

# TOWN OF FLAGLER, COLORADO

Financial Statements

For the Year Ended December 31, 2016



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Highway Users Tax Report

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
Town of Flagler, Colorado  
Flagler, Colorado 80815

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 Flagler, Colorado, as of and for the year ended December 31, 2016, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Flagler, Colorado, as of December 31, 2016, and the

respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages a-i and 21 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. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Flagler, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the Highway Users Tax Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

WINFREY, COUNTY & HAYS, PC  
Certified Public Accountants

By: Sarah M Bailey, CPA

July 28, 2017

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**

**Purpose**

The purpose of the Town of Flagler's Management's Discussion and Analysis Report (MD&A) is designed to:

- Assist the reader in focusing on significant financial issues.
- Provide an overview of the Town's financial activity
- Identify changes in the Town's financial position
- Identify any material deviation from the budget
- Identify individual fund issues or concerns

**Introduction**

The MD&A is designed to focus on the report year's activities, resulting changes and currently known facts. Please read it in conjunction with the Town's Financial Statements beginning on page 2.

The Town of Flagler is a Statutory Rule Municipality that was incorporated in 1916. The type of government is Town Board-Mayor with the seven elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Clerk/Treasurer is responsible for preparing the annual budget, which is adopted by the Board by December 15<sup>th</sup>. The Clerk/Treasurer is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains one major governmental fund, the general fund.

**Financial Information**

The Town's government-wide statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Board approves all major budgetary changes by passage of a resolution amending the budget.

**Financial Highlights**

- The Town of Flagler remains in stable condition, as the General Fund balance at year-end is \$44,644. This fund has a bank account of \$28,037. This balance is considered to be safe levels of reserves.
- The assets of the Town exceed its liabilities at the close of the fiscal year by \$4,272,104. Of this amount, \$216,349 may be used to meet the Town's ongoing obligations to residents and creditors.
- \$4,019,498 is invested in capital assets, and \$13,103 is restricted for TABOR and \$23,153 for recreation.
- At December 31, 2016 the Town's governmental funds reported a combined ending fund balance of \$67,796, reflecting a decrease of \$148,002 from last year.
- Sales tax revenues decreased 6% from 2015 and property tax increased 2%. Total revenue in the General Fund increased by \$137,208 due to rents received.
- The Garbage Fund shows a gain of \$4,293 versus a loss of \$46,930 in 2015. Primarily due to decreased salaries and maintenance on the trash truck.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

- The Water Fund shows a gain of \$1,414,376 versus a gain in 2015 of \$242,376. A loan forgiveness was received in the amount of \$569,900 and expenditures increased by \$1,397,852.
- The Wastewater Fund has a gain of \$2,846 versus a loss of \$5,209 in 2015. Revenues decreased \$1,083, but expenditures decreased \$11,799.

**Using This Annual Report**

This discussion and analysis is intended to serve as an introduction to the Town of Flagler's financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. 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 Statement**

The government-wide financial statements use an accounting method similar to those used by private sector companies. The focus of the Statement of Net Assets (the unrestricted net assets) is designed similar to a bottom line for the Town and its government and business like activities. The statement reports all the governmental fund's current financial resources (short term spendable resources) with capital assets and long term obligations. Over time, increase or decrease in net assets may serve as a useful indicator of whether the financial position of the Town of Flagler is improving or deteriorating. However, in evaluating the overall position of the Town, non-financial factors such as the Town's tax base, change in property tax laws, and the condition of the capital assets should also be considered.

The Statement of Activities presents information showing how the Town's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide statements are divided into two categories:

Governmental activities reflect the Town's basic services including administrative, public safety, public works, and parks and recreation. Property tax, sales tax, and intergovernmental taxes finance the majority of these activities.

Business-type activities are funds that reflect private sector type operations, which include the Town's water, wastewater, and trash funds. Fees for services should cover the majority of the cost of these operations including depreciation.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

**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 of objectives. The Town of Flagler used 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 cash flows. The unrestricted balances left at year-end are available for spending in the future years. The 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 funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Flagler maintains two governmental funds. Only the General Fund is considered to be a major fund. Information is presented in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

**Proprietary Funds**

The Town's water, wastewater, and trash 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 each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail.

**Notes to Financial Statement**

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

**Government-Wide Financial Analysis**

This financial report for the year ended December 31, 2016 reflects the reporting requirements of GASB 34. GASB 34 requires governments to report the information found in the Basic Financial Statements and to include a presentation of comparative data from the prior period.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town of Flagler's assets exceeded liabilities by \$4,272,104 at the close of 2016.

**Statement of Net Position**

	Government Activities		Business-type Activities		<u>Total</u>	
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Current assets	200,432.25	339,322.92	223,778.77	1,003,085.30	424,211.02	1,342,408.22
Capital assets	<u>940,300.44</u>	<u>580,294.45</u>	<u>3,438,188.06</u>	<u>1,798,383.62</u>	<u>4,378,488.50</u>	<u>2,378,678.07</u>
Total Assets	1,140,732.69	919,617.37	3,661,966.83	2,801,468.92	4,802,699.52	3,721,086.29
Current liabilities	18,034.81	10,883.52	106,770.23	192,562.25	124,805.04	203,445.77
Long-term liabilities	<u>0.00</u>	<u>0.00</u>	<u>291,189.97</u>	<u>766,415.15</u>	<u>291,189.97</u>	<u>766,415.15</u>
Total Liabilities	18,034.81	10,883.52	397,960.20	958,977.40	415,995.01	969,860.92
Deferred Inflows of Resources	114,601.00	112,641.00	0.00	0.00	114,601.00	112,641.00
Net Position						
Invested in capital assets	940,300.44	580,294.45	3,079,197.91	996,971.18	4,019,498.35	1,577,265.63
Restricted	36,256.14	32,015.20	0.00	0.00	36,256.14	32,015.20
Unrestricted	<u>31,540.30</u>	<u>183,783.20</u>	<u>184,808.72</u>	<u>845,520.34</u>	<u>216,349.02</u>	<u>1,029,303.54</u>
Total Net Position	<u>1,008,096.88</u>	<u>796,092.85</u>	<u>3,264,006.63</u>	<u>1,842,491.52</u>	<u>4,272,103.51</u>	<u>2,638,584.37</u>

The largest of the Town's net assets, 95%, reflects its investment in capital assets (land, buildings and systems, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The Town used these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. Net assets of \$216,349 is unrestricted and may be used to meet the Town's ongoing obligations to residents, businesses and creditors.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

**Statement of Activities**

For 2016, total revenues for Governmental Activities exceeded expenditures by \$212,004. Total revenues for Business-type Activities (Enterprise Fund) exceeded expenses \$1,421,515. The water fund received a loan forgiveness of \$569,900. The following condensed table of changes in net assets for 2016.

	Government Activities		Business-type Activities		Total	
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>
Revenues						
Program Revenues						
Charges for service	11,115.87	14,540.76	415,159.70	388,730.64	426,275.57	403,271.40
Operating grants & contributions	79,061.59	72,044.85	0.00	0.00	79,061.59	72,044.85
Capital grants & contributions	164,088.00	0.00	843,000.00	0.00	1,007,088.00	0.00
General Revenues						
Property taxes	111,381.00	109,327.77	0.00	0.00	111,381.00	109,327.77
Sales Taxes	146,431.49	154,550.26	0.00	0.00	146,431.49	154,550.26
Other taxes	27,824.11	31,737.65	0.00	0.00	27,824.11	31,737.65
Investment interest	607.17	539.88	89.18	81.16	696.35	621.04
Other	22,454.13	24,199.99	0.00	387.20	22,454.13	24,587.19
Gain on asset disposal	0.00	28,462.00	0.00	0.00	0.00	28,462.00
Loan forgiveness	0.00	0.00	569,900.00	190,100.00	569,900.00	190,100.00
Transfers	<u>51,288.00</u>	<u>0.00</u>	<u>(51,288.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Revenues	614,251.36	435,403.16	1,776,860.88	579,299.00	2,391,112.24	1,014,702.16
Expenses						
General Government	145,384.41	159,044.47	0.00	0.00	145,384.41	159,044.47
Public Works	205,446.15	191,396.07	0.00	0.00	205,446.15	191,396.07
Public Safety	1,356.18	1,287.00	0.00	0.00	1,356.18	1,287.00
Culture & Recreation	50,060.59	42,757.62	0.00	0.00	50,060.59	42,757.62
Garbage	0.00	0.00	139,699.36	201,127.10	139,699.36	201,127.10
Water	0.00	0.00	131,459.50	110,151.42	131,459.50	110,151.42
Wastewater	<u>0.00</u>	<u>0.00</u>	<u>84,186.91</u>	<u>77,783.27</u>	<u>84,186.91</u>	<u>77,783.27</u>
Total Expenses	<u>402,247.33</u>	<u>394,485.16</u>	<u>355,345.77</u>	<u>389,061.79</u>	<u>757,593.10</u>	<u>783,546.95</u>
Increase (decrease) in Net Position	<u>212,004.03</u>	<u>40,918.00</u>	<u>1,421,515.11</u>	<u>190,237.21</u>	<u>1,633,519.14</u>	<u>231,155.21</u>
Net Position - Beginning	796,092.85	755,174.85	1,842,491.52	1,652,254.31	2,638,584.37	2,407,429.16
Net Position - Ending	<u>1,008,096.88</u>	<u>796,092.85</u>	<u>3,264,006.63</u>	<u>1,842,491.52</u>	<u>4,272,103.51</u>	<u>2,638,584.37</u>

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

As previously noted, governmental activities are principally supported by taxes, intergovernmental revenues, grant funding and charges for services. These revenues support General governmental activities, including Administration, Planning, Data Processing, Economic Development and Town Board, Public Works, including Streets, Mosquito Control, Parks and Recreation.

