

TOWN OF FLAGLER, COLORADO

FINANCIAL STATEMENTS
December 31, 2020

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	i
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statements</i>	
Statement of Net position	5
Statement of Activities	6
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Fund Net Position- Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Financial Statements	12
Required Supplementary - Information	
Budgetary Comparison – General Fund	23
Other Supplemental Information	
Budgetary Comparison – Conservation Trust Fund	24
Budgetary Comparison – Garbage Fund	25
Budgetary Comparison – Water Fund	26
Budgetary Comparison – Wastewater Fund	27
Special Reports	
Local Highway Finance Report	28

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Flagler, Colorado

We have audited the accompanying financial statements of the governmental activities, business activities and each major fund of the Town of Flagler, Colorado as of and for the year ended December 31, 2020, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 of 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, business activities, and each major fund of the Town of Flagler, Colorado, as of December 31, 2020, 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.

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Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule General Fund, as 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 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.

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 as a whole. The Other Supplemental Information and the Local Highway Finance Report as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in black ink that reads "Gurn + Associates LLC". The signature is written in a cursive, flowing style.

Longmont, Colorado
August 9, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Flagler (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of 2020 by \$4,810,433 (*net position*). Of this amount, \$928,970 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$186,349.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$241,392.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. During the year the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. All of the funds

of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The governmental funds statements provide a detailed short-term view of governmental fund operations and the basic services it provides. These statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities reported in the statement of net position and the statement of activities and governmental funds are described in the accompanying reconciliations.

Proprietary funds. The Town uses enterprise funds to account for its garbage, water and sewer operations.

The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operating of the Town are included in the statement of net position.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the Town's combining financial statements for non-major funds, the budget comparison statements for non-major and enterprise funds.

This foregoing information is a summary of the financial information contained in the Town's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 5.

Discussion of Financial Position and Operating Activities Net position at the end of December 2020 was \$1,440,862 for the governmental activities, \$3,369,571 for the business-type activities and \$4,810,433 for the primary government. This increase is from revenues that exceeded expenses by \$186,349 for the primary government. The primary driver of the change was increased revenues from the proprietary funds, and cost reduction efforts relating to operations.

The restricted portion of net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2020	2019	2020	2019	2020	2018
Current and Other Assets	\$ 445,418	\$ 440,361	\$ 697,800	\$ 478,217	\$ 1,143,218	\$ 918,578
Capital Assets	1,138,413	1,106,669	2,794,833	2,954,291	3,933,246	4,060,960
Total Assets	<u>1,583,831</u>	<u>1,547,030</u>	<u>3,492,633</u>	<u>3,432,508</u>	<u>5,076,464</u>	<u>4,979,538</u>
Current Liabilities	13,738	45,221	55,279	77,025	69,017	122,246
Long Term Liabilities	-	-	67,783	105,826	67,783	105,826
Total Liabilities	<u>13,738</u>	<u>45,221</u>	<u>123,062</u>	<u>182,851</u>	<u>136,800</u>	<u>228,072</u>
Deferred Inflows of Resources	<u>129,231</u>	<u>127,382</u>	<u>-</u>	<u>-</u>	<u>129,231</u>	<u>127,382</u>
Net Position						
Net investment in capital assets	1,138,413	1,106,669	2,689,007	2,784,001	3,827,420	3,890,670
Restricted	54,043	54,785	-	-	54,043	54,785
Unrestricted	248,406	212,973	680,564	465,656	928,970	678,629
Total Net Position	<u>\$ 1,440,862</u>	<u>\$ 1,374,427</u>	<u>\$ 3,369,571</u>	<u>\$ 3,249,657</u>	<u>\$ 4,810,433</u>	<u>\$ 4,624,084</u>

Condensed Statement of Activities

Statement of Activities	Governmental Activities		Business-type Activities		Primary Government	
	2020	2019	2020	2019	2020	2018
Program Expenses	\$ 413,613	\$ 490,328	\$ 502,361	\$ 467,713	\$ 915,974	\$ 958,041
Program Revenues	17,868	195,981	566,585	500,536	584,453	696,517
Net Program Expense	<u>395,745</u>	<u>294,347</u>	<u>(64,224)</u>	<u>(32,823)</u>	<u>331,521</u>	<u>261,524</u>
General Revenues and Transfers	462,190	489,980	55,690	23,110	517,880	513,090
Change in Net Position	<u>66,445</u>	<u>195,633</u>	<u>119,914</u>	<u>55,933</u>	<u>186,359</u>	<u>251,566</u>
Net Position, Beginning of Year	1,374,427	1,178,794	3,249,657	3,193,724	4,624,084	4,372,518
Net Position, End of Year	<u>\$ 1,440,872</u>	<u>\$ 1,374,427</u>	<u>\$ 3,369,571</u>	<u>\$ 3,249,657</u>	<u>\$ 4,810,443</u>	<u>\$ 4,624,084</u>

