

**TOWN OF FAIRPLAY, COLORADO**  
**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED**  
**December 31, 2017**

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**RECEIVED**

Office of the State Auditor

July 18, 2018

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## **INTRODUCTORY SECTION**

**TOWN OF FAIRPLAY, COLORADO  
BOARD OF TRUSTEES  
December 31, 2017**

**Board of Trustees**

Gabby Lane, Mayor  
Scott Dodge, Trustee  
Ray Douglas, Trustee  
Frank Just, Trustee  
Eve Stapp, Trustee

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## **FINANCIAL SECTION**

The discussion and analysis of the Town of Fairplay's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

### **Financial Highlights**

The Town of Fairplay's governmental net position increased by \$211,369 and business-type net position increased by \$117,376 for the year.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2017 by \$4,583,030 (*net position*). Of this amount, \$1,346,268 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2017 unrestricted net position for the proprietary funds (business-type activities) was \$531,751.

As of the close of fiscal year 2017, the Town's General Fund reported an ending fund balance of \$680,399 compared to the fiscal year 2016 balance of \$510,094.

- General Fund 2017 revenues increased by \$6,245 to \$1,455,429.
- General Fund 2017 expenditures increased by \$6,941 to \$1,285,124.

### **Using the Basic Financial Statements**

The Basic Financial Statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Fairplay as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short term as well as what remains for future spending. The Town's major governmental fund is the General Fund. The Town has a Special Revenue fund that is a non-major fund and contains the Conservation Trust Fund.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates two proprietary funds, the Water Fund and the Internal Service Fleet Fund.

Fiduciary fund statements provide information about financial relationships where the Town acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. The Town does not have any fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Financial Analysis of the Town as a Whole**

The Town's total net position was \$4,583,030 as of December 31, 2017 and \$4,254,285 as of December 31, 2016. This represents an increase of \$328,745.

### **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 businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include: General Fund, and Conservation Trust Fund. The Business-type Activities of the Town of Fairplay consists of Water Fund and Internal Service Fleet Fund.

Town of Fairplay  
Management Discussion and Analysis  
December 31, 2017

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## Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Fairplay, assets exceeded liabilities by approximately \$4.58 million at the close of 2017.

Net position of the Town at December 31 were as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Current and Other Assets	\$ 1,108,803	\$ 895,943	\$ 755,482	\$ 525,136	\$ 1,864,285	\$ 1,421,079
Capital Assets	1,773,903	1,836,213	1,949,492	2,011,373	3,723,395	3,847,586
Total Assets	<u>2,882,706</u>	<u>2,732,156</u>	<u>2,704,974</u>	<u>2,536,509</u>	<u>5,587,680</u>	<u>5,268,665</u>
DEFERRED OUTFLOWS	<u>57,200</u>	<u>27,951</u>	<u>-</u>	<u>-</u>	<u>57,200</u>	<u>27,951</u>
<b>LIABILITIES</b>						
Current Liabilities	64,332	75,286	213,345	63,187	277,677	138,473
Noncurrent Liabilities	571,835	599,996	10,386	109,455	582,221	709,451
Total Liabilities	<u>636,167</u>	<u>675,282</u>	<u>223,731</u>	<u>172,642</u>	<u>859,898</u>	<u>847,924</u>
DEFERRED INFOWS	<u>201,952</u>	<u>194,407</u>	<u>-</u>	<u>-</u>	<u>201,952</u>	<u>194,407</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	1,227,008	1,250,333	1,949,492	1,910,083	3,176,500	3,160,416
Restricted	60,262	64,999	-	79,491	60,262	144,490
Unrestricted	814,517	575,086	531,751	374,293	1,346,268	949,379
Total Net Position	<u>\$ 2,101,787</u>	<u>\$ 1,890,418</u>	<u>\$ 2,481,243</u>	<u>\$ 2,363,867</u>	<u>\$ 4,583,030</u>	<u>\$ 4,254,285</u>

The statement of net position reflects a cash position totaling \$ 1,475,992. The bulk of the Town's resources, \$3,723,395 are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining of total assets are receivables.

The Town of Fairplay uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Fairplay's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since; in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

## Changes in Net Position

Governmental activities increased the Town of Fairplay's net position by \$211,369.

Business activities increased the Town's net position by \$117,376.