**Financial Analysis of the Government's Funds**

Governmental Funds

The Town of Flagler uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year end. The unreserved fund balance serves as a useful measure of a government's net resources available for spending at year end. At year end, the Town's Governmental funds reported a combined balance of \$67,796. Of that balance, \$31,540 was unassigned and is available for spending at the Town's discretion.

The individual major funds are discussed below.

General Fund - The General Fund is the chief operating fund of the Town of Flagler. It accounts for all general services provided by the Town, excluding special revenue funds, debt services funds.

Proprietary Funds - The Town's water, wastewater, and garbage funds are used to account for those operations that are financed and operated in a manner similar to private business, in that fees are charged to external users for goods and service.

**General Fund Budgetary Highlights**

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the Town. Council is provided with a detailed line item budget for all departments and after a discussion at a regularly held council meeting and Budget Hearing for the public, the budget is adopted at the fund level by Town Council. Within each fund, appropriations can be transferred between line items with the approval of the Town Council. Council must approve any revisions in the budget that alter the fund level totals.

No changes were made to the original budget.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2016, the Town of Flagler had \$4,378,489 invested in land, buildings, equipment and construction in progress.

Table 3 shows fiscal 2016 balances of Capital Assets as compared to 2015.

	<u>At December 31, 2016</u>			<u>Prior Year</u>		
	Government	Business-type	<u>Total</u>	Government	Business-type	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	75,489.00	194,862.00	270,351.00	75,489.00	194,862.00	270,351.00
Assets Under Construction	0.00	0.00	0.00	0.00	165,417.07	165,417.07
Infrastructure System	218,907.98	0.00	218,907.98	218,907.98	0.00	218,907.98
Buildings	0.00	3,898,277.02	3,898,277.02	0.00	2,190,784.51	2,190,784.51
Improvements	577,429.24	103,994.09	681,423.33	174,557.25	103,994.09	278,551.34
Equipment	96,535.08	28,597.31	125,132.39	96,535.08	28,597.31	125,132.39
Vehicles	343,012.79	529,047.64	872,060.43	343,012.79	340,862.64	683,875.43
	<u>61,745.35</u>	<u>0.00</u>	<u>61,745.35</u>	<u>61,745.35</u>	<u>0.00</u>	<u>61,745.35</u>
Total	1,373,119.44	4,754,778.06	6,127,897.50	970,247.45	3,024,517.62	3,994,765.07
Less accumulated depreciation	<u>(432,819.00)</u>	<u>(1,316,590.00)</u>	<u>(1,749,409.00)</u>	<u>(389,953.00)</u>	<u>(1,226,134.00)</u>	<u>(1,616,087.00)</u>
Net Fixed Assets	<u>940,300.44</u>	<u>3,438,188.06</u>	<u>4,378,488.50</u>	<u>580,294.45</u>	<u>1,798,383.62</u>	<u>2,378,678.07</u>

Net of depreciation, the balances for the above capital assets increased \$360,006 in governmental activities and \$1,639,804 for business-type activities. The Town has an aggressive stance on maintaining its assets, including infrastructure, in excellent condition. Vehicles are planned for well in advance by the respective department heads and a scheduled maintenance and replacement time table is followed to provide peak performance for the maximum time frame. The older vehicles are either traded in to the dealers or sold to the highest bidder in the open market.

With regard to the infrastructure, the Town manager maintains a comprehensive listing of all streets, water and sewer lines in the Town. As part of the Town's annual road maintenance program, the Manager evaluates the condition of each street after each winter and prepares a list of streets to be resurfaced or crack-sealed and in the case of concrete alley pans and street-pans, replaced or repaired. After approval from council, the projects are bid in early to late spring to get the best possible pricing from contractors.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

The major purchases of fixed assets for the Town in 2016 in the general fund was Town Hall improvements for \$402,872. The wastewater fund purchased 1 aerators for \$5,710 for the sewer ponds and the water fund finished work on system updates of \$1,691,919. The garbage fund purchased a new trash truck for \$182,475.

**Debt**

As of December 31, 2016 the Town of Flagler had \$358,990 in outstanding debt, of which is outlined in Table 4 below.

	<u>At December 31, 2016</u>			<u>Prior Year</u>		
	<u>Government</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Government</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Loan payable	0.00	185,385.24	185,385.24	0.00	779,597.66	779,597.66
Lease payable	<u>0.00</u>	<u>173,604.91</u>	<u>173,604.91</u>	<u>0.00</u>	<u>21,814.78</u>	<u>21,814.78</u>
	<u>0.00</u>	<u>358,990.15</u>	<u>358,990.15</u>	<u>0.00</u>	<u>801,412.44</u>	<u>801,412.44</u>

The water fund had a \$569,900 loan payable forgiven.

**Summary of Financial Condition**

The Town continues to fund summer recreation project for the area youth. It also continues to promote free land for business or industry to provide employment opportunities for the surrounding area.

**Town of Flagler, Colorado**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
(Continued)

**Economic Factors and Next Year's Budget**

The street department has continued to repair and maintain as much of the existing streets as the budget would allow. In 2015 the Town budgeted as much as possible for street repair and maintenance and will do the same in 2016.

The water department has struggled over the past nine years but rates were increased in 2015 and will increase again in 2016 to help recovery of the department's financial deficit.

The trash department is considering selling a 2007 IH truck purchased in November of 2013. This truck has cost the department in repairs continually since purchased. The Town is considering purchasing a new truck in 2016.

The wastewater department has continues to set reserves in savings and CDs to prepare for future needs.

The Town of Flagler continues to prepare for the future and be active in the future of Flagler.

**Requests for Information**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer/Town Clerk, Doris King at the Town of Flagler, 311 Main Avenue, PO Box 126, Flagler Colorado 80815, 719-765-4571 or [townflag@ersta.com](mailto:townflag@ersta.com).



## BASIC FINANCIAL STATEMENTS

TOWN OF FLAGLER, COLORADO  
Statement of Net Position  
December 31, 2016

ASSETS	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	51,189.46	180,246.77	231,436.23
Certificates of deposit	0.00	6,984.60	6,984.60
Accounts/grants receivable	34,641.79	36,547.40	71,189.19
Accrued taxes receivable	114,601.00	0.00	114,601.00
Capital assets, net of accumulated depreciation	<u>940,300.44</u>	<u>3,438,188.06</u>	<u>4,378,488.50</u>
Total Assets	1,140,732.69	3,661,966.83	4,802,699.52
LIABILITIES			
Accounts payable	18,034.81	34,384.25	52,419.06
Meter deposits	0.00	4,585.80	4,585.80
Noncurrent Liabilities			
Due within 1 year	0.00	67,800.18	67,800.18
Due in more than 1 year	<u>0.00</u>	<u>291,189.97</u>	<u>291,189.97</u>
Total Liabilities	18,034.81	397,960.20	415,995.01
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	114,601.00	0.00	114,601.00
NET POSITION			
Invested in capital assets	940,300.44	3,079,197.91	4,019,498.35
Restricted for TABOR	13,103.39	0.00	13,103.39
Restricted for Recreation	23,152.75	0.00	23,152.75
Unrestricted	<u>31,540.30</u>	<u>184,808.72</u>	<u>216,349.02</u>
Total Net Position	<u>1,008,096.88</u>	<u>3,264,006.63</u>	<u>4,272,103.51</u>

TOWN OF FLAGLER, COLORADO  
Statement of Activities  
For the Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants</u>	<u>Capital Grants</u>
<b>Governmental Activities</b>				
General Government	145,384.41	4,413.00	2,400.00	164,088.00
Public Works	205,446.15		50,154.09	
Public Safety	1,356.18			
Culture & Recreation	<u>50,060.59</u>	<u>6,702.87</u>	<u>26,507.50</u>	<u>0.00</u>
Total Governmental Activities	402,247.33	11,115.87	79,061.59	164,088.00
<b>Business Activities</b>				
Garbage	139,699.36	139,992.43		
Water	131,459.50	203,688.56		843,000.00
Wastewater	<u>84,186.91</u>	<u>71,478.71</u>	<u>0.00</u>	<u>0.00</u>
Total Business Activities	<u>355,345.77</u>	<u>415,159.70</u>	<u>0.00</u>	<u>843,000.00</u>
<b>Total</b>	<u>757,593.10</u>	<u>426,275.57</u>	<u>79,061.59</u>	<u>1,007,088.00</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Auto taxes

Franchise taxes

Cigarette taxes

Sales tax

Miscellaneous

Investment earnings

Loan forgiveness

Transfers

    Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and <u>Changes in Net Position</u>		
Governmental <u>Activities</u>	Business <u>Activities</u>	<u>Total</u>
25,516.59		25,516.59
(155,292.06)		(155,292.06)
(1,356.18)		(1,356.18)
<u>(16,850.22)</u>		<u>(16,850.22)</u>
(147,981.87)		(147,981.87)
	293.07	293.07
	915,229.06	915,229.06
	<u>(12,708.20)</u>	<u>(12,708.20)</u>
	<u>902,813.93</u>	<u>902,813.93</u>
(147,981.87)	902,813.93	754,832.06
111,381.00		111,381.00
16,602.86		16,602.86
10,005.22		10,005.22
1,216.03		1,216.03
146,431.49		146,431.49
22,454.13		22,454.13
607.17	89.18	696.35
0.00	569,900.00	569,900.00
<u>51,288.00</u>	<u>(51,288.00)</u>	<u>0.00</u>
<u>359,985.90</u>	<u>518,701.18</u>	<u>878,687.08</u>
212,004.03	1,421,515.11	1,633,519.14
<u>796,092.85</u>	<u>1,842,491.52</u>	<u>2,638,584.37</u>
<u>1,008,096.88</u>	<u>3,264,006.63</u>	<u>4,272,103.51</u>



TOWN OF FLAGLER, COLORADO  
Balance Sheet  
Governmental Funds  
December 31, 2016

	General Fund	Conservation Trust Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	28,036.71	23,152.75	51,189.46
Accounts receivable	34,641.79	0.00	34,641.79
Accrued taxes receivable	<u>114,601.00</u>	<u>0.00</u>	<u>114,601.00</u>
Total Assets	<u>177,279.50</u>	<u>23,152.75</u>	<u>200,432.25</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	18,034.81	0.00	18,034.81
Deferred property taxes receivable	<u>114,601.00</u>	<u>0.00</u>	<u>114,601.00</u>
Total Liabilities	132,635.81	0.00	132,635.81
<b>Fund Balances</b>			
Restricted for TABOR	13,103.39	0.00	13,103.39
Restricted for Recreation	0.00	23,152.75	23,152.75
Unrestricted	<u>31,540.30</u>	<u>0.00</u>	<u>31,540.30</u>
Total Fund Balances	<u>44,643.69</u>	<u>23,152.75</u>	<u>67,796.44</u>
 Total Liabilities and Fund Balances	 <u>177,279.50</u>	 <u>23,152.75</u>	 <u>200,432.25</u>

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
December 31, 2016

Total Governmental Fund Balances 67,796.44

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

    Capital assets used in governmental activities are not  
    financial resources and therefore are not reported in the funds 940,300.44

Net Position of Governmental Activities 1,008,096.88

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2016

	<u>General</u>	Conservation <u>Trust</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>			
Taxes	274,415.35	0.00	274,415.35
Licenses & Permits	613.00	0.00	613.00
Intergovernmental	61,375.34	6,288.32	67,663.66
Charges For Service	6,702.87	0.00	6,702.87
Interest	596.36	10.81	607.17
Miscellaneous	<u>212,961.31</u>	<u>0.00</u>	<u>212,961.31</u>
Total Revenues	556,664.23	6,299.13	562,963.36
 <b>EXPENDITURES</b>			
Current			
General government	522,186.53	0.00	522,186.53
Operations & Maintenance	180,007.15	0.00	180,007.15
Parks & recreation	43,248.11	3,000.00	46,248.11
Library	11,836.53	0.00	11,836.53
Capital Outlay	<u>1,975.00</u>	<u>0.00</u>	<u>1,975.00</u>
Total Expenditures	<u>759,253.32</u>	<u>3,000.00</u>	<u>762,253.32</u>
Revenues over (under) Expenditures	(202,589.09)	3,299.13	(199,289.96)
Other Financing Sources (Uses)	<u>51,288.00</u>	<u>0.00</u>	<u>51,288.00</u>
Operating Transfers In (Out)			
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(151,301.09)	3,299.13	(148,001.96)
Fund Balance - Beginning	<u>195,944.78</u>	<u>19,853.62</u>	<u>215,798.40</u>
Fund Balance - Ending	<u>44,643.69</u>	<u>23,152.75</u>	<u>67,796.44</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	(148,001.96)
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	402,871.99	
Depreciation expense	<u>(42,866.00)</u>	<u>360,005.99</u>
 Change in net position of government activities		 <u>212,004.03</u>

TOWN OF FLAGLER, COLORADO  
Statement of Net Position  
Proprietary Funds  
For the Year Ended December 31, 2016

ASSETS	Garbage	Water	Wastewater	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Current Assets				
Cash and cash equivalents	752.35	134,027.81	45,466.61	180,246.77
Certificates of deposit	0.00	6,984.60	0.00	6,984.60
Due From other Funds	0.00	0.00	29,273.17	29,273.17
Accounts receivable	<u>19,206.94</u>	<u>11,236.71</u>	<u>6,103.75</u>	<u>36,547.40</u>
Total Current Assets	19,959.29	152,249.12	80,843.53	253,051.94
Capital Assets				
Land	0.00	184,548.00	10,314.00	194,862.00
Buildings & improvements	21,698.00	82,296.09	28,597.31	132,591.40
System	0.00	2,870,937.36	1,027,339.66	3,898,277.02
Equipment	395,880.33	61,745.52	71,421.79	529,047.64
Accumulated depreciation	<u>(184,610.00)</u>	<u>(683,747.00)</u>	<u>(448,233.00)</u>	<u>(1,316,590.00)</u>
Net Capital Assets	<u>232,968.33</u>	<u>2,515,779.97</u>	<u>689,439.76</u>	<u>3,438,188.06</u>
 TOTAL ASSETS	 252,927.62	 2,668,029.09	 770,283.29	 3,691,240.00
 LIABILITIES				
Current Liabilities				
Accounts payable	25,607.68	7,034.18	1,742.39	34,384.25
Meter deposits	0.00	4,585.80	0.00	4,585.80
Due to Other Funds	0.00	29,273.17	0.00	29,273.17
Current portion of long-term	<u>40,957.98</u>	<u>26,842.20</u>	<u>0.00</u>	<u>67,800.18</u>
Total Current Liabilities	66,565.66	67,735.35	1,742.39	136,043.40
Long-Term Liabilities				
Leases payable	<u>132,646.93</u>	<u>158,543.04</u>	<u>0.00</u>	<u>291,189.97</u>
 TOTAL LIABILITIES	 199,212.59	 226,278.39	 1,742.39	 427,233.37
 NET POSITION				
Investment in capital assets	59,363.42	2,330,394.73	689,439.76	3,079,197.91
Unrestricted	<u>(5,648.39)</u>	<u>111,355.97</u>	<u>79,101.14</u>	<u>184,808.72</u>
Total Net Position	<u>53,715.03</u>	<u>2,441,750.70</u>	<u>768,540.90</u>	<u>3,264,006.63</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2016