The Town restricted three percent (3%) of its general revenues for emergencies in accordance with TABOR requirements. The Town had a TABOR reserve of \$15,155 at December 31, 2020. The Town's total assets are comprised primarily cash and equivalents, receivables for utility services and tax revenues, investments and long-term capital assets. The Town's total liabilities are comprised primarily of accounts payable relating to ongoing operations, long-term debt and pension related liabilities.

In 2020, program expenses exceeded program revenues by \$331,521 for the primary government. This was offset by net general revenues of \$517,870, which resulted in an overall increase in net position. See page 6 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

Governmental Funds

The General Fund balance increased from \$233,090 in 2019 to \$263,561 in 2020. The primary reason for these changes were grants and other increased revenues. The fund balance includes \$15,155 of restricted amounts. The assets and liabilities are comprised primarily of cash and

receivables to be collected in 2020. As of December 31, 2020, the Town's combined fund balance for all governmental funds was \$360,029.

General Fund Budgetary Discussion

Actual revenues for 2020 were \$319,502 less than budgeted. Actual expenditures for 2020 were \$349,973 less than budgeted. The general fund budget was not amended in 2020.

Proprietary Fund

The Water Fund balance increased by \$144,067. The assets and liabilities are comprised primarily of cash; water accounts receivable and capital assets. Actual revenues for 2020 were \$71,365 more than the budgeted amount. Actual expenditures for 2020 were \$132,699 less than the budgeted amount.

The Wastewater Fund balance decreased by \$24,153 in 2020. The assets and liabilities are comprised primarily of cash, sewer accounts receivable and capital assets. Actual revenues for 2020 were \$10,457 less than the budgeted amount. Actual expenditures for 2020 were \$15,286 less than the budgeted amount due to lower than expected grant revenue and related spending.

The Garbage Fund balance increased by \$0. The assets and liabilities are comprised primarily of cash; accounts receivable and capital assets. Actual revenues for 2020 were \$14,703 more than the budgeted amount. Actual expenditures for 2020 were \$8,688 more than the budgeted amount

Capital Assets and Long-term Obligations

Capital Assets. At the end of 2020 the Town had \$3,933,246 invested in a broad range of capital assets including major infrastructure such as buildings, roads, bridges, storm water drainage, parks and recreation facilities and water lines and distribution systems. More detailed information on the Town's capital assets is presented in detail in the notes to the financial statements.

Long-term Debt. The only changes to long-term debt was the scheduled payment of principal.

ECONOMIC FACTORS AND BUDGET OVERVIEW

The Town is expecting a slight increase in sales taxes in the upcoming year. Property taxes are expected to be slightly higher as well. There was no change in rates for the proprietary funds expected in the upcoming year.

Contacting the Town

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Flagler, 311 Main Ave, Flagler, CO 80815.

Basic Financial Statements

Town of Flagler, Colorado
Statement of Net Position
December 31, 2020

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 56,740	\$ 597,227	\$ 653,967
Cash with county treasurer	2,292	-	2,292
Investments	160,138	63,623	223,761
Accounts receivable - service charges (net of allowance)	-	36,950	36,950
Intergovernmental receivables	51,115	-	51,115
Property taxes receivable	129,231	-	129,231
Prepaid expenses	7,014	-	7,014
Cash and cash equivalents - Restricted	38,888	-	38,888
Total Current Assets	<u>445,418</u>	<u>697,800</u>	<u>1,143,218</u>
Noncurrent Assets			
Capital assets			
Nondepreciable	75,489	194,862	270,351
Depreciable	1,680,760	4,550,297	6,231,057
Total Capital Assets	<u>1,756,249</u>	<u>4,745,159</u>	<u>6,501,408</u>
Less accumulated depreciation	<u>(617,836)</u>	<u>(1,950,326)</u>	<u>(2,568,162)</u>
Net Capital Assets	<u>1,138,413</u>	<u>2,794,833</u>	<u>3,933,246</u>
Total Assets	<u>1,583,831</u>	<u>3,492,633</u>	<u>5,076,464</u>
Liabilities			
Current Liabilities			
Accounts payable	9,766	12,650	22,416
Other accrued liabilities	3,972	4,586	8,558
Long-term debt - current portion	-	38,043	38,043
Total Current Liabilities	<u>13,738</u>	<u>55,279</u>	<u>69,017</u>
Noncurrent Liabilities			
Long-term debt	-	67,783	67,783
Total Long Term Liabilities	<u>-</u>	<u>67,783</u>	<u>67,783</u>
Total Liabilities	<u>13,738</u>	<u>123,062</u>	<u>136,800</u>
Deferred Inflows of Resources			
Deferred property taxes	129,231	-	129,231
Total Deferred Inflows of Resources	<u>129,231</u>	<u>-</u>	<u>129,231</u>
Net Position			
Investment in capital assets	1,138,413	2,689,007	3,827,420
Restricted for emergencies (TABOR)	15,155	-	15,155
Restricted - other	38,888	-	38,888
Unrestricted	248,406	680,564	928,970
Total Net Position	<u>\$ 1,440,862</u>	<u>\$ 3,369,571</u>	<u>\$ 4,810,433</u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

**Town of Flagler, Colorado
Balance Sheet
Governmental Funds
December 31, 2020**

	Major Fund	Non-Major Fund	Total
	General	Conservation Trust	
Assets			
Cash and cash equivalents - unrestricted	\$ 56,740	\$ -	\$ 56,740
Investments	160,138	-	160,138
Cash with county treasurer	2,292	-	2,292
Property taxes receivable	129,231	-	129,231
Intergovernmental receivables	51,115	-	51,115
Prepaid expenses	7,014	-	7,014
Cash and cash equivalents - restricted	-	38,888	38,888
Total Assets	\$ 406,530	\$ 38,888	\$ 445,418
Liabilities			
Accounts payable	\$ 9,766	\$ -	\$ 9,766
Other accrued liabilities	3,972	-	3,972
Total Liabilities	13,738	-	13,738
Deferred Inflows of Resources			
Deferred property taxes	129,231	-	129,231
Total Deferred Inflows of Resources	129,231	-	129,231
Fund Balance			
Nonspendable	7,014		7,014
Restricted	15,155	38,888	54,043
Unassigned	241,392	-	241,392
Total Fund Balance	263,561	38,888	302,449
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 406,530	\$ 38,888	\$ 445,418

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

Total fund balances - governmental funds	\$ 302,449
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets	1,756,249
Accumulated depreciation	(617,836)
Net position of governmental activities	\$ 1,440,862

The accompanying notes are an integral part of these financial statements

Town of Flagler, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	Major Fund	Non-Major Fund	Total
	General	Conservation Trust	
Revenues			
Property taxes	\$ 145,259	\$ -	\$ 145,259
Specific ownership taxes	14,188	-	14,188
Other taxes and franchise fees	294,470	-	294,470
Intergovernmental	-	4,194	4,194
Investment income	1,794	26	1,820
Grants	4,500	-	4,500
Donations	13,368	-	13,368
Other	31,582	-	31,582
Total Revenues	505,161	4,220	509,381
Expenditures			
Current			
General government	134,911	-	134,911
Public works	166,848	-	166,848
Culture, parks and recreation	56,077	-	56,077
County treasurer fees	3,052	-	3,052
Capital outlay	84,469	-	84,469
Total Expenditures	445,357	-	445,357
Revenues over (under) expenditures	59,804	4,220	64,024
Other Financing Sources and (Uses)			
Transfers In (Out)	(29,333)	-	(29,333)
Total Other Financing Sources and (Uses)	(29,333)	-	(29,333)
Net Change in Fund Balance	30,471	4,220	34,691
Fund Balance, Beginning	233,090	34,668	267,758
Fund Balance, Ending	\$ 263,561	\$ 38,888	\$ 302,449

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

Net change in Fund Balances - total governmental funds	\$ 34,691
Purchases of capital assets are expensed in governmental funds and depreciated on the statement	
Capital outlay	84,469
Assets are depreciated over time and charged to expense on the government-wide statements but	(52,725)
Disposal of capital assets	-
Change in net position - governmental activities	\$ 66,435

The accompanying notes are an integral part of these financial statements

Town of Flagler, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2020

	<u>Garbage</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,601	\$ 491,858	\$ 103,768	\$ 597,227
Investments	56,376	7,247	-	63,623
Receivables - service charges	18,554	11,596	6,800	36,950
Total Current Assets	<u>76,531</u>	<u>510,701</u>	<u>110,568</u>	<u>697,800</u>
Capital Assets				
Nondepreciable	-	184,548	10,314	194,862
Depreciable	364,248	3,020,021	1,166,028	4,550,297
Total Capital Assets	<u>364,248</u>	<u>3,204,569</u>	<u>1,176,342</u>	<u>4,745,159</u>
Less accumulated depreciation	<u>(307,631)</u>	<u>(1,071,255)</u>	<u>(571,440)</u>	<u>(1,950,326)</u>
Net Capital Assets	<u>56,617</u>	<u>2,133,314</u>	<u>604,902</u>	<u>2,794,833</u>
Total Noncurrent Assets	<u>56,617</u>	<u>2,133,314</u>	<u>604,902</u>	<u>2,794,833</u>
Total Assets	<u>133,148</u>	<u>2,644,015</u>	<u>715,470</u>	<u>3,492,633</u>
Liabilities				
Current Liabilities				
Accounts payable	5,096	5,042	2,512	12,650
Meter deposits	-	4,586	-	4,586
Long term debt - current portion	35,276	2,767	-	38,043
Total Current Liabilities	<u>40,372</u>	<u>12,395</u>	<u>2,512</u>	<u>55,279</u>
Long Term Liabilities				
Long term debt	-	67,783	-	67,783
Total Long Term Liabilities	<u>-</u>	<u>67,783</u>	<u>-</u>	<u>67,783</u>
Total Liabilities	<u>40,372</u>	<u>80,178</u>	<u>2,512</u>	<u>123,062</u>
Net Position				
Investment in capital assets	21,341	2,062,764	604,902	2,689,007
Unrestricted	<u>71,435</u>	<u>501,073</u>	<u>108,056</u>	<u>680,564</u>
Total Net Position	<u>\$ 92,776</u>	<u>\$ 2,563,837</u>	<u>\$ 712,958</u>	<u>\$ 3,369,571</u>

The accompanying notes are an integral part of these financial statements

Town of Flagler, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Garbage</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 167,626	\$ 323,924	\$ 75,035	\$ 566,585
Other	-	24,194	-	24,194
Total Operating Revenues	<u>167,626</u>	<u>348,118</u>	<u>75,035</u>	<u>590,779</u>
Operating Expenses				
General and Administration	6,632	6,631	6,631	19,894
Operations	148,647	100,400	65,093	314,140
Depreciation expense	39,842	95,676	28,982	164,500
Total Operating Expenses	<u>195,121</u>	<u>202,707</u>	<u>100,706</u>	<u>498,534</u>
Operating Income	<u>(27,495)</u>	<u>145,411</u>	<u>(25,671)</u>	<u>92,245</u>
Nonoperating Revenues				
Interest income	545	100	18	663
Connection fees	-	-	1,500	1,500
Interest expense	(2,383)	(1,444)	-	(3,827)
Total Nonoperating Revenues	<u>(1,838)</u>	<u>(1,344)</u>	<u>1,518</u>	<u>(1,664)</u>
Income before transfers	<u>(29,333)</u>	<u>144,067</u>	<u>(24,153)</u>	<u>90,581</u>
Transfers In / (Out)	<u>29,333</u>	<u>-</u>	<u>-</u>	<u>29,333</u>
CHANGE IN NET POSITION	<u>-</u>	<u>144,067</u>	<u>(24,153)</u>	<u>119,914</u>
Net Position, Beginning	<u>92,776</u>	<u>2,419,770</u>	<u>737,111</u>	<u>3,249,657</u>
Net Position, Ending	<u><u>92,776</u></u>	<u><u>2,563,837</u></u>	<u><u>712,958</u></u>	<u><u>3,369,571</u></u>

The accompanying notes are an integral part of these financial statements

Town of Flagler, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Garbage</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Cash Flows From Operating Activities				
Cash received from customers	\$ 163,586	\$ 352,499	\$ 75,104	\$ 591,189
Cash paid to suppliers	(105,172)	(81,853)	(36,843)	(223,868)
Cash paid to employees	(49,112)	(21,781)	(33,774)	(104,667)
Net Cash Provided by Operating Activities	<u>9,302</u>	<u>248,865</u>	<u>4,487</u>	<u>262,654</u>
Cash Flows From Non-Capital Financing Activities				
Change in due to / due from other funds	(824)	-	-	(824)
Connection fees	-	-	1,500	1,500
Transfers	29,333	-	-	29,333
Net cash provided by non-capital financing activities	<u>28,509</u>	<u>-</u>	<u>1,500</u>	<u>30,009</u>
Cash Flows From Capital And Related Financing Activities				
Acquisitions and construction of capital assets	-	(5,042)	-	(5,042)
Principal paid on long-term debt	(33,827)	(30,637)	-	(64,464)
Interest paid on long-term debt	(2,383)	(1,444)	-	(3,827)
Net cash used by capital and related financing activities	<u>(36,210)</u>	<u>(37,123)</u>	<u>-</u>	<u>(73,333)</u>
Cash Flows From Investing Activities				
Purchases of investments	(545)	(100)	-	(645)
Investment income	545	100	18	663
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
Net Change in Cash	1,601	211,742	6,005	219,348
Cash and cash equivalents, Beginning	-	280,116	97,763	377,879
Cash and cash equivalents, ending	<u>\$ 1,601</u>	<u>\$ 491,858</u>	<u>\$ 103,768</u>	<u>\$ 597,227</u>
Unrestricted Cash and Cash Equivalents	1,601	491,858	103,768	597,227
Total Cash and Cash Equivalents	<u>\$ 1,601</u>	<u>\$ 491,858</u>	<u>\$ 103,768</u>	<u>\$ 597,227</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	\$ (27,495)	\$ 145,411	\$ (25,671)	\$ 92,245
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation expense	39,842	95,676	28,982	164,500
Changes in current assets and liabilities				
Accounts receivable	(4,040)	4,381	69	410
Accounts payable	995	3,397	1,107	5,499
Net Cash Provided by Operating Activities	<u>\$ 9,302</u>	<u>\$ 248,865</u>	<u>\$ 4,487</u>	<u>\$ 262,654</u>

The accompanying notes are an integral part of these financial statements

Town of Flagler, Colorado
Notes to Financial Statements
December 31, 2020

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Flagler, Colorado (the "Town") was incorporated on November 2, 1916 as a statutory town. The Town's major operations include general government; garbage, water and wastewater operations, public works, and parks and recreation.

The Governmental Accounting Standards Board (GASB) is the authoritative body and the Town follows all GASB accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental and proprietary fund activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the primary government activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the Town, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each function is self-financing or draws from the general revenue of the Town.

Fund Accounting

During the year the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds.

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

The accounts of the Town are organized on the basis of funds each of which is considered a separate accounting entity. In the fund financial statements, the Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial activities except those required to be accounted for in another fund.

The Town's remaining governmental fund is the conservation trust fund which is presented as non-major fund.

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public be recovered primarily through user charges. The Town reports the following major enterprise funds:

Wastewater Fund – The Wastewater Fund accounts for the costs related to providing wastewater services to the Town.

Water Fund – The Water Fund accounts for the costs related to providing water services to the Town.

Garbage Fund – The Garbage Fund accounts for the costs related to the removal or trash for the Town and the surrounding area.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Town are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Proprietary funds, which include enterprise funds, are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets.

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the Town receives value without directly giving value in return, include sales taxes, grants, entitlements and donations. Revenue from sales tax is recognized in the fiscal year for which the taxes are collected by the vendor. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Program revenues consist of revenues that are associated with the governmental services such as licenses, permits and water sales.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by Clear Creek County and are remitted to the Town monthly. Property taxes, which are due to be paid in the next period and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred inflow of resources in the year in which they are levied. Property tax revenues are recognized when they are collected by Kit Carson County.

Assets and Liabilities

Cash and cash equivalents- The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of 90 days or less at the date of their acquisition for the financial statements including the statement of cash flows.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Substantially all revenues of the enterprise funds originate from charges to the users, and the District has the ability to place liens on the property.

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

Management has reviewed the collectability of accounts receivable and has determined the collectability of accounts. Accordingly, the Town has determined that no allowance for doubtful accounts is required as the town has the right to put a lien on the property.

Capital assets - are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of more than one year and exceed \$5,000:

	Estimated Lives
Land and water rights	N/A
Buildings	10-50 years
Improvements other than buildings	10-50 years
Equipment	5-20 years
Utility systems	N/A
Infrastructure	40 years

Capital assets are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, ("GASB No 42"), establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Town is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management of the Town has determined that there are no indications of impairment of capital assets as of December 31, 2020.

Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or enterprise fund type statement of net position. Bond issuance costs are expensed during the current period. Bond premiums and discounts are amortized over the term of the related debt.

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances and discounts are reported as other financing sources. The issuance costs related to the debt is reported as an expenditure in the current period.

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

Compensated absences – The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. All vacation time earned for the year expires at December 31 of each year, therefore no liability for compensated absences has been recorded.

Deferred Outflows / Inflows of Resources

The Town implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Town utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes

Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$7,014 as of December 31, 2020.

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the Town to establish Emergency reserves (see Note 4). A reservation of \$15,155 of the General Fund balance has been made in compliance with this requirement. Additionally the Town has \$38,888 restricted for parks and other items related to the conservation trust fund to be used for parks and open space.

Committed- Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The Town had a committed fund balance of \$0 as of December 31, 2020.

Assigned – Includes all amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustees. As of December 31, 2020, the assigned fund balance was \$0.

Unassigned- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

The Town has not adopted fund balance policies; therefore, the Town follows the guidance in accordance with GASB 54 and apply resources in the following order: restricted, committed, assigned and unassigned. The Road and Bridge fund had a deficit fund balance at year end.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end outstanding balances are reported as due to / due from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. The effect of interfund activity has been eliminated from the government-wide financial statements except for charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Town permanently transferred \$29,333 from the General fund to the Garbage fund during the year to offset costs incurred from operations. The interfund lending is for the purposes of funding operations. There were no interfund balances outstanding at December 31, 2020.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

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

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Town Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Town Board or revised by the Town Board.

The Garbage fund had expenditures in excess of budgeted amounts which may be a violation of state budget law.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on the combined balance sheet as "Cash and Cash equivalents". As of December 31, 2020, the Town's cash deposits had a carrying balance of \$653,967 with corresponding bank balance of \$670,903 of which \$250,000 is federally insured.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under 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 is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Town had \$420,903 collateralized under PDPA.

The Colorado Divisions of Banking 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.

A summary of cash and cash equivalents at December 31, 2020 is as follows:

	<u>2020</u>
Cash deposits	\$ 653,967
Total cash and cash equivalents	<u>\$ 653,967</u>

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 2 Cash and Investments (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2020, none of the Town’s bank deposits were exposed to custodial credit risk.

Investments

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

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States 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.

The Town’s investment policy is to hold investments until maturity and mirrors State statute.

At December 31, 2020 the Town had \$223,761 invested in certificates of deposit with High Plains Bank. The Certificates of Deposit has an initial maturity ranging from 12-36. The interest rate on the certificates of deposit at December 31, 2020 ranged from .75% - 1.39%. The certificate of deposits were not rated. The certificates of deposit are presented using amortized cost.

Note 3 Receivables

Receivables	Governmental Activities	Business - type Activities	Total
Trade accounts receivable	-	36,950	36,950
Less: Allowance for doubtful accounts	-	-	-
Total	<u>\$ -</u>	<u>\$ 36,950</u>	<u>\$ 36,950</u>

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 4 Capital Assets

A summary of changes to capital assets for 2020 is as follows:

Governmental Activities	Balance at 12/31/2019	Additions	Disposals	Balance at 12/31/2020
Nondepreciable Capital Assets				
Land	75,489	-	-	75,489
Construction in Progress	<u>238,625</u>	-	<u>(238,625)</u>	<u>-</u>
Total Non-Depreciable Capital Assets	<u>314,114</u>	<u>-</u>	<u>(238,625)</u>	<u>75,489</u>
Depreciable Capital Assets				
Buildings and improvements	700,140	323,094	-	1,023,234
Infrastructure	277,818	-	-	277,818
Machinery and equipment	<u>379,708</u>	-	-	<u>379,708</u>
Total Depreciable Capital Assets	<u>1,357,666</u>	<u>323,094</u>	<u>-</u>	<u>1,680,760</u>
Less Accumulated Depreciation				
Buildings and improvements	(157,712)	(5,700)	-	(163,412)
Infrastructure	(102,320)	(25,124)	-	(127,444)
Machinery and equipment	<u>(305,079)</u>	<u>(21,901)</u>	-	<u>(326,980)</u>
Total Accumulated Depreciation	<u>(565,111)</u>	<u>(52,725)</u>	<u>-</u>	<u>(617,836)</u>
Net Capital Assets	<u>\$ 1,106,669</u>	<u>\$ 270,369</u>	<u>\$ (238,625)</u>	<u>\$ 1,138,413</u>
Depreciation Expense By Function				
General Government		\$ 17,971		
Public Works		33,484		
Culture, Parks, and Recreation		<u>1,270</u>		
Total Depreciation Expense		<u>\$ 52,725</u>		

Business-type Activities	Balance at 12/31/2019	Additions	Disposals	Balance at 12/31/2020
Nondepreciable Capital Assets				
Land	<u>\$ 194,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,862</u>
Total Non-Depreciable Capital Assets	<u>194,862</u>	<u>-</u>	<u>-</u>	<u>194,862</u>
Depreciable Capital Assets				
Buildings & Improvements	132,591	-	-	132,591
Sewer system	1,054,841	-	-	1,054,841
Water sysemt	2,870,936	5,042	-	2,875,978
Machinery & Equipment	<u>486,887</u>	-	-	<u>486,887</u>
Total Depreciable Capital Assets	<u>4,545,255</u>	<u>5,042</u>	<u>-</u>	<u>4,550,297</u>
Less Accumulated Depreciation				
Buildings & Improvements	(107,921)	(478)	-	(108,399)
Sewer system	(468,536)	(24,470)	-	(493,006)
Water sysemt	(833,929)	(94,790)	-	(928,719)
Machinery & Equipment	<u>(375,440)</u>	<u>(44,762)</u>	-	<u>(420,202)</u>
Total Accumulated Depreciation	<u>(1,785,826)</u>	<u>(164,500)</u>	<u>-</u>	<u>(1,950,326)</u>
Net Capital Assets	<u>\$ 2,954,291</u>	<u>\$ (159,458)</u>	<u>\$ -</u>	<u>\$ 2,794,833</u>

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 5 Long-Term Debt

The following is an analysis of changes in long-term debt for the year ended December 31, 2020 for the business-type activities:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Amounts Due Within One Year
Garbage Fund					
Lease - Trash Truck	\$ 69,103	\$ -	\$ 33,827	\$ 35,276	\$ 35,276
Water Fund					
Energy Impact Loan	27,870	-	27,870	-	-
CWRPDA Loan	73,317	-	2,767	70,550	2,767
Total Long-term Debt	\$ 170,290	\$ -	\$ 64,464	\$ 105,826	\$ 38,043

Water Pollution Control Revolving Fund – Water Fund

In 2015 the Town obtained financing from the Colorado Water Resources and Power Authority (CWRPDA) in the amount of \$652,900. At closing the CWRPDA forgave \$569,900. The funds were used to complete the water project. Interest accrues at 0.00% per annum and is due in semiannual payments in the amount of \$2,767 through November 1, 2046. The Town has pledged the revenue from the operation and use of the water system and other legally available revenue, after the payment of operation and maintenance expenses for the system, for the repayment of the note.

Year ending December 31,	Principal	Interest	Total
2021	\$ 2,767	\$ -	\$ 2,767
2022	2,767	-	2,767
2023	2,767	-	2,767
2024	2,767	-	2,767
2025	2,767	-	2,767
2026-2030	13,835	-	13,835
2031-2035	13,835	-	13,835
2036-2040	13,835	-	13,835
2041-2045	13,835	-	13,835
2046	1,375	-	1,375
Total	\$ 70,550	\$ -	\$ 70,550

Energy Impact Loan

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. The loan was paid in full in 2020.

Town of Flagler, Colorado
Notes to Financial Statements (Continued)
December 31, 2020

Note 5 Long-Term Debt (Continued)

Installment Purchase Agreement

In 2016 the Town entered into an installment purchase agreement with Mercedes-Benz 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%. The agreement is secured by the trash truck. Future minimum payments are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 35,276	\$ 934	\$ 36,210
Total	<u>\$ 35,276</u>	<u>\$ 934</u>	<u>\$ 36,210</u>

Note 6 Risk Management

Risk Management Insurance Pool

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 Supplemental Information

Town of Flagler, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 127,382	\$ 145,259	\$ 17,877
Specific ownership taxes	10,000	14,188	4,188
Other taxes and franchise fees	283,900	294,470	10,570
Licenses and permits	2,500	-	(2,500)
Investment income	1,500	1,794	294
Grants	329,181	4,500	(324,681)
Donations	-	13,368	13,368
Other	45,200	31,582	(13,618)
Transfers in	25,000	-	(25,000)
Total Revenues	<u>824,663</u>	<u>505,161</u>	<u>(319,502)</u>
Expenditures			
Current			
General government	382,716	134,911	247,805
Public works	268,860	166,848	102,012
Culture, parks and recreation	64,725	56,077	8,648
County treasurer fees	-	3,052	(3,052)
Capital outlay	108,362	84,469	23,893
Transfers Out	-	29,333	(29,333)
Total Expenditures	<u>824,663</u>	<u>474,690</u>	<u>349,973</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>30,471</u>	<u>\$ 30,471</u>
Fund Balance, Beginning		233,090	
Fund Balance, End		<u>\$ 263,561</u>	