Town of Fairplay  
Management Discussion and Analysis  
December 31, 2017

A summary of the changes in net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>PROGRAM REVENUES</b>						
Charges for Services	\$ 234,944	\$ 174,533	\$ 551,751	\$ 554,766	\$ 786,695	\$ 729,299
Operating Grants	68,843	252,478	-	-	68,843	252,478
Capital Grants	-	-	-	-	-	-
Total Program Revenues	<u>303,787</u>	<u>427,011</u>	<u>551,751</u>	<u>554,766</u>	<u>855,538</u>	<u>981,777</u>
<b>GENERAL REVENUES</b>						
Property Taxes	179,864	178,027	-	-	179,864	178,027
Specific Ownership Taxes	26,336	21,791	-	-	26,336	21,791
Sales Taxes	830,091	728,325	-	-	830,091	728,325
Cigarette Taxes	49,270	50,248	-	-	49,270	50,248
Other Taxes	42,143	38,796	-	-	42,143	38,796
Interest Income	3,312	1,606	2,404	291	5,716	1,897
Insurance Proceeds	-	-	73,500	-	73,500	-
Gain (Loss) on Capital Assets	-	501	-	-	-	501
Other Revenues	24,078	6,707	-	-	24,078	6,707
Total General Revenues	<u>1,155,094</u>	<u>1,026,001</u>	<u>75,904</u>	<u>291</u>	<u>1,230,998</u>	<u>1,026,292</u>
Total Revenues & Transfers	<u>1,458,881</u>	<u>1,453,012</u>	<u>627,655</u>	<u>555,057</u>	<u>2,086,536</u>	<u>2,008,069</u>
<b>PROGRAM EXPENSES</b>						
General Government	439,187	318,872	-	-	439,187	318,872
Public Safety	375,463	399,606	-	-	375,463	399,606
Public Works	243,784	211,317	-	-	243,784	211,317
Culture and Recreation	201,559	145,727	-	-	201,559	145,727
Water Operations	-	-	510,279	579,578	510,279	579,578
Interest	22,198	17,544	-	-	22,198	17,544
Total Program Expenses	<u>1,282,190</u>	<u>1,093,066</u>	<u>510,279</u>	<u>579,578</u>	<u>1,792,469</u>	<u>1,672,644</u>
<b>CHANGE IN NET POSITION</b>						
	176,691	359,946	117,376	(24,521)	294,067	335,425
Net Position, Beginning	<u>1,890,418</u>	<u>1,530,472</u>	<u>2,363,867</u>	<u>2,388,388</u>	<u>4,254,285</u>	<u>3,918,860</u>
<b>NET POSITION, ENDING</b>	<b><u>\$ 2,067,109</u></b>	<b><u>\$ 1,890,418</u></b>	<b><u>\$ 2,481,243</u></b>	<b><u>\$ 2,363,867</u></b>	<b><u>\$ 4,548,352</u></b>	<b><u>\$ 4,254,285</u></b>

## Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund – The General Fund went from a balance of \$510,094 to \$680,399. This increase is principally the result of governmental activity operating revenue sources exceeding operating costs. Total revenues increased by \$6,245. Expenditures decreased by \$6,941.

**Proprietary Fund** - Proprietary fund has historically operated as an enterprise fund using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

Water Fund – Water Fund net position increased by \$117,376.

Internal Service Fleet Fund – The Fleet Fund was created in 2015 this fund accounts for the purchase and maintenance of vehicles used by the Town. The ending net position is \$277,995.

### Capital Assets

Approximately 40% of the Town’s capital assets support governmental activities. The majority of the value is invested in land, buildings and improvements.

	Balance 1/1/17	Additions	Deletions & Transfers	Balance 12/31/17
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 654,960	\$ -	\$ -	\$ 654,960
Capital assets being depreciated:				
Buildings and Improvements	788,625	-	-	788,625
Infrastructure	293,625	-	-	293,625
Streets Vehicles and Equipment	213,114	-	-	213,114
Police Vehicles and Equipment	95,333	-	-	95,333
Office Equipment & Software	20,596	-	-	20,596
Improvements - Parks	442,736	-	-	442,736
Equipment - Parks and Recreation	121,751	-	-	121,751
Equipment - Fleet	147,468	-	-	147,468
Total capital assets being depreciated	<u>2,123,248</u>	<u>-</u>	<u>-</u>	<u>2,123,248</u>
Less accumulated depreciation for:				
Buildings and Improvements	(119,282)	(17,208)	-	(136,490)
Infrastructure	(253,375)	(5,750)	-	(259,125)
Streets Vehicles and Equipment	(205,941)	(1,311)	-	(207,252)
Police Vehicles and Equipment	(61,669)	(9,294)	-	(70,963)
Office Equipment & Software	(14,418)	(3,090)	-	(17,508)
Improvements - Parks	(154,660)	(16,192)	-	(170,852)
Equipment - Parks and Recreation	(121,751)	-	-	(121,751)
Equipment - Fleet	(11,413)	(8,951)	-	(20,364)
Total Accumulated Depreciation	<u>(942,509)</u>	<u>(61,796)</u>	<u>-</u>	<u>(1,004,305)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 1,835,699</u></b>	<b><u>\$ (61,796)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,773,903</u></b>

### Capital Assets (Continued)

The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment.

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 75,740	\$ -	\$ -	\$ 75,740
Construction in progress	29,820	34,363	-	64,183
Total capital assets not being depreciated	<u>105,560</u>	<u>34,363</u>	<u>-</u>	<u>139,923</u>
Capital assets being depreciated:				
Buildings	141,450	-	-	141,450
Machinery & Equipment	101,732	-	-	101,732
Software and Meter Reading System	157,967	-	-	157,967
Transmission System & Lines	2,307,114	-	-	2,307,114
Water Treatment Plant	501,974	-	-	501,974
Galley System	604,409	-	-	604,409
Ditch/Drainage System	52,822	-	-	52,822
Fire Hydrants	20,707	-	-	20,707
Total capital assets being depreciated	<u>3,888,175</u>	<u>-</u>	<u>-</u>	<u>3,888,175</u>
Less accumulated depreciation for:				
Buildings	(65,340)	(3,273)	-	(68,613)
Machinery & Equipment	(101,732)	-	-	(101,732)
Software and Meter Reading System	(99,373)	(14,648)	-	(114,021)
Transmission System & Lines	(951,817)	(39,343)	-	(991,160)
Water Treatment Plant	(234,476)	(19,202)	-	(253,678)
Galley System	(500,442)	(18,081)	-	(518,523)
Ditch/Drainage System	(15,101)	(1,218)	-	(16,319)
Fire Hydrants	(14,081)	(477)	-	(14,558)
Total Accumulated Depreciation	<u>(1,982,362)</u>	<u>(96,242)</u>	<u>-</u>	<u>(2,078,604)</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 2,011,373</u></b>	<b><u>\$ (61,879)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,949,494</u></b>

### Long-Term Debt

The Town's governmental long-term debt consists of capital leases and accrued compensated absences payable. Governmental activities debt transