receipts	
6. Total (1. through 5.)	87,346	h. Other	
c. Total (a. + b.)	87,346	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	73,664	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	10,507	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	350,000	e. U.S. Corps of Engineers	
e. Other (Specify) CDOT & Weld C	158,721	f. Other Federal	
f. Total (a. through e.)	519,228	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	592,892	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		21,367	21,367
c. Construction:			
(1). New Facilities		1,053,497	1,053,497
(2). Capacity Improvements			
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,053,497	1,053,497
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,074,864	1,074,864
			(Carry forward to page 1)

Notes and Comments: