

Town of Fleming, Colorado

Financial Statements

For the Year Ended December 31, 2020

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20-21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	22-23
Statement of Cash Flows – Proprietary Funds	24-25
Notes to Financial Statements	26-43
Required Supplementary Information	
General Fund	
Budgetary Comparison Schedule	46
Notes to the Required Supplementary Information	47
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule – Revenues	52
Budgetary Comparison Schedule – Expenditures	54-55

Table of Contents

	<u>Page</u>
Budgetary Comparison Schedule – Nonmajor Governmental Fund	
Conservation Trust Fund – Budgetary Comparison Schedule	58
Budgetary Comparison Schedules – Enterprise Funds	
Electric Fund – Budgetary Comparison Schedule	60-61
Water Fund – Budgetary Comparison Schedule	63
Sewer Fund – Budgetary Comparison Schedule	64-65
Colorado Department of Highways Local Highway Finance Report	68-69
Single Audit Section	
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	73
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	77-78
Schedule of Findings and Questioned Costs	79



Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Fleming
Fleming, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fleming (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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.

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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, the local highway finance report, and the schedule of expenditures of federal awards 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 other supplementary information, the local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
April 8, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Fleming, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- The Town of Fleming remains in good financial condition.
- The assets of the Town of Fleming exceeded its liabilities at the close of 2020 by \$3,007,637 (net position). Of this amount \$831,940 or 28% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental activities were more than the expenses by \$73,650.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Fleming's basic financial statements. The Town of Fleming's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the Town of Fleming's assets and liabilities, with the difference between the two 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 of Fleming is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Fleming'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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities.** Most of the Town's basic services are included here, such as the public works, parks, recreation, and general administration. Property tax, franchise tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities.** The Town charges fees to customers to recover most of the costs of certain services provided. The Town's electric, water, and sewer systems are included here.

The government-wide financial statements can be found starting on page 12 of this report.

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. Some funds are required to be established by State law; however, Town Council has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Fleming can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Fleming, assets exceed liabilities and deferred outflows of resources by \$3,007,637 at the close of 2020.

Net Position

Combined net position of the Town of Fleming as of December 31, 2020 and 2019 is shown in Table 1 below.

**Table 1
NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 313,723	\$ 222,368	\$ 663,941	\$ 1,569,676	\$ 977,664	\$ 1,792,044
Capital assets	358,909	373,775	3,369,720	2,205,281	3,728,629	2,579,056
Total assets	<u>\$ 672,632</u>	<u>\$ 596,143</u>	<u>\$ 4,033,661</u>	<u>\$ 3,774,957</u>	<u>\$ 4,706,293</u>	<u>\$ 4,371,100</u>
Long-term debt outstanding	\$ 1,937	\$ 2,222	\$ 1,597,706	\$ 1,636,447	\$ 1,599,643	\$ 1,638,669
Other liabilities	1,500	1,443	42,679	671,264	44,179	672,707
Total liabilities	3,437	3,665	1,640,385	2,307,711	1,643,822	2,311,376
Deferred property tax revenues	54,834	51,767	-	-	54,834	51,767
Total deferred inflows of resources	51,767	51,767	-	-	54,834	51,767
Net position:						
Net investment in capital assets	358,909	373,775	1,777,828	1,224,829	2,136,737	1,598,604
Restricted	14,824	16,457	24,136	42,322	38,960	58,779
Unrestricted	240,628	150,479	591,312	200,095	831,940	350,574
Total net position	<u>614,361</u>	<u>540,711</u>	<u>2,393,276</u>	<u>1,467,246</u>	<u>3,007,637</u>	<u>2,007,957</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 672,632</u>	<u>\$ 596,143</u>	<u>\$ 4,033,661</u>	<u>\$ 3,774,957</u>	<u>\$ 4,706,293</u>	<u>\$ 4,371,100</u>

The largest portion of the Town of Fleming’s net position, 71%, reflects its investment in capital assets (land, buildings and equipment). The Town of Fleming uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Fleming’s net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 28%, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of 2020, the Town of Fleming is able to report positive balances in all three categories of net position for the government as a whole and its business-type activities, but not for its governmental activities.

Changes in net position

The Town’s total revenue of \$1,579,439 was more than program expenses of \$579,759 for an increase in net position of \$999,680.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 8,695	\$ 3,771	\$ 574,165	\$ 540,445	\$ 582,860	\$ 544,216
Operating grants and contributions	26,432	33,744	-	-	26,432	33,744
Capital grants and contributions	-	-	823,282	615,019	823,282	615,019
General revenues						
Property taxes	51,707	49,067	-	-	51,707	49,067
Specific ownership taxes	5,755	5,940	-	-	5,755	5,940
Sales taxes	59,857	44,479	-	-	59,857	44,479
Franchise taxes	1,705	2,453	-	-	1,705	2,453
Other taxes	1,110	2,042	-	-	1,110	2,042
Unrestricted interest	1,306	3,105	618	2,104	1,924	5,209
Miscellaneous	8,757	84	16,050	13,426	24,807	13,510
Transfers	30,000	29,750	(30,000)	(29,750)	-	-
Total revenues	195,324	174,435	1,384,115	1,141,244	1,579,439	1,315,679
Program expenses						
General government	82,277	68,279	-	-	82,277	68,279
Public safety	495	1,225	-	-	495	1,225
Public works	11,551	9,701	-	-	11,551	9,701
Health and welfare	6,032	5,921	-	-	6,032	5,921
Culture and recreation	21,319	24,555	-	-	21,319	24,555
Electric services	-	-	251,940	244,116	251,940	244,116
Water services	-	-	95,851	103,888	95,851	103,888
Sewer services	-	-	110,294	238,780	110,294	238,780
Total expenses	121,674	109,681	458,085	586,784	579,759	696,465
Change in net position	73,650	64,754	926,030	554,460	999,680	619,214
Net position at beginning of year	540,711	475,957	1,467,246	912,786	2,007,957	1,388,743
Net position at end of year	\$ 614,361	\$ 540,711	\$ 2,393,276	\$ 1,467,246	\$ 3,007,637	\$ 2,007,957

Governmental Activities

Revenue for the Town's governmental activities totaled \$195,324 for 2020. Tax revenue produced 62% of these revenues. Tax revenue includes property taxes, specific ownership taxes, franchise taxes and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2020	2019	2020	2019
General government	\$ 82,277	\$ 68,279	\$ 76,657	\$ 65,613
Public safety	495	1,225	495	1,225
Public works	11,551	9,701	(9,729)	(20,120)
Health and welfare	6,032	5,921	2,557	5,921
Culture and recreation	21,319	24,555	16,567	19,527

Table 3, above, presents the cost and revenue of each of the Town’s six largest programs – general government, public safety, public works, health & welfare, culture and recreation and economic development – as well as each program’s *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

Business-type Activities

Net position in the Town’s business-type activities increased by \$926,030 in 2020. Business-type activities include electric, water, and sewer services.

**Table 4
BUSINESS-TYPE ACTIVITIES**

	<u>Total cost of services</u>		<u>Net cost of services</u>	
	2020	2019	2020	2019
Electric services	\$ 251,940	\$ 244,116	\$ (99,865)	\$ (105,687)
Water services	95,851	103,888	(605)	19,336
Sewer services	110,294	238,780	(838,892)	(482,329)

Table 4, above, presents the cost and revenue of each of the Town’s business-type activities – electric, water & sewer – as well as the program *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

THE TOWN’S FUNDS

As the Town completed the year, its governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$257,389. The general fund and conservation trust fund reported fund balances of \$246,265 and \$11,124, respectively.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$2,941 below the final budget amounts, due in large part to costs related to public works and culture and recreation costs.

Additionally, resources available for appropriation (revenues) were \$37,630 more than the final budgeted amounts, due in large part to tax revenues coming in higher than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Fleming’s investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$3,728,629 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, electric, water, sewer, and other infrastructure.

The Town remains committed to the upkeep and maintenance of the Town’s largest assets. More detailed information about the Town’s capital assets is presented in Table 5.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 230,973	\$ 237,699	\$ 64,961	\$ 65,053	\$ 295,934	\$ 302,752
Construction in progress	-	-	-	1,864,331	-	1,864,331
Buildings	57,130	59,232	-	-	57,130	59,232
Infrastructure	47,562	49,018	-	-	47,562	49,018
Equipment	23,244	27,826	23,033	19,629	46,277	47,455
Systems	-	-	3,281,726	256,268	3,281,726	256,268
Total	\$ 358,909	\$ 373,775	\$ 3,369,720	\$ 2,205,281	\$ 3,728,629	\$ 2,579,056

Long-term debt. The Town had \$1,638,669 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table
LONG-TERM DEBT ON DECEMBER 31, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 1,937	\$ 2,222	\$ 5,814	\$ 6,666	\$ 7,751	\$ 8,888
Notes payable	-	-	1,591,892	1,629,781	1,591,892	1,629,781
Total	\$ 1,937	\$ 2,222	\$ 1,597,706	\$ 1,636,447	\$ 1,599,643	\$ 1,638,669

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The town increased its sewer rate to \$51.79 to cover the cost of the new sewer. The new sewer project has been completed and is in operation. The total budget for the town in 2021 will be \$612,400. The town will continue to provide water, sewer, and electric for the residents of Fleming. It increased its water service fee from \$27 per month to \$30 per month. The Town of Fleming will continue to work on parks, roadways and recreational facilities to keep Fleming an enjoyable place to live.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Fleming, 114 N. Logan Avenue, PO Box 468, Fleming, Colorado 80728.

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Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF FLEMING, COLORADO
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 88,319	\$ 348,755	\$ 437,074
Cash with fiscal agent		15,930	15,930
Cash with county treasurer	638		638
Certificates of deposit	149,326	112,979	262,305
Receivables	75,440	140,465	215,905
Inventories		21,676	21,676
Capital assets, net of depreciation	358,909	3,369,720	3,728,629
Restricted cash		24,136	24,136
Total assets	\$ 672,632	\$ 4,033,661	\$ 4,706,293
Liabilities			
Accounts payable	\$ 1,500	\$ 16,493	\$ 17,993
Accrued interest payable		1,101	1,101
Refundable deposits		25,085	25,085
Noncurrent liabilities			
Due within one year		40,766	40,766
Due in more than one year	1,937	1,556,940	1,558,877
Total liabilities	3,437	1,640,385	1,643,822
Deferred inflows of resources			
Deferred property tax revenues	54,834		54,834
Total deferred inflows of resources	54,834	-	54,834
Net position			
Net investment in capital assets	358,909	1,777,828	2,136,737
Restricted for:			
Emergencies	3,700		3,700
Culture and recreation	11,124		11,124
Debt service		2,803	2,803
Operations and maintenance		21,333	21,333
Unrestricted	240,628	591,312	831,940
Total net position	614,361	2,393,276	3,007,637
Total liabilities, deferred inflows of resources and net position	\$ 672,632	\$ 4,033,661	\$ 4,706,293

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

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TOWN OF FLEMING, COLORADO
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 82,277	\$ 4,620	\$ 1,000	
Public safety	495			
Public works	11,551		21,280	
Health and welfare	6,032	3,475		
Culture and recreation	21,319	600	4,152	
Total governmental activities	121,674	8,695	26,432	\$ -
Business-type activities				
Electric	251,940	351,805		
Water	95,851	96,456		
Sewer	110,294	125,904		823,282
Total business-type activities	458,085	574,165	-	823,282
Total	\$ 579,759	\$ 582,860	\$ 26,432	\$ 823,282
General revenues and transfers				
Taxes				
Property taxes, levied for general purposes				
Specific ownership taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Unrestricted earnings on investments				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (76,657)		\$ (76,657)
(495)		(495)
9,729		9,729
(2,557)		(2,557)
(16,567)		(16,567)
(86,547)	\$ -	(86,547)
	99,865	99,865
	605	605
	838,892	838,892
-	939,362	939,362
(86,547)	939,362	852,815
51,707		51,707
5,755		5,755
59,857		59,857
1,705		1,705
1,110		1,110
1,306	618	1,924
8,757	16,050	24,807
30,000	(30,000)	-
160,197	(13,332)	146,865
73,650	926,030	999,680
540,711	1,467,246	2,007,957
<u>\$ 614,361</u>	<u>\$ 2,393,276</u>	<u>\$ 3,007,637</u>

TOWN OF FLEMING, COLORADO
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Other Governmental Fund	Total Governmental Funds
Assets			
Cash	\$ 77,195	\$ 11,124	\$ 88,319
Cash with county treasurer	638		638
Certificates of deposit	149,326		149,326
Property taxes receivable	54,834		54,834
Accounts receivable	20,606		20,606
Total assets	\$ 302,599	\$ 11,124	\$ 313,723
Liabilities			
Accounts payable	\$ 1,500		\$ 1,500
Total liabilities	1,500	\$ -	1,500
Deferred inflows of resources			
Deferred property tax revenues	54,834		54,834
Total deferred inflows of resources	54,834	-	54,834
Fund balance			
Restricted for:			
Emergencies	3,700		3,700
Culture and recreation		11,124	11,124
Unassigned	242,565		242,565
Total fund balance	246,265	11,124	257,389
Total liabilities, deferred inflows of resources and fund balance	\$ 302,599	\$ 11,124	\$ 313,723

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

TOWN OF FLEMING, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2020

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

Total fund balance - governmental funds	\$ 257,389
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	358,909
Certain liabilities, such as accrued compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(1,937)</u>
Net position of governmental activities	<u><u>\$ 614,361</u></u>

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

TOWN OF FLEMING, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Other Governmental Fund	Total Governmental Funds
Revenues			
Taxes	\$ 119,204		\$ 119,204
Licenses and permits	1,145		1,145
Intergovernmental	22,210	\$ 4,152	26,362
Charges for services	4,206		4,206
Miscellaneous	14,381	26	14,407
Total revenues	161,146	4,178	165,324
Expenditures			
Current			
General government	81,211		81,211
Public works	6,145		6,145
Health and welfare	5,714		5,714
Culture and recreation	13,212	811	14,023
Total expenditures	106,282	811	107,093
Excess of revenues over (under) expenditures	54,864	3,367	58,231
Other financing sources			
Transfers in	30,000		30,000
Net change in fund balance	84,864	3,367	88,231
Fund balance at beginning of year	161,401	7,757	169,158
Fund balance at end of year	\$ 246,265	\$ 11,124	\$ 257,389

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

TOWN OF FLEMING, 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, 2020**

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

Net change in fund balance - governmental funds \$ 88,231

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period. (14,865)

In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). 284

Change in net position of governmental activities \$ 73,650

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

TOWN OF FLEMING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Assets				
Current assets				
Cash	\$ 162,682	\$ 109,674	\$ 76,399	\$ 348,755
Cash with fiscal agent			15,930	15,930
Certificates of deposit	112,979			112,979
Accounts receivable	39,567	8,872	15,739	64,178
Other receivables	3,976			3,976
Grants receivable			72,311	72,311
Due from other funds	147,377			147,377
Inventories	15,188	6,099	389	21,676
Total current assets	481,769	124,645	180,768	787,182
Noncurrent assets				
Land and improvements		5,957	85,900	91,857
Buildings and improvements	10,500	1,863	2,410	14,773
Vehicles and equipment	107,487	12,000	46,625	166,112
Systems	166,772	706,062	3,109,536	3,982,370
Accumulated depreciation	(251,747)	(467,670)	(165,975)	(885,392)
Restricted cash			24,136	24,136
Total noncurrent assets	33,012	258,212	3,102,632	3,393,856
Total assets	\$ 514,781	\$ 382,857	\$ 3,283,400	\$ 4,181,038

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

	Business-type Activities Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Liabilities				
Current liabilities				
Accounts payable	\$ 16,083	\$ 205	\$ 205	\$ 16,493
Accrued interest payable			1,101	1,101
Due to other funds			147,377	147,377
Refundable deposits	16,150	4,500	4,435	25,085
Current portion of notes payable			40,766	40,766
Total current liabilities	32,233	4,705	193,884	230,822
Noncurrent liabilities				
Accrued compensated absences	1,938	1,938	1,938	5,814
Notes payable			1,551,126	1,551,126
Total noncurrent liabilities	1,938	1,938	1,553,064	1,556,940
Total liabilities	34,171	6,643	1,746,948	1,787,762
Net position				
Net investment in capital assets	33,012	258,212	1,486,604	1,777,828
Restricted for debt service			2,803	2,803
Restricted for operations and maintenance			21,333	21,333
Unrestricted	447,598	118,002	25,712	591,312
Total net position	480,610	376,214	1,536,452	2,393,276
Total liabilities and net position	\$ 514,781	\$ 382,857	\$ 3,283,400	\$ 4,181,038

TOWN OF FLEMING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Operating revenues				
Charges for services	\$ 351,805	\$ 96,456	\$ 125,904	\$ 574,165
Operating expenses				
Salaries	42,180	41,290	39,605	123,075
Employee benefits	13,034	10,446	10,692	34,172
Operating leases	4,968	13,038		18,006
Office supplies	1,403	616	643	2,662
Professional services	2,475	2,125	3,845	8,445
Travel and education	500	1,233	1,236	2,969
Dues and licenses	934	1,086	345	2,365
Insurance and bonds	5,191	5,190	5,190	15,571
Repairs and maintenance	16,917	3,912	5,541	26,370
Cost of electricity	156,795			156,795
Utilities	2,380	2,333	3,114	7,827
Rent	300	300	300	900
Testing and paperwork		488	860	1,348
Cost of service		720		720
Miscellaneous	1,229	990	199	2,418
Depreciation	3,634	12,084	25,880	41,598
Total operating expenses	251,940	95,851	97,450	445,241
Operating income	99,865	605	28,454	128,924

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

	Business-type Activities Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Nonoperating revenues (expenses)				
Interest on investments	251		367	618
Miscellaneous	2,581			2,581
Insurance proceeds		13,469		13,469
Grant revenues			823,282	823,282
Interest and fiscal charges			(12,844)	(12,844)
Total nonoperating revenues (expenses)	2,832	13,469	810,805	827,106
Net income before transfers	102,697	14,074	839,259	956,030
Transfers in		18,000		18,000
Transfers out	(48,000)			(48,000)
Change in net position	54,697	32,074	839,259	926,030
Net position at beginning of year	425,913	344,140	697,193	1,467,246
Net position at end of year	\$ 480,610	\$ 376,214	\$ 1,536,452	\$ 2,393,276

TOWN OF FLEMING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Cash flows from operating activities				
Receipts from customers	\$ 353,767	\$ 97,881	\$ 127,342	\$ 578,990
Internal activity - receipts from (payments to) other funds	62,887	8,413	(12,370)	58,930
Payments to suppliers	(228,138)	(45,376)	(40,809)	(314,323)
Payments to employees	(42,464)	(41,574)	(39,889)	(123,927)
Net cash provided by operating activities	146,052	19,344	34,274	199,670
Cash flows from noncapital financing activities				
Miscellaneous receipts	2,581			2,581
Insurance proceeds		13,469		13,469
Transfers from other funds		18,000		18,000
Transfers to other funds	(48,000)			(48,000)
Net cash provided (used) by noncapital financing activities	(45,419)	31,469	-	(13,950)
Cash flows from capital and related financing activities				
Purchase of capital assets	(14,706)	(16,354)	(1,781,984)	(1,813,044)
Proceeds from long-term debt			897,000	897,000
Grant revenues			1,264,019	1,264,019
Principal paid on long-term debt			(934,888)	(934,888)
Interest and fiscal charges paid			(11,743)	(11,743)
Net cash used by capital and related financing activities	(14,706)	(16,354)	(567,596)	(598,656)

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

	Business-type Activities Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Cash flows from investing activities				
Interest on investments			367	367
Redemptions of certificate of deposit	30,000			30,000
Net cash provided by investing activities	30,000	-	367	30,367
Net change in cash	115,927	34,459	(532,955)	(382,569)
Cash at beginning of year	46,755	75,215	649,420	771,390
Cash at end of year	<u>\$ 162,682</u>	<u>\$ 109,674</u>	<u>\$ 116,465</u>	<u>\$ 388,821</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 99,865	\$ 605	\$ 28,454	\$ 128,924
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	3,634	12,084	25,880	41,598
Changes in assets and liabilities				
Accounts and other receivables	(738)	675	638	575
Interfund items	62,887	8,413	(12,370)	58,930
Inventories	(3,723)	(2,994)	(108)	(6,825)
Accounts payable	(18,289)	95	(8,736)	(26,930)
Refundable deposits	2,700	750	800	4,250
Compensated absences	(284)	(284)	(284)	(852)
Net cash provided by operating activities	<u>\$ 146,052</u>	<u>\$ 19,344</u>	<u>\$ 34,274</u>	<u>\$ 199,670</u>
Cash and cash equivalents at end of year consist of:				
Cash	\$ 162,682	\$ 109,674	\$ 76,399	\$ 348,755
Cash with fiscal agent			15,930	15,930
Restricted cash			24,136	24,136
Total	<u>\$ 162,682</u>	<u>\$ 109,674</u>	<u>\$ 116,465</u>	<u>\$ 388,821</u>

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Town of Fleming’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town’s accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations 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. The reporting entity’s financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has no component units.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.” The Town does not have any fiduciary funds.

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following is the Town’s major governmental fund:

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

The following is the Town’s nonmajor governmental fund:

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town’s major proprietary funds:

Electric Fund – This fund was established to account for all operations of the electric utility services provided by the Town.

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

A.3 – Basis of presentation

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 except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenues, is reported on both the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied and that the amounts become available.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balance.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for electric, water and sewer services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.10 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	40 years
Equipment	3-25 years	3-10 years
Improvements other than buildings	10-50 years	25-50 years
Infrastructure	50 years	n/a

A.11 – Compensated absences

Full-time, salaried employees earn and accrue sick leave at the rate of 2/3 of a day per month which can be accumulated to 30 days. Sick leave is not a vested benefit for all employees hired after January 1, 1987. As of year-end, all vested sick leave benefits have been used by Town employees.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Annual leave is earned at increasing rates based on longevity. In no event can an employee accumulate more than 1/2 of their annual leave at the end of each year. Employees are paid 100% of their annual leave balance upon leaving Town service.

A.12 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.13 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town council (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.14 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.15 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.16 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.17 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

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. At year-end, the Town had total deposits of \$727,778, of which \$250,000 were insured and \$477,778 were collateralized with securities held by the pledging institution's trust department or agent in the Town's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- 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

At year-end the Town did not have any investments.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes receivable	\$ 54,834	\$ -	\$ 54,834
Accounts receivable	20,606	64,178	84,784
Other receivables	-	3,976	3,976
Grants receivable	-	72,311	72,311
Total	<u>\$ 75,440</u>	<u>\$ 140,465</u>	<u>\$ 215,905</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Logan County bills and collects property taxes for all taxing entities within the county. The tax receipts collected by the county are remitted to the Town in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Electric Fund	Sewer Fund	<u>\$ 147,377</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 30,000
Water Fund	Electric Fund	<u>18,000</u>
Total		<u>\$ 48,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The Town transferred funds from the Electric Fund to the General Fund (\$30,000) and to the Water Fund (\$18,000) to help fund expenditures in those respective funds.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 4,247	\$ -	\$ -	\$ 4,247
Total capital assets, not being depreciated	4,247	-	-	4,247
Capital assets, being depreciated:				
Land improvements	362,613	-	-	362,613
Buildings	113,475	-	-	113,475
Infrastructure	70,237	-	-	70,237
Equipment	<u>97,862</u>	<u>-</u>	<u>-</u>	<u>97,862</u>
Total capital assets, being depreciated	<u>644,187</u>	<u>-</u>	<u>-</u>	<u>644,187</u>
Total capital assets	648,434	-	-	648,434
Less accumulated depreciation for:				
Land improvements	(129,161)	(6,726)	-	(135,887)
Buildings	(54,244)	(2,101)	-	(56,345)
Infrastructure	(21,219)	(1,456)	-	(22,675)
Equipment	<u>(70,036)</u>	<u>(4,582)</u>	<u>-</u>	<u>(74,618)</u>
Total accumulated depreciation	<u>(274,660)</u>	<u>(14,865)</u>	<u>-</u>	<u>(289,525)</u>
Governmental activities capital assets, net	<u>\$ 373,774</u>	<u>\$ (14,865)</u>	<u>\$ -</u>	<u>\$ 358,909</u>

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 63,165	\$ -	\$ -	\$ 63,165
Construction in progress	<u>1,864,331</u>	<u>1,174,976</u>	<u>(3,039,307)</u>	<u>-</u>
Total capital assets, not being depreciated	1,927,496	1,174,976	(3,039,307)	63,165
Capital assets, being depreciated:				
Utility systems	919,134	23,929	3,039,307	3,982,370
Land improvements	28,692	-	-	28,692
Buildings	14,773	-	-	14,773
Equipment	<u>158,981</u>	<u>7,131</u>	<u>-</u>	<u>166,112</u>
Total capital assets, being depreciated	<u>1,121,580</u>	<u>31,060</u>	<u>3,039,307</u>	<u>4,191,947</u>
Total capital assets	3,049,076	1,206,036	-	4,255,112
Less accumulated depreciation for:				
Utility systems	(662,865)	(37,779)	-	(700,644)
Land improvements	(26,804)	(92)	-	(26,896)
Buildings	(14,773)	-	-	(14,773)
Equipment	<u>(139,352)</u>	<u>(3,727)</u>	<u>-</u>	<u>(143,079)</u>
Total accumulated depreciation	<u>(843,794)</u>	<u>(41,598)</u>	<u>-</u>	<u>(885,392)</u>
Business-type activities capital assets, net	<u>\$ 2,205,282</u>	<u>\$ 1,164,438</u>	<u>\$ -</u>	<u>\$ 3,369,720</u>

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 1,350
Public safety	495
Public works	5,406
Health and welfare	318
Culture and recreation	<u>7,296</u>
Total governmental activities	14,865
Business-type activities	
Electric	3,634
Water	12,084
Sewer	<u>25,880</u>
Total business-type activities	<u>41,598</u>
Total depreciation expense	<u>\$ 56,463</u>

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 2,222	\$ -	\$ (285)	\$ 1,937	\$ -

The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The Town believes that the current portion of compensated absences is negligible and is therefore not reported.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type Activities					
Compensated absences	\$ 6,666	\$ -	\$ (852)	\$ 5,814	\$ -
Notes from direct borrowings and direct placements	<u>1,629,780</u>	<u>897,000</u>	<u>(934,888)</u>	<u>1,591,892</u>	<u>40,766</u>
Totals	<u>\$ 1,636,446</u>	<u>\$ 897,000</u>	<u>\$ (935,740)</u>	<u>\$ 1,597,706</u>	<u>\$ 40,766</u>

Notes payable

CWRPDA Note payable – Sewer Fund – The Town has entered into a \$732,781 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated May 30, 2019, due in semi-annual installments of \$12,213 through 2049. The interest rate for the agreement is 0.0%. The agreement provides for the disbursement of funds at the Town’s request to facilitate installation of an influent pump station, three lined evaporative lagoons, yard piping and appurtenances.

\$ 708,355

USDA Note payable – Sewer Fund – The Town has entered into a \$897,000 note agreement with USDA Rural Development dated February 3, 2020, due in monthly installments of \$2,548 through 2060. The interest rate for the agreement is 1.625%. The agreement provides for the disbursement of funds at the Town’s request to refinance the interim loan from CO Bank.

883,537

Total

\$ 1,591,892

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The Town’s outstanding notes from direct borrowings related to business-type activities of \$1,591,892 include two individual borrowings as noted on the previous page.

The Town’s outstanding note with CWRPDA in the amount of \$708,355 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains (1) a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to withhold disbursement of loan funds remaining, and take such other action at law or in equity as may appear necessary to enforce the performance and observance of any duty, covenant, obligation, or agreement including, without limitation, appointment ex parte of a receiver of the system.

The Town’s outstanding note with USDA Rural Development in the amount of \$883,537 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains a provision that in an event of default as defined in the loan agreement, the USDA may protect and enforce its rights by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies.

The following schedule represents the Town’s debt service requirements to maturity for the outstanding notes from direct borrowings related to business-type activities at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 40,766	\$ 14,236
2022	41,034	13,968
2023	41,306	13,696
2024	41,544	13,458
2025	41,862	13,140
2026-2030	213,652	61,358
2031-2035	221,396	53,614
2036-2040	229,772	45,238
2041-2045	238,910	36,100
2046-2050	224,365	26,219
2051-2055	137,379	15,501
2056-2060	<u>119,906</u>	<u>4,080</u>
Totals	<u>\$ 1,591,892</u>	<u>\$ 310,608</u>

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note G – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA/PC) and the Colorado Intergovernmental Risk Sharing Agency for Worker's Compensation (CIRSA/WC). CIRSA/PC and CIRSA/WC provide member municipalities within the State of Colorado, property, liability and workmen's compensation coverages and related services. CIRSA's general objectives are to provide member municipalities defined property and liability and/or worker's compensation coverages through self-insurance and excess insurance purchased from commercial companies. The Town pays an annual contribution to CIRSA for its insurance coverages. For the year ended, the Town's financial contribution to CIRSA/PC and CIRSA/WC was \$19,478 and \$3,476, respectively. Settled claims resulting from any of the above risks have not exceeded the coverages provided. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H - Defined Contribution Plan

The Town contributes to the Colorado County Officials and Employees Retirement Plan (the Plan), a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Town Council. The Town's contribution is a minimum of three percent of covered salary, but may be increased beyond this amount. All eligible employees are required to contribute an amount equal to the contribution by the Town. For the year employee contributions totaled \$3,437, and the Town recognized pension expense of \$3,666.

Employees are immediately vested in their own contributions, Town contributions, and earnings on those contributions.

Note I – Deferred compensation plan

The Town has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. This plan is administered and held in trust by an independent plan administrator through an administrative service agreement. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997 as the Town transferred the assets to the Colorado County Officials and Employees Retirement Association (CCOERA) Deferred Compensation Trust. These assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted for any other purpose.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note J – Commitments and contingencies

Taxpayer’s Bill of Rights (TABOR)

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. In April 1997, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR’s language in order to determine its compliance.

TABOR requires an emergency reserve to be set aside in the amount of 3% or more of its fiscal year spending for 1995 and subsequent years thereafter. At year-end, the Town has reserved funds in the General Fund in the amount of \$3,700 for the emergency reserve.

CWRPDA loan covenants

Rate covenant – during the loan term, the Town shall establish and collect such rates, fees and other charges for the use or the sale of the products and services of the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operation and maintenance expenses of the system, to pay 110% of the debt service coming due in such calendar year. The Town believes it has met this requirement for the year.

Operations and maintenance fund – the Town shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the annual budget for the current fiscal year. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities or may be in a separate segregated fund. The Town has reported restricted cash and restricted net position in the amount of \$17,893 in accordance with the terms of the loan agreement.

TOWN OF FLEMING, COLORADO
Notes to Financial Statements

Note J – Commitments and contingencies (Continued)

USDA loan covenants

Short-lived asset reserve account – the Town shall establish a fund, into which the Town shall deposit from net revenue or other sources the sum of at least \$3,440 annually through the maturity date to pay for repairs and/or replacement of major system assets. The Town has reported restricted cash and restricted net position in the amount of \$3,440 in accordance with the terms of the loan agreement.

Debt reserve account – the Town shall establish a fund, into which the Town shall deposit monthly, commencing February 3, 2020, from the net revenue or other sources the sum of \$255 until the amount of the debt reserve account is equal to the debt required reserve (\$30,576). The Town has reported restricted cash and restricted net position in the amount of \$2,803 in accordance with the terms of the loan agreement.

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Required Supplementary Information

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund. The Town has no major special revenue funds.

- General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

TOWN OF FLEMING, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 90,016	\$ 90,016	\$ 119,204	\$ 29,188
Licenses and permits	300	300	1,145	845
Intergovernmental revenue	29,200	29,200	22,210	(6,990)
Charges for services	1,200	1,200	4,206	3,006
Miscellaneous revenue	2,800	2,800	14,381	11,581
Total revenues	123,516	123,516	161,146	37,630
Expenditures				
Current				
General government	78,536	78,536	81,211	(2,675)
Public safety	753	753		753
Public works	8,783	8,783	6,145	2,638
Health and welfare	6,240	6,240	5,714	526
Culture and recreation	14,911	14,911	13,212	1,699
Total expenditures	109,223	109,223	106,282	2,941
Excess of revenues over (under) expenditures	14,293	14,293	54,864	40,571
Other financing sources				
Transfers in	30,000	30,000	30,000	-
Net change in fund balance	\$ 44,293	\$ 44,293	84,864	\$ 40,571
Fund balance at beginning of year			161,401	
Fund balance at end of year			\$ 246,265	

TOWN OF FLEMING, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are established for all funds of the Town. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (electric, water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, the Town Clerk submits to the Town board of trustees, a proposed budget for the following calendar year.
- A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the Town must adopt the budget by formal resolution and certify the mill levies to the County Commissioners.
- On or before December 31, the Town must enact a resolution making appropriations for the following calendar year.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund Revenues and Expenditures
- Budgetary Comparison Schedule – Nonmajor Governmental Fund
- Budgetary Comparison Schedules – Enterprise Funds

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Budgetary Comparison Schedules – 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 of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF FLEMING, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				-
Property taxes	\$ 51,766	\$ 51,766	\$ 51,707	\$ (59)
Specific ownership taxes	5,950	5,950	5,755	(195)
Delinquent taxes and interest	400	400	180	(220)
Sales and use taxes	30,000	30,000	59,857	29,857
Franchise taxes	1,900	1,900	1,705	(195)
Total taxes	90,016	90,016	119,204	29,188
Licenses and permits	300	300	1,145	845
Intergovernmental revenues				
Highway users tax	24,500	24,500	17,509	(6,991)
Motor vehicle assessment	2,000	2,000	2,203	203
Road and bridge tax	1,150	1,150	1,424	274
Cigarette tax	100	100	144	44
Severance tax	1,000	1,000	671	(329)
Mineral lease funds	450	450	259	(191)
Total intergovernmental revenues	29,200	29,200	22,210	(6,990)
Charges for services				
General government			131	131
Health and welfare	800	800	3,475	2,675
Culture and recreation	400	400	600	200
Total charges for services	1,200	1,200	4,206	3,006
Miscellaneous revenues				
Interest on investments	2,500	2,500	1,280	(1,220)
Contributions			1,000	1,000
Rents			3,344	3,344
Insurance proceeds			8,749	8,749
Other	300	300	8	(292)
Total miscellaneous revenues	2,800	2,800	14,381	11,581
Total revenues	\$ 123,516	\$ 123,516	\$ 161,146	\$ 37,630

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TOWN OF FLEMING, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Administrative salaries	\$ 45,144	\$ 45,144	\$ 41,152	\$ 3,992
Board of trustee fees	2,400	2,400	2,200	200
Employee benefits	12,384	12,384	11,026	1,358
Rent and leases	300	300	300	-
Operating supplies	1,275	1,275	960	315
Professional services	3,000	3,000	2,804	196
Telephone and postage	1,200	1,200	987	213
Travel and transportation	622	622	66	556
Insurance and bonds	5,197	5,197	5,190	7
Public utilities	1,298	1,298	1,087	211
Repairs and maintenance	1,300	1,300	3,078	(1,778)
Education	63	63	39	24
Treasurer's fees	1,200	1,200	1,066	134
Advertising and legal notices	150	150	174	(24)
Dues and subscriptions	399	399	5,672	(5,273)
Donations			3,812	(3,812)
Miscellaneous	2,604	2,604	1,598	1,006
Total general government	78,536	78,536	81,211	(2,675)
Public safety				
Supplies	753	753		753
Total public safety	753	753	-	753
Public works				
Streets and highways				
Supplies	2,726	2,726	3,683	(957)
Repairs and maintenance	5,000	5,000	1,385	3,615
Rent and leases	1,057	1,057	1,077	(20)
Total public works	8,783	8,783	6,145	2,638

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Health and welfare				
Cemetery and parks				
Supplies	2,459	2,459	1,780	679
Repairs and maintenance	2,081	2,081	1,781	300
Travel and transportation	100	100		100
Weed and pest control	1,600	1,600	1,953	(353)
Miscellaneous			200	(200)
Total health and welfare	6,240	6,240	5,714	526
Culture and recreation				
Salaries	12,281	12,281	10,157	2,124
Operating supplies	1,600	1,600	2,487	(887)
Utilities	861	861	568	293
Miscellaneous	169	169		169
Total culture and recreation	14,911	14,911	13,212	1,699
Total expenditures	\$ 109,223	\$ 109,223	\$ 106,282	\$ 2,941

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Budgetary Comparison Schedule – Nonmajor Governmental Fund

The Town reports the following nonmajor governmental fund:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Conservation Trust Fund – This fund was established to account for the state lottery proceeds and allowable expenditures

TOWN OF FLEMING, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State lottery funds	\$ 4,500	\$ 4,500	\$ 4,152	\$ (348)
Interest on investments			26	26
Total revenues	4,500	4,500	4,178	(322)
Expenditures				
Culture and recreation	5,000	5,000	811	4,189
Total expenditures	5,000	5,000	811	4,189
Net change in fund balance	<u>\$ (500)</u>	<u>\$ (500)</u>	3,367	<u>\$ 3,867</u>
Fund balance at beginning of year			<u>7,757</u>	
Fund balance at end of year			<u>\$ 11,124</u>	

Budgetary Comparison Schedules – Enterprise Funds

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Electric Fund – This fund was established to account for all operations of the electric utility service provided by the Town.
- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.
- Sewer Fund – This fund was established to account for all operations of the sewer utility service provided by the Town.

TOWN OF FLEMING, COLORADO
Electric Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 360,450	\$ 360,450	\$ 351,805	\$ (8,645)
Operating expenses				
Salaries	45,144	45,144	42,180	2,964
Employee benefits	16,136	16,136	13,034	3,102
Operating leases	3,000	3,000	4,968	(1,968)
Office supplies	2,359	2,359	1,403	956
Professional services	2,140	2,140	2,475	(335)
Travel and education	773	773	500	273
Dues and licenses	882	882	934	(52)
Insurance	5,197	5,197	5,191	6
Repairs and maintenance	15,940	15,940	16,917	(977)
Cost of electricity	152,000	152,000	156,795	(4,795)
Utilities	3,090	3,090	2,380	710
Rent	300	300	300	-
Miscellaneous			1,229	(1,229)
Capital outlay	25,000	25,000	14,706	10,294
Contingencies		23,850		23,850
Total operating expenses	271,961	295,811	263,012	32,799
Operating income	88,489	64,639	88,793	24,154
Nonoperating revenues				
Interest on investments	2,815	2,815	251	(2,564)
Miscellaneous			2,581	2,581
Total nonoperating revenues	2,815	2,815	2,832	17
Income before transfers	91,304	67,454	91,625	24,171
Transfers out	(48,000)	(48,000)	(48,000)	-
Change in net position	\$ 43,304	\$ 19,454	43,625	\$ 24,171

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Adjustments to GAAP Basis				
Add capital outlay			14,706	
Deduct depreciation			<u>(3,634)</u>	
Change in net position - GAAP Basis			54,697	
Net position at beginning of year			<u>425,913</u>	
Net position at end of year			<u><u>\$ 480,610</u></u>	

TOWN OF FLEMING, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 85,500	\$ 85,500	\$ 96,456	\$ 10,956
Operating expenses				
Salaries	45,144	45,144	41,290	3,854
Employee benefits	10,100	10,100	10,446	(346)
Office supplies	383	383	616	(233)
Operating leases	13,084	13,084	13,038	46
Professional services	2,396	2,396	2,125	271
Travel and education	894	894	1,233	(339)
Dues and licenses	894	894	1,086	(192)
Insurance and bonds	5,197	5,197	5,190	7
Repairs and maintenance	19,980	19,980	3,912	16,068
Utilities	2,371	2,371	2,333	38
Testing and paperwork	540	540	488	52
Rents	300	300	300	-
Cost of service	2,217	2,217	720	1,497
Miscellaneous			990	(990)
Capital outlay			16,354	(16,354)
Contingencies		1,910		1,910
Total operating expenses	103,500	105,410	100,121	5,289
Operating loss	(18,000)	(19,910)	(3,665)	5,667
Nonoperating revenues				
Insurance proceeds			13,469	13,469
Income (loss) before transfers	(18,000)	(19,910)	9,804	19,136
Transfers in	18,000	18,000	18,000	-
Change in net position	\$ -	\$ (1,910)	27,804	\$ 29,714

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Adjustments to GAAP Basis				
Add capital outlay			16,354	
Deduct depreciation			<u>(12,084)</u>	
Change in net position - GAAP Basis			32,074	
Net position at beginning of year			<u>344,140</u>	
Net position at end of year			<u><u>\$ 376,214</u></u>	

TOWN OF FLEMING, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 122,400	\$ 122,400	\$ 125,904	\$ 3,504
Operating expenses				
Salaries	45,144	45,144	39,605	5,539
Employee benefits	12,505	12,505	10,692	1,813
Office supplies	383	383	643	(260)
Professional services	2,140	2,140	3,845	(1,705)
Travel and education	803	803	1,236	(433)
Testing and paperwork	1,271	1,271	860	411
Insurance and bonds	5,197	5,197	5,190	7
Repairs and maintenance	9,210	9,210	5,541	3,669
Dues and licenses	234	234	345	(111)
Utilities	2,353	2,353	3,114	(761)
Rent	300	300	300	-
Miscellaneous	425	425	199	226
Capital outlay	2,094,827	2,094,827	1,174,976	919,851
Total operating expenses	2,174,792	2,174,792	1,246,546	928,246
Operating loss	(2,052,392)	(2,052,392)	(1,120,642)	931,750
Nonoperating revenues (expenses)				
Interest on investments			367	367
Grant revenues	1,384,000	1,384,000	823,282	(560,718)
Loan proceeds			897,000	897,000
Interest and fiscal charges	(11,567)	(11,567)	(12,844)	(1,277)
Loan principal	(37,888)	(37,888)	(934,888)	(897,000)
Total nonoperating revenues (expenses)	1,334,545	1,334,545	772,917	(561,628)
Change in net position	\$ (717,847)	\$ (717,847)	(347,725)	\$ 370,122

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Adjustments to GAAP Basis				
Add capital outlay			1,174,976	
Add loan principal			934,888	
Deduct loan proceeds			(897,000)	
Deduct depreciation			(25,880)	
			<u> </u>	
Change in net position - GAAP Basis			839,259	
Net position at beginning of year			<u>697,193</u>	
Net position at end of year			<u><u>\$ 1,536,452</u></u>	

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**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Fleming
	YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of _) Town of Fleming	Prepared By: Clayton F. Gorman Phone: 970-265-2692

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)	6,174
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	1,424	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	6,174
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)	1,424	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	19,712	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	21,136	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)	6,174

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
	88,419	21,136	6,174	103,381	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (12/20):
December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,424	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	1,424	h. Other	
c. Total (a. + b.)	1,424	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	17,509	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	2,203	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,203	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	19,712	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		6,174	6,174
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	6,174	6,174
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	6,174	6,174
			(Carry forward to page 1)

Notes and Comments:

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Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF FLEMING, COLORADO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency			
Clean Water State Revolving Fund Cluster			
Pass through program from:			
Colorado Water Resources and Power Development Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	W19F397	<u>\$ 88,950</u>
 Total Clean Water State Revolving Fund Cluster/Total U.S. Environmental Protection Agency			 88,950
U. S. Department of the Interior			
Pass through program from: Colorado Department			
Colorado Department of Local Affairs			
Mineral Leasing Act	15.437	2019*3209	<u>583,858</u>
 Total U.S. Department of the Interior			 583,858
U.S. Department of Agriculture			
Pass through program from:			
Rural Development			
Water and Waste Disposal Systems for Rural Communities	10.760	05-038-0664	<u>1,136,424</u>
 Total U.S. Department of Agriculture			 <u>1,136,424</u>
 Total expenditures of federal awards			 <u><u>\$ 1,809,232</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

TOWN OF FLEMING, COLORADO
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Fleming, Colorado under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Fleming, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Fleming, Colorado.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Town of Fleming, Colorado has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Subrecipients

Town of Fleming, Colorado did not pass through any federal grants to subrecipients.

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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and Members of Town Council
Town of Fleming
Fleming, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Fleming, Colorado (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
April 8, 2021



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Members of Town Council
Town of Fleming
Fleming, Colorado

Report on Compliance of Each Major Federal Program

We have audited Town of Fleming, Colorado's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2020. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
April 8, 2021

TOWN OF FLEMING, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Summary of auditors' results

1. The auditors' report expresses an unmodified opinion on the financial statements of Town of Fleming, Colorado (the Town).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs of the Town expresses an unmodified opinion on all major federal award programs.
6. The audit did not disclose any findings relative to the major federal award programs of the Town.
7. The program tested as major programs included:

Water and Waste Disposal Systems for Rural Communities	CFDA No. 10.760
--	-----------------
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town did not qualify as a low-risk auditee.

Findings – financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and questioned costs – major federal award programs audit

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.