	Garbage <u>Fund</u>	Water <u>Fund</u>	Wastewater <u>Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	137,666.12	160,675.32	71,478.71	369,820.15
Other revenue	<u>2,326.31</u>	<u>21,262.74</u>	<u>0.00</u>	<u>23,589.05</u>
Total Operating Revenues	139,992.43	181,938.06	71,478.71	393,409.20
<b>OPERATING EXPENSES</b>				
Salaries	41,684.24	14,042.09	26,186.63	81,912.96
Payroll taxes	4,072.21	1,161.60	1,074.60	6,308.41
Employee benefits	9,522.09	183.89	410.43	10,116.41
Maintenance	49,741.39	39,986.58	4,513.91	94,241.88
Utilities	0.00	16,016.67	18,237.27	34,253.94
Tipping fees	23,875.26	0.00	0.00	23,875.26
Testing	0.00	3,183.90	2,314.25	5,498.15
Fuel	0.00	496.89	205.82	702.71
Permits & fees	0.00	0.00	1,025.00	1,025.00
Depreciation	<u>10,184.00</u>	<u>50,053.00</u>	<u>30,219.00</u>	<u>90,456.00</u>
Total Operating Expenses	<u>139,079.19</u>	<u>125,124.62</u>	<u>84,186.91</u>	<u>348,390.72</u>
<b>OPERATING INCOME</b>				
(LOSS)	913.24	56,813.44	(12,708.20)	45,018.48
<b>NONOPERATING INCOME (EXPENSES)</b>				
Farm lease	0.00	21,750.50	0.00	21,750.50
Grant Income	0.00	843,000.00	0.00	843,000.00
Forgiveness of debt	0.00	569,900.00	0.00	569,900.00
Operating Transfers	4,000.00	(70,830.00)	15,542.00	(51,288.00)
Interest income	0.00	76.82	12.36	89.18
Interest expense	<u>(620.17)</u>	<u>(6,334.88)</u>	<u>0.00</u>	<u>(6,955.05)</u>
Change in Net Position	4,293.07	1,414,375.88	2,846.16	1,421,515.11
Net Position - Beginning	<u>49,421.96</u>	<u>1,027,374.82</u>	<u>765,694.74</u>	<u>1,842,491.52</u>
Net Position - Ending	<u>53,715.03</u>	<u>2,441,750.70</u>	<u>768,540.90</u>	<u>3,264,006.63</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2016

	<u>Garbage Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	136,890.94	184,569.76	73,704.42	395,165.12
Receipts for hauling	0.00	0.00	0.00	0.00
Payments to suppliers	(57,534.79)	(197,898.84)	(27,011.62)	(282,445.25)
Payments for salaries and benefits	<u>(51,619.46)</u>	<u>(15,203.69)</u>	<u>(27,261.23)</u>	<u>(94,084.38)</u>
Net Cash Provided by Operating Activities	27,736.69	(28,532.77)	19,431.57	18,635.49
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(182,475.00)	(1,542,075.44)	(5,710.00)	(1,730,260.44)
Lease proceeds	162,475.00	0.00	0.00	162,475.00
Debt payments	(10,684.47)	(24,312.42)	0.00	(34,996.89)
Loan proceeds	0.00	843,000.00	0.00	843,000.00
Interest expense	<u>(620.17)</u>	<u>(6,334.88)</u>	<u>0.00</u>	<u>(6,955.05)</u>
Net Cash Provided by Capital Financing Activities	(31,304.64)	(729,722.74)	(5,710.00)	(766,737.38)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Due to/from	0.00	29,273.17	(29,273.17)	0.00
Transfers	4,000.00	(70,830.00)	15,542.00	(51,288.00)
Grants	0.00	843,000.00	0.00	843,000.00
Farm income (loss)	<u>0.00</u>	<u>21,750.50</u>	<u>0.00</u>	<u>21,750.50</u>
Net Cash Provided by Non-Capital Financing Activities	4,000.00	823,193.67	(13,731.17)	813,462.50
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	0.00	76.82	12.36	89.18
Changes in savings & CDs	<u>0.00</u>	<u>(34.91)</u>	<u>0.00</u>	<u>(34.91)</u>
Net Cash Provided by Investing Activities	<u>0.00</u>	<u>41.91</u>	<u>12.36</u>	<u>54.27</u>
Net increase (decrease) in cash	432.05	64,980.07	2.76	65,414.88
Cash Balance - Beginning of year	<u>320.70</u>	<u>69,047.74</u>	<u>45,463.85</u>	<u>114,832.29</u>
Cash Balance - End of year	<u>752.75</u>	<u>134,027.81</u>	<u>45,466.61</u>	<u>180,247.17</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operations</b>				
Operating income (loss)	913.24	56,813.44	(12,708.20)	45,018.48
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	10,184.00	50,053.00	30,219.00	90,456.00
(Increase) decrease in:				
Accounts receivable	(3,101.49)	2,631.70	2,225.71	1,755.92
(Decrease) increase in:				
Accounts payable	<u>19,740.94</u>	<u>(138,030.91)</u>	<u>(304.94)</u>	<u>(118,594.91)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>27,736.69</u>	<u>(28,532.77)</u>	<u>19,431.57</u>	<u>18,635.49</u>

See auditor's report and notes to the financial statements.



TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Flagler, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles.

A. Financial Reporting Entity

The Town is a political subdivision of the State of Colorado which is governed by an elected mayor and elected 6 member board of trustees. In determining how to define the reporting entity, management has considered all potential component units. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Town.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements include a statement of net assets and the statement of activities. These statements present summaries of governmental and business-type activities for the Town, accompanied by a total column. Governmental activities, which generally 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 given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Amounts recorded as program revenues include (1) charges to customers for goods or services (2) operating grants and contributions, and (3) capital grants and contributions.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The government-wide financial statements and proprietary funds are accounted for under economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual method of accounting, revenues are recognized in the period in which the liability is incurred.

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales and use tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources except those required to be in another fund.

Operating revenues for proprietary funds are those revenues that are a result of providing services to individuals and businesses that are serviced by the various Town proprietary funds. The Town also recognizes as operating revenues in Water and Sewer funds the tap fees intended to recover the cost of connecting new customers to the system.

All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The Town reports the following major proprietary funds:

The garbage, water, and wastewater accounts for activities of the Town's distribution and collection operations.

## C. Assets, Liabilities and Net Assets or Equity

### 1. Cash and Cash Equivalents

For purposes of the statement of cash flow, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

2. Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable balances are recorded on the statement of net position, net of allowance for uncollectible accounts of \$19,207 in the Garbage Fund, \$11,237 in the Water Fund, and \$6,104 in the Wastewater Fund.

The Town uses a bad debt allowance that are not limited to a specific percent of receivables, but are reviewed annually to determine their adequacy. Actual bad debts are low due to continued review.

3. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between funds for goods provided or services rendered. These receivable and payables are classified as “due to/due from other funds” on the balance sheet for governmental funds and on the statement of position for the proprietary funds when they are expected to be liquidated within one year.

Through the budgetary process, the Town budgets transfers between funds. The amounts are for funding purposes per the budget.

4. Property taxes

Taxes are levied by December 15, tax bills are mailed January 1 of the following year, creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, the second by June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November.

5. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method in proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased.

6. Prepaid Items

Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,500 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 fixed assets are recorded at their estimated fair value at the date of donation.

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

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.

Property, plant and equipment are depreciated in the proprietary funds using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Improvements	20-30
Buildings	10-50
Equipment	5-20
Vehicles	5-10

General infrastructure assets acquired prior to January 1, 2001 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2001.

#### 8. Compensated Absences

The Town does not provide for any compensated absences other than vacation for the current year. No liability deemed necessary.

#### 9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

11. Encumbrances

Encumbrance accounting where purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation is not utilized by the Town.

12. Net Position/Fund Balance

In the government-wide and proprietary fund financial statements, net position is classified in the following categories;

Invested in Capital Assets – this category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – indicates that portion of net assets which has been legally segregated for specific purposes or is not available for appropriation

Unrestricted Net Assets – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories;

Nonspendable – amounts that cannot be spent because they are either in not spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be only used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

Assigned – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Town Clerk to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - amounts that are available for any purpose. These amounts are reported only in the General Fund.

The Town Board is the sole authority with the ability to commit funds for specific purposes. Committed funds cannot be used for any other purposes unless the Town Board uses the same action that it took to originally commit the amounts.

## (2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25 the County Assessor forwards certification of assessed valuation to the Town.

On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year.

The budget officer shall prepare and submit to the Board of Trustees a proposed budget by October 15. Upon receipt of the proposed budget, the Board of Trustees shall publish a notice showing the proposed budget is open for inspection by the public and the date the Board will consider adoption of such proposed budget.

By December 15, the Board of Trustees certifies to County Commissioners the mill levy against the assessed valuation.

Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days.

Expenditures may not legally exceed budgeted appropriations at the fund level.

- a. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment’s language in order to determine its compliance.
- b. No budget was prepared for the Conservation Trust Fund. This may be a violation of the State Budget Laws.
- c. The unrestricted net position of the Garbage Proprietary Fund is a deficit.

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commission for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk - the risk that, in the event of bank failure, the Town's deposit may not be returned to it. The Town does not have a written deposit policy for custodial credit risk.

Deposits - all are in a single financial institution. They are displayed on the balance sheets as "Cash in Bank" and "Certificates of Deposit" and are carried at cost.

	<u>Bank</u>	<u>Carrying</u>
	<u>Balance</u>	<u>Balance</u>
Insured (FDIC)	\$246,304	\$236,969
With County Treasurer		<u>1,452</u>
Total Cash		\$238,421
Shown as CD		<u>(6,985)</u>
Net cash		<u>\$231,436</u>

- B. Accrued Property Taxes Receivable - the amount of current year property taxes which are due January 1 of the following year. There is an offsetting amount of deferred property tax revenue. This amount has not been included in the revenues of the current year.

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2015  
(Continued)

C. Changes in General Fixed Assets - a summary of changes in the general fixed assets follows:

Governmental Activities

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Land	75,489	-0-	-0-	75,489
Buildings	174,557	402,871	-0-	577,429
Infrastructure	218,908	-0-	-0-	218,908
Improvements Other Than Buildings	96,535	-0-	-0-	96,535
Equipment	343,013	-0-	-0-	343,013
Vehicles	<u>61,745</u>	<u>-0-</u>	<u>-0-</u>	<u>61,745</u>
Total	970,247	402,871	-0-	1,373,118

Less Accumulated Depreciation

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Land	-0-	-0-	-0-	-0-
Buildings	50,175	4,406	-0-	54,581
Infrastructure	59,372	5,478	-0-	64,850
Improvements Other Than Buildings	61,180	3,359	-0-	64,539
Equipment	186,744	23,833	-0-	210,577
Vehicles	<u>32,482</u>	<u>5,790</u>	<u>-0-</u>	<u>38,272</u>
Total	<u>389,953</u>	<u>42,866</u>	<u>-0-</u>	<u>432,819</u>

Government Activities

Net Capital Asset	<u>580,294</u>	<u>360,005</u>	<u>-0-</u>	<u>940,299</u>
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Depreciation has been allocated \$11,940 to general government, \$1,288 to public safety, \$23,464 to public works, and \$6,174 to culture & recreation.

Business-type Activities

Land	194,862	-0-	-0-	194,862
Assets under Construction	165,417	-0-	165,417	-0-
Buildings	103,994	-0-	-0-	103,994
Improvements	28,597	-0-	-0-	28,597
Sewer System	1,027,341	-0-	-0-	1,027,341
Water System	1,163,443	1,707,493	-0-	2,870,936
Equipment	167,951	5,710	-0-	173,661
Vehicles	<u>172,910</u>	<u>182,475</u>	<u>-0-</u>	<u>355,385</u>
Total	3,024,515	1,895,678	165,417	4,754,776

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

Less Accumulated Depreciation				
Land	-0-	-0-	-0-	-0-
Assets Under Construction	-0-	-0-	-0-	-0-
Buildings	87,922	729	-0-	88,651
Improvements	15,470	622	-0-	16,092
Sewer System	365,542	25,505	-0-	391,047
Water System	496,670	48,892	-0-	545,562
Equipment	134,681	5,136	-0-	139,817
Vehicles	<u>125,850</u>	<u>9,572</u>	<u>-0-</u>	<u>135,422</u>
Total	<u>1,226,135</u>	<u>90,456</u>	<u>-0-</u>	<u>1,316,591</u>
Business-type Activities				
Net Capital Asset	<u>1,798,380</u>	<u>1,805,222</u>	<u>(165,417)</u>	<u>3,438,185</u>

D. Changes in Long-Term Debt

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31</u>
Business Activities				
Loans Payable	801,413	162,475	604,898	358,990

In 2005, the Town entered into a loan agreement with the Colorado Department of Local Affairs for purchase of land with a water well to supplement the water system in the amount of \$300,000. The agreement is for 15 years at 5% with the first payment on September 1, 2006. Below is a schedule of payments.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	24,076	5,188	29,264
2018	25,279	3,985	29,264
2019	26,543	2,721	29,264
2020	<u>27,870</u>	<u>1,394</u>	<u>29,264</u>
Total	103,768	13,288	117,056

In 2013, the Town entered into a lease/purchase agreement with the Tax Exempt Leasing Corp for the purchase of a trash truck in the amount of \$42,035. The agreement calls for 16 payments of \$2,826 due quarterly with interest at 3.49%.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	11,130	242	11,372

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

In 2015 the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority in the amount of \$190,100. That loan was forgiven at the time of execution. This amount was recorded as revenue.

Also in 2015, the Town entered into another loan with Colorado Water Resources and Power Development Authority in the amount of \$652,900 at 0% interest. The agreement calls for forgiveness in the amount of \$569,900 as of January 26, 2016, leaving a balance of \$83,000.

<u>Year</u>	<u>Principal</u>
2017	2,767
2018	2,766
2019	2,767
2020	2,767
2021	2,767
2022-2026	13,833
2027-2031	13,833
2032-2036	13,833
2037-2041	13,833
2042-2046	<u>12,451</u>
Total	81,617

In 2016 the Town entered into a lease/purchase agreement with Mercedes-Benze Financial Services for the purchase of a trash truck in the amount of \$162,475. The agreement calls for 20 payments of \$9,053 due quarterly with interest at 4.22%.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	29,828	6,382	36,210
2018	31,106	5,105	36,211
2019	32,438	3,773	36,211
2020	33,827	2,383	36,210
2021	<u>35,276</u>	<u>935</u>	<u>36,211</u>
Total	162,475	18,578	181,053

Total long term debt requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	67,800	11,813	79,613
2018	59,152	9,090	68,241
2019	61,748	6,493	68,241
2020	64,464	3,778	68,241
2021	38,043	934	38,977
2022-2026	13,833	-0-	13,833
2027-2031	13,833	-0-	13,833
2032-2036	13,833	-0-	13,833
2037-2041	13,833	-0-	13,833
2042-2046	<u>11,067</u>	<u>-0-</u>	<u>11,067</u>
Total	357,607	32,107	389,714

TOWN OF FLAGLER, COLORADO  
Notes to Financial Statements  
December 31, 2016  
(Continued)

(4) OTHER INFORMATION

- A. Pension Plan - the employees of the Town are covered under the Social Security system.

In 1994, the Town instituted pension benefits for all its full-time employees through Principal Mutual Life Insurance Co., a defined contribution plan. All full-time employees who are 21 years of age and older are eligible to participate after one year of service. Participants are fully vested after 3 years of service. The Town is required to contribute 3% of the base wage of all full-time employees.

The payroll for employees covered by the defined contribution plan was \$80,772, and the total payroll was \$186,595. The required contribution by the Town was \$2,423

- B. The Town is exposed to various risks of loss related to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks including workers' compensation, employee unemployment, and employee health and accident. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FLAGLER, COLORADO  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2016

REVENUES	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Taxes	293,141.00	293,141.00	274,415.35	(18,725.65)
Licenses & Permits	1,000.00	1,000.00	613.00	(387.00)
Intergovernmental	66,744.00	66,744.00	61,375.34	(5,368.66)
Charges For Service	10,500.00	10,500.00	6,702.87	(3,797.13)
Interest	500.00	500.00	596.36	96.36
Miscellaneous	<u>436,770.00</u>	<u>436,770.00</u>	<u>212,961.31</u>	<u>(223,808.69)</u>
TOTAL REVENUES	808,655.00	808,655.00	556,664.23	(251,990.77)
EXPENDITURES				
General government	591,463.00	591,463.00	522,186.53	69,276.47
Operations & Maintenance	201,622.00	201,622.00	181,982.15	19,639.85
Parks & recreation	42,800.00	42,800.00	43,248.11	(448.11)
Library	<u>12,270.00</u>	<u>12,270.00</u>	<u>11,836.53</u>	<u>433.47</u>
TOTAL EXPENDITURES	<u>848,155.00</u>	<u>848,155.00</u>	<u>759,253.32</u>	<u>88,901.68</u>
Revenues over (under) Expenditures	(39,500.00)	(39,500.00)	(202,589.09)	(163,089.09)
Other Financing Sources (Uses)				
Operating Transfers In (Out)	39,500	39,500	51,288	11,788
Fund Balance - Beginning	<u>0.00</u>	<u>0.00</u>	<u>195,944.78</u>	<u>195,944.78</u>
Fund Balance - Ending	<u>0.00</u>	<u>0.00</u>	<u>44,643.69</u>	<u>44,643.69</u>

## SUPPLEMENTARY INFORMATION



## GENERAL FUND

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting for the Town's ordinary operations financed primarily from taxes. It is the most significant fund in relation to the Town's overall operation.

TOWN OF FLAGLER, COLORADO  
 General Fund  
 Comparative Balance Sheet  
 At December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>ASSETS</b>			
Cash			
In Bank	26,584.89	20,046.16	6,538.73
With County Treasurer	<u>1,451.82</u>	<u>1,525.97</u>	<u>(74.15)</u>
Total Cash	28,036.71	12,553.97	6,464.58
 Certificates of Deposit	 0.00	 155,019.46	 (155,019.46)
 Accounts Receivable	 34,641.79	 30,236.71	 4,405.08
 Accrued Property Tax Receivable	 <u>114,601.00</u>	 <u>112,641.00</u>	 <u>1,960.00</u>
 Total Assets	 <u>177,279.50</u>	 <u>319,469.30</u>	 <u>(142,189.80)</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	18,034.81	10,883.52	7,151.29
 Deferred Inflows of Resources			
Deferred Property Tax Revenue	114,601.00	112,641.00	1,960.00
 Fund Balance			
Restricted for TABOR	13,103.39	12,161.58	941.81
Unassigned	<u>31,540.30</u>	<u>183,783.20</u>	<u>(152,242.90)</u>
 Total Fund Balance	 <u>44,643.69</u>	 <u>195,944.78</u>	 <u>(151,301.09)</u>
 Total Liabilities, Deferred Inflows and Fund Balance	 <u>177,279.50</u>	 <u>319,469.30</u>	 <u>(142,189.80)</u>

TOWN OF FLAGLER, COLORADO  
 General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended December 31, 2016  
 With Comparative Actual Amounts for the Year Ended December 31, 2015

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Taxes				
Property	112,641.00	111,381.00	(1,260.00)	109,327.77
Auto	15,500.00	16,602.86	1,102.86	18,293.81
Sales	<u>165,000.00</u>	<u>146,431.49</u>	<u>(18,568.51)</u>	<u>154,550.26</u>
Total Taxes	293,141.00	274,415.35	(18,725.65)	282,171.84
Intergovernmental				
Cigarette	1,000.00	1,216.03	216.03	1,151.65
Franchise	13,250.00	10,005.22	(3,244.78)	12,292.19
Highway Users Tax	36,494.00	36,531.05	37.05	36,523.45
Road & Bridge	<u>16,000.00</u>	<u>13,623.04</u>	<u>(2,376.96)</u>	<u>14,156.20</u>
Total Intergovernmental	66,744.00	61,375.34	(5,368.66)	64,123.49
Charges for Service				
Participant Recreation	10,500.00	6,702.87	(3,797.13)	7,468.26
Licenses & Permits	1,000.00	613.00	(387.00)	525.00
Interest	500.00	596.36	96.36	531.56
Sale of Assets	0.00	0.00	0.00	17,950.00
Other				
Library	2,200.00	1,460.00	(740.00)	1,550.00
Grants & Donations	414,870.00	185,247.18	(229,622.82)	17,988.52
Miscellaneous	<u>19,700.00</u>	<u>26,254.13</u>	<u>6,554.13</u>	<u>27,147.49</u>
Total Other Revenues	<u>436,770.00</u>	<u>212,961.31</u>	<u>(223,808.69)</u>	<u>46,686.01</u>
Total Revenues	808,655.00	556,664.23	(251,990.77)	419,456.16
Expenditures	<u>848,155.00</u>	<u>759,253.32</u>	<u>88,901.68</u>	<u>412,796.16</u>
Excess of Revenues over (under) Expenditures	(39,500.00)	(202,589.09)	(163,089.09)	6,660.00
Other Financing Sources (Uses) Operating Transfers In (Out)	<u>39,500.00</u>	<u>51,288.00</u>	<u>11,788.00</u>	<u>0.00</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	0.00	(151,301.09)	(151,301.09)	6,660.00
Fund Balance - Beginning	<u>0.00</u>	<u>195,944.78</u>	<u>195,944.78</u>	<u>189,284.78</u>
Fund Balance - Ending	<u>0.00</u>	<u>44,643.69</u>	<u>44,643.69</u>	<u>195,944.78</u>

TOWN OF FLAGLER, COLORADO  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended December 31, 2016  
 With Comparative Actual Amounts for the Year Ended December 31, 2015

GENERAL GOVERNMENT			Variance Favorable (Unfavorable)	Actual Prior Year
Current	<u>Budget</u>	<u>Actual</u>		
Clerk & Assistant Salary	31,688.00	28,087.94	3,600.06	32,880.63
County Treasurer Fee	2,600.00	2,500.07	99.93	2,469.70
Telephone	5,000.00	4,161.99	838.01	4,933.90
Auditing & Legal	7,000.00	4,133.05	2,866.95	6,144.07
Insurance	22,000.00	22,338.00	(338.00)	21,984.00
Employee Insurance	13,899.00	23,179.21	(9,280.21)	22,222.28
Taxes, Payroll & Other	4,500.00	5,345.42	(845.42)	3,966.66
Other Employee Benefits	1,561.00	125.73	1,435.27	368.49
Election Expense	1,000.00	8.74	991.26	0.00
Office Supplies	8,000.00	11,026.78	(3,026.78)	14,856.08
Sign Expense	1,100.00	1,235.98	(135.98)	1,157.83
Municipal Building Utilities	5,500.00	4,390.41	1,109.59	4,604.03
Municipal Building Maintenance	1,000.00	2,278.87	(1,278.87)	2,947.78
Dues	1,800.00	1,164.00	636.00	1,550.00
Medical Clinic	5,000.00	5,513.93	(513.93)	8,236.15
Publications	2,500.00	971.29	1,528.71	2,023.41
Town Hall Expenses	448,870.00	402,871.99	45,998.01	0.00
Miscellaneous	3,000.00	2,853.13	146.87	2,939.56
Capital Outlay	0.00	0.00	0.00	343.83
Appropriated Reserve	<u>25,445.00</u>	<u>0.00</u>	<u>25,445.00</u>	<u>0.00</u>
Total General Government	591,463.00	522,186.53	69,276.47	133,628.40
OPERATIONS & MAINTENANCE				
Current				
Street Salaries	53,060.00	50,034.65	3,025.35	50,744.12
Payroll Taxes	5,000.00	5,722.19	(722.19)	4,858.95
Employee Insurance	7,378.00	9,777.70	(2,399.70)	5,633.58
Other Employee Benefits	4,908.00	3,268.31	1,639.69	3,493.40
Street Maintenance	80,776.00	61,642.58	19,133.42	59,708.17
Equipment Repairs	15,000.00	22,931.64	(7,931.64)	22,407.97
Shop Maintenance	5,500.00	8,102.08	(2,602.08)	5,516.80
Street Light Electricity	18,000.00	18,528.00	(528.00)	17,493.25
Debt Service	0.00	0.00	0.00	0.00
Capital Outlay	<u>12,000.00</u>	<u>1,975.00</u>	<u>10,025.00</u>	<u>59,822.83</u>
Total Operations & Maintenance	201,622.00	181,982.15	19,639.85	229,679.07

TOWN OF FLAGLER, COLORADO  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Year Ended December 31, 2016  
 With Comparative Actual Amounts for the Year Ended December 31, 2015  
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
CULTURE, RECREATION AND AUXILIARY SERVICES				
Current				
Pool Salaries	3,000.00	13,060.76	(10,060.76)	91.80
Pool Expenses	13,000.00	1,137.29	11,862.71	13,383.27
Participant Recreation	5,000.00	5,442.17	(442.17)	2,695.71
Park Salaries	8,000.00	8,045.20	(45.20)	7,324.30
Payroll Taxes	300.00	575.28	(275.28)	0.00
Other Employee Benefits	500.00	476.58	23.42	504.30
Park Maintenance	8,000.00	13,168.74	(5,168.74)	12,664.10
Utilities	1,500.00	1,342.09	157.91	1,414.43
Library				
Telephone	1,200.00	1,156.09	43.91	1,084.75
Books	7,000.00	7,304.61	(304.61)	6,484.80
Summer Reading	1,000.00	160.75	839.25	906.34
Miscellaneous	3,070.00	3,215.08	(145.08)	2,934.89
Capital Outlay	<u>3,500.00</u>	<u>0.00</u>	<u>3,500.00</u>	<u>0.00</u>
Total Culture & Recreation	<u>55,070.00</u>	<u>55,084.64</u>	<u>(14.64)</u>	<u>49,488.69</u>
 TOTAL EXPENDITURES	 <u>848,155.00</u>	 <u>759,253.32</u>	 <u>88,901.68</u>	 <u>412,796.16</u>



## SPECIAL REVENUE FUND

Conservation Trust Fund - to account for lottery funds from the state which are to be expended for recreational purposes.

TOWN OF FLAGLER, COLORADO  
 Conservation Trust Special Revenue Fund  
 Comparative Balance Sheet  
 At December 31, 2016

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Cash In Bank	<u>23,152.75</u>	<u>19,853.62</u>	<u>3,299.13</u>
FUND BALANCE - Restricted	<u>23,152.75</u>	<u>19,853.62</u>	<u>3,299.13</u>

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended December 31, 2016  
 With Comparative Actual Amounts for the Year Ended December 31, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Lottery Receipts	0.00	6,288.32	6,288.32	5,426.68
Investment Interest	<u>0.00</u>	<u>10.81</u>	<u>10.81</u>	<u>8.32</u>
Total Revenues	0.00	6,299.13	6,299.13	5,435.00
<b>EXPENDITURES</b>				
Park Maintenance	0.00	3,000.00	(3,000.00)	0.00
Capital Outlay	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>3,000.00</u>	<u>(3,000.00)</u>	<u>0.00</u>
Excess of Revenues over (under) Expenditures	0.00	3,299.13	3,299.13	5,435.00
Fund Balance - Beginning	<u>0.00</u>	<u>19,853.62</u>	<u>19,853.62</u>	<u>14,418.62</u>
Fund Balance - Ending	<u>0.00</u>	<u>23,152.75</u>	<u>23,152.75</u>	<u>19,853.62</u>

See auditor's report and notes to the financial statements.



## PROPRIETARY FUNDS

Garbage Fund - to account for the trash collection services to residents of the Town. All activities necessary to provide such services are accounted for in this fund.

Water Fund - to account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund.

Wastewater Fund - to account for the provision of wastewater services to residents of the Town and some surrounding residents. All activities necessary to provide such services are accounted for in this fund.

TOWN OF FLAGLER, COLORADO  
 Garbage Proprietary Fund  
 Comparative Statement of Net Position  
 December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>ASSETS</b>			
Current Assets			
Cash	752.35	320.70	431.65
Accounts Receivable	<u>19,206.94</u>	<u>16,105.45</u>	<u>3,101.49</u>
Total Current Assets	19,959.29	16,426.15	3,533.14
Fixed Assets			
Building	21,698.00	21,698.00	0.00
Equipment	395,880.33	213,405.33	182,475.00
Less: Accumulated Depreciation	<u>(184,610.00)</u>	<u>(174,426.00)</u>	<u>(10,184.00)</u>
Net Fixed Assets	<u>232,968.33</u>	<u>60,677.33</u>	<u>172,291.00</u>
TOTAL ASSETS	252,927.62	77,103.48	175,824.14
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	25,607.68	5,866.74	19,740.94
Current Portion of Long Term	<u>40,959.98</u>	<u>10,684.87</u>	<u>30,275.11</u>
Total Current Liabilities	66,567.66	16,551.61	50,016.05
Long Term Liabilities			
Lease Payable	<u>132,644.93</u>	<u>11,129.91</u>	<u>121,515.02</u>
TOTAL LIABILITIES	199,212.59	27,681.52	171,531.07
<b>NET POSITION</b>			
Invested in capital assets	59,363.42	38,862.55	20,500.87
Unrestricted	<u>(5,648.39)</u>	<u>10,559.41</u>	<u>(16,207.80)</u>
TOTAL NET POSITION	<u>53,715.03</u>	<u>49,421.96</u>	<u>4,293.07</u>

TOWN OF FLAGLER, COLORADO  
 Garbage Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Budget (Non-GAAP) and Actual  
 For the Year Ended December 31, 2016  
 With Comparative Actual Amounts for the Year Ended December 31, 2015

	Budget (Non-GAAP)	Actual	Variance - Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Charges for Service	140,000.00	137,666.12	(2,333.88)	140,204.36
Hauling	9,250.00	0.00	(9,250.00)	10,809.30
Dumpster Lease	2,000.00	140.60	(1,859.40)	0.00
Lease Proceeds	0.00	182,475.00	182,475.00	0.00
Miscellaneous	<u>6,200.00</u>	<u>2,185.71</u>	<u>(4,014.29)</u>	<u>3,183.80</u>
Total Revenues	157,450.00	322,467.43	165,017.43	154,197.46
<b>EXPENDITURES</b>				
Salaries	34,807.00	41,684.24	(6,877.24)	59,691.56
Payroll Taxes	13,370.00	4,072.21	9,297.79	5,953.00
Employee Benefits	9,376.00	9,522.09	(146.09)	19,011.86
Maintenance	46,000.00	49,741.39	(3,741.39)	83,245.80
Tipping Fee	20,000.00	23,875.26	(3,875.26)	22,267.35
Debt Service	16,349.00	11,305.04	5,043.96	8,478.78
Capital Outlay	<u>20,000.00</u>	<u>182,475.00</u>	<u>(162,475.00)</u>	<u>0.00</u>
Total Expenditures	<u>159,902.00</u>	<u>322,675.23</u>	<u>(162,773.23)</u>	<u>198,648.35</u>
Excess of Revenues over (under) Expenditures	(2,452.00)	(207.80)	2,244.20	(44,450.89)
<b>Adjustments to Proprietary Fund Basis of Accounting</b>				
Capital Outlay	0.00	182,475.00	182,475.00	0.00
Lease Payments	0.00	10,684.87	10,684.87	7,706.25
Lease Proceeds	0.00	(182,475.00)	(182,475.00)	0.00
Operating Transfers In (Out)	0.00	4,000.00	4,000.00	0.00
Sale of Assets	2,500.00	0.00	(2,500.00)	0.00
Depreciation	<u>0.00</u>	<u>(10,184.00)</u>	<u>(10,184.00)</u>	<u>(10,185.00)</u>
Net Income (Loss) Proprietary Fund Basis of Accounting	48.00	4,293.07	4,245.07	(46,929.64)
Net Position - Beginning	<u>0.00</u>	<u>49,421.96</u>	<u>49,421.96</u>	<u>96,351.60</u>
Net Position - Ending	<u>48.00</u>	<u>53,715.03</u>	<u>53,667.03</u>	<u>49,421.96</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
Water Proprietary Fund  
Comparative Statement of Net Position  
December 31, 2016

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current Assets			
Cash In Bank	134,027.81	69,047.74	64,980.07
Certificate of Deposit	6,984.60	6,949.69	34.91
CWRPDA Restricted			
Cash	0.00	843,000.00	(843,000.00)
Accounts Receivable	<u>11,236.71</u>	<u>13,868.41</u>	<u>(2,631.70)</u>
Total Current Assets	152,249.12	932,865.84	(780,616.72)
Fixed Assets			
Land	184,548.00	184,548.00	0.00
Assets Under			
Construction	0.00	165,417.07	(165,417.07)
Buildings	82,296.09	82,296.09	0.00
Water System	2,870,937.36	1,163,444.85	1,707,492.51
Equipment	61,745.52	61,745.52	0.00
Less: Accumulated Depreciation	<u>(683,747.00)</u>	<u>(633,694.00)</u>	<u>(50,053.00)</u>
Net Fixed Assets	<u>2,515,779.97</u>	<u>1,023,757.53</u>	<u>1,492,022.44</u>
TOTAL ASSETS	2,668,029.09	1,956,623.37	711,405.72
LIABILITIES			
Current Liabilities			
Accounts Payable	7,034.18	145,065.09	(138,030.91)
Meter Deposits	4,585.80	4,585.80	0.00
Due to Waste Water	29,273.17	0.00	29,273.17
Current Portion of Long-Term	<u>26,842.20</u>	<u>24,312.42</u>	<u>2,529.78</u>
Total Current			
Liabilities	67,735.35	173,963.31	(106,227.96)
Long-Term Liabilities			
Loans Payable	<u>158,543.04</u>	<u>755,285.24</u>	<u>(596,742.20)</u>
TOTAL LIABILITIES	226,278.39	929,248.55	(702,970.16)
NET POSITION			
Invested in capital assets	2,330,394.73	244,159.87	2,086,234.86
Unrestricted	<u>111,355.97</u>	<u>783,214.95</u>	<u>(671,858.98)</u>
TOTAL NET POSITION	<u>2,441,750.70</u>	<u>1,027,374.82</u>	<u>1,414,375.88</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
 Water Proprietary Fund  
 Statement of Revenues, Expenses, and Changes in Net Position  
 Budget (Non-GAAP) and Actual  
 For the Year Ended December 31, 2016  
 With Comparative Actual Amounts for the Year Ended December 31, 2015

	Budget (Non-GAAP)	Actual	Variance - Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Charges for Service	140,000.00	159,975.32	19,975.32	123,830.16
Connect Fees	2,000.00	700.00	(1,300.00)	2,008.00
Interest	50.00	76.82	26.82	68.83
Other	10,000.00	12,614.55	2,614.55	8,422.26
Late Charges	<u>5,000.00</u>	<u>8,648.19</u>	<u>3,648.19</u>	<u>6,347.57</u>
Total Revenues	157,050.00	182,014.88	24,964.88	140,676.82
<b>EXPENDITURES</b>				
Salaries	14,466.00	14,042.09	423.91	7,834.39
Payroll Taxes	1,500.00	1,161.60	338.40	1,459.85
Employee Benefits	800.00	183.89	616.11	911.33
Maintenance	30,000.00	39,986.58	(9,986.58)	34,315.49
Utilities	18,000.00	16,016.67	1,983.33	14,691.94
Testing	2,000.00	3,183.90	(1,183.90)	3,321.68
Fuel	3,000.00	496.89	2,503.11	0.00
Interest Expense	0.00	6,334.88	(6,334.88)	7,426.74
Principal Payments	40,146.00	24,312.42	15,833.58	21,837.23
Capital Outlay	<u>1,686,000.00</u>	<u>1,542,075.44</u>	<u>143,924.56</u>	<u>165,417.07</u>
Total Expenditures	<u>1,795,912.00</u>	<u>1,647,794.36</u>	<u>148,117.64</u>	<u>257,215.72</u>
Income (Loss) Before Adjustment Below	(1,638,862.00)	(1,465,779.48)	173,082.52	(116,538.90)
<b>Adjustments to Proprietary Fund Basis of Accounting</b>				
Farm Lease	21,751.00	21,750.50	(0.50)	21,750.50
Farm Ground Expense	0.00	0.00	0.00	0.00
Grants/Donations	1,686,000.00	843,000.00	(843,000.00)	0.00
Transfer to General Fund	0.00	(70,830.00)	(70,830.00)	0.00
Debt Forgiveness	0.00	569,900.00	569,900.00	190,100.00
Depreciation	0.00	(50,053.00)	(50,053.00)	(40,190.00)
Capital Outlay	0.00	1,542,075.44	1,542,075.44	165,417.07
Principal Payment	<u>0.00</u>	<u>24,312.42</u>	<u>24,312.42</u>	<u>21,837.23</u>
Net Income Proprietary Fund Basis of Accounting	68,889.00	1,414,375.88	1,345,486.88	242,375.90
Net Position - Beginning	<u>0.00</u>	<u>1,027,374.82</u>	<u>1,027,374.82</u>	<u>784,998.92</u>
Net Position - Ending	<u>68,889.00</u>	<u>2,441,750.70</u>	<u>2,372,861.70</u>	<u>1,027,374.82</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
Wastewater Proprietary Fund  
Comparative Statement of Net Position  
December 31, 2016

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current Assets			
Cash in Bank	45,466.61	45,463.85	2.76
Accounts Receivable	6,103.75	0.00	6,103.75
Due From Water Fund	<u>29,273.17</u>	<u>8,329.46</u>	<u>20,943.71</u>
Total Current Assets	80,843.53	53,793.31	27,050.22
 Fixed Assets			
Land	10,314.00	10,314.00	0.00
Collection System	1,027,339.66	1,027,339.66	0.00
Improvements Other Than Buildings	28,597.31	28,597.31	0.00
Equipment	<u>71,421.79</u>	<u>65,711.79</u>	<u>5,710.00</u>
Total Fixed Assets	1,137,672.76	1,131,962.76	5,710.00
Less: Accumulated Depreciation	<u>(448,233.00)</u>	<u>(418,014.00)</u>	<u>(30,219.00)</u>
Net Fixed Assets	<u>689,439.76</u>	<u>713,948.76</u>	<u>(24,509.00)</u>
 TOTAL ASSETS	 770,283.29	 767,742.07	 2,541.22
 LIABILITIES			
Current Liabilities			
Accounts Payable	1,742.39	2,047.33	(304.94)
 NET POSITION			
Invested in capital assets	689,439.76	713,948.76	(24,509.00)
Unrestricted	<u>79,101.14</u>	<u>51,745.98</u>	<u>27,355.16</u>
 TOTAL NET POSITION	 <u>768,540.90</u>	 <u>765,694.74</u>	 <u>2,846.16</u>

See auditor's report and notes to the financial statements.

TOWN OF FLAGLER, COLORADO  
Wastewater Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
Budget (Non-GAAP) and Actual  
For The Year Ended December 31, 2016  
With Comparative Actual Amounts for the Year Ended December 31, 2015

	Budget (Non-GAAP)	Actual	Variance - Favorable (Unfavorable)	Actual Prior Year
<b>REVENUES</b>				
Charges for Service				
Sewer Charges	73,500.00	71,478.71	(2,021.29)	72,174.69
Miscellaneous	0.00	0.00	0.00	387.20
Interest Income	<u>50.00</u>	<u>12.36</u>	<u>(37.64)</u>	<u>12.33</u>
Total Revenues	73,550.00	71,491.07	(2,058.93)	72,574.22
<b>EXPENDITURES</b>				
Salaries	28,935.00	26,186.63	2,748.37	21,269.07
Payroll Taxes	1,200.00	1,074.60	125.40	1,074.60
Workers Compensation	500.00	410.43	89.57	473.10
Permits & Testing	4,500.00	3,339.25	1,160.75	4,316.75
Utilities	9,500.00	18,237.27	(8,737.27)	10,276.27
Repairs & Maintenance	18,650.00	4,222.41	14,427.59	11,870.22
Sludge Removal	1,065.00	0.00	1,065.00	0.00
Fuel	400.00	205.82	194.18	0.00
Miscellaneous	0.00	291.50	(291.50)	109.26
Capital Outlay	<u>9,000.00</u>	<u>5,710.00</u>	<u>3,290.00</u>	<u>22,384.00</u>
Total Expenditures	<u>73,750.00</u>	<u>59,677.91</u>	<u>14,072.09</u>	<u>71,773.27</u>
Income (Loss) Before Adjustment Below	(200.00)	11,813.16	12,013.16	800.95
<b>Adjustments to Proprietary Fund Basis of Accounting</b>				
Operating Transfers In (Out)	200.00	15,542.00	15,342.00	0.00
Depreciation	0.00	(30,219.00)	(30,219.00)	(28,394.00)
Capital Outlay	<u>0.00</u>	<u>5,710.00</u>	<u>5,710.00</u>	<u>22,384.00</u>
Net Income Proprietary Fund Basis of Accounting	0.00	2,846.16	2,846.16	(5,209.05)
Net Position - Beginning	<u>0.00</u>	<u>765,694.74</u>	<u>765,694.74</u>	<u>770,903.79</u>
Net Position - Ending	<u>0.00</u>	<u>768,540.90</u>	<u>768,540.90</u>	<u>765,694.74</u>

See auditor's report and notes to the financial statements.

## ADDITIONAL INFORMATION

## HIGHWAY USERS TAX REPORT

Calendar Year 2016

LOCAL HIGHWAY FINANCE REPORT

COUNTY/CITY:Flagler

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$	43,521.00
3. Other local imposts: <i>from A.3. Total below</i>	\$	105,226.00
4. Miscellaneous local receipts: <i>from A.4. Total below</i>	\$	0.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00
SubTotal:	\$	148,747.00
B. Private Contributions	\$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	75,000.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	30,226.00
5. Specific Ownership and/or Other:	\$	0.00
Total: <i>(a + b) carried to 'Other local imposts' above</i>	\$	105,226.00

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	0.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00
Total: <i>(a through h) carried to 'Misc local receipts' above</i>	\$	0.00

### C. Receipts from State Government

1. Highway User Taxes:	\$	36,531.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	0.00
d. Other:		
Comments: undefined	\$	0.00
e. Other:		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	<u>36,531.00</u>

### D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)	\$	<u>0.00</u>

## III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

### A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	39,079.00
2. Maintenance:	\$	121,960.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	0.00
c. Other:	\$	18,291.00
4. General administration & miscellaneous	\$	5,948.00
5. Highway law enforcement and safety	\$	0.00
Total: (A.1-5)	\$	<u>185,278.00</u>

**B. Debt service on local obligations**

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: (1+2)	\$	<u>0.00</u>

**C. Payments to State for Highways:** \$ 0.00

**D. Payments to Toll Facilities:** \$ 0.00

Total Disbursements: (A+B+C+D) \$ 185,278.00

**III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)**

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
<b>A.1. Capital Outlay</b>			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 39,079.00	\$ 0.00	\$ <u>39,079.00</u>
5. Total Construction:			\$ <u>39,079.00</u>
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ <u>39,079.00</u>

**IV. LOCAL HIGHWAY DEBT STATUS**

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
<b>A. Bonds (Total)</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00

B. Notes (Total):       \$                   0.00   \$                   0.00   \$                   0.00   \$                   0.00

V - LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$           0.00	\$    185,278.00	\$    185,278.00	\$           0.00	\$           0.00

Notes & Comments:  
undefined

Date Submitted: 07/17/2017