See the accompanying Independent Auditor's report

Other Supplemental Information

Town of Flagler, Colorado
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 6,500	\$ 4,194	\$ (2,306)
Investment income	10	26	16
Total Revenues	<u>6,510</u>	<u>4,220</u>	<u>(2,290)</u>
Expenditures			
Culture, parks and recreation	<u>6,000</u>	-	<u>6,000</u>
Total Expenditures	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net Change in Fund Balance	<u>\$ 510</u>	4,220	<u>\$ 3,710</u>
Fund Balance, Beginning		<u>34,668</u>	
Fund Balance, Ending		<u>\$ 38,888</u>	

See the accompanying Independent Auditor's report

Town of Flagler, Colorado
Budgetary Comparison Schedule
Garbage Fund
For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 182,601	\$ 167,626	\$ (14,975)
Investment income	200	545	345
Transfers in	-	29,333	29,333
Total Revenues	<u>182,801</u>	<u>197,504</u>	<u>14,703</u>
Expenditures			
Current			
General and Administrative	6,632	6,632	-
Operations	143,562	148,647	(5,085)
Debt service	22,607	36,210	(13,603)
Capital outlay	10,000	-	10,000
Total Expenditures	<u>182,801</u>	<u>191,489</u>	<u>(8,688)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>6,015</u>	<u>\$ 6,015</u>

Reconciliation to Change in Net Position

Less Depreciation expense	(39,842)
Add: Capital outlay	-
Principal paid on long-term debt	33,827
Change in Net Position	<u>\$ -</u>

See the accompanying Independent Auditor's report

Town of Flagler, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Charges for services	\$ 265,778	\$ 323,924	\$ 58,146
Investment income	75	100	25
Connection fees	9,000	-	(9,000)
Other	2,000	24,194	22,194
Total Revenues	<u>276,853</u>	<u>348,218</u>	<u>71,365</u>
Expenditures			
Current			
General and Administrative	6,632	6,631	1
Operations	214,549	100,400	114,149
Debt service	30,672	32,081	(1,409)
Capital outlay		5,042	(5,042)
Transfers	25,000	-	25,000
Total Expenditures	<u>276,853</u>	<u>144,154</u>	<u>132,699</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>204,064</u>	<u>\$ 204,064</u>

Reconciliation to Change in Net Position

Less Depreciation expense	(95,676)
Principal paid on long-term debt	30,637
Change in Net Position	<u>\$ 144,067</u>

See the accompanying Independent Auditor's report

Town of Flagler, Colorado
Budgetary Comparison Schedule
Wastewater Fund
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 78,000	\$ 75,035	\$ (2,965)
Investment income	10	18	8
Connection fees	9,000	1,500	(7,500)
Transfers	-	-	-
Total Revenues	87,010	76,553	(10,457)
Expenditures			
Current			
General and Administrative	6,632	6,631	1
Operations	75,378	65,093	10,285
Capital outlay	5,000	-	5,000
Total Expenditures	87,010	71,724	15,286
Net Change in Fund Balance	\$ -	4,829	\$ 4,829
 Reconciliation to Change in Net Position			
Less Depreciation expense		(28,982)	
Add: Capital outlay		-	
Change in Net Position		\$ (24,153)	

See the accompanying Independent Auditor's report

Special Reports

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2020

This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:
---	------------------------

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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	26,112
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	30,497	b. Snow and ice removal	1,495
3. Other local imposts (from page 2)	102,678	c. Other	127,841
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	129,336
5. Transfers from toll facilities		4. General administration & miscellaneous	11,400
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	166,848
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	133,175	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	33,673	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	166,848	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	166,848

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	166,848	166,848		(0)

Notes and Comments:

c/b = A2

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 44,166

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	75,000	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	14,188	g. Other Misc. Receipts	
6. Total (1. through 5.)	89,188	h. Other	
c. Total (a. + b.)	89,188	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	33,673	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	0	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	33,673	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			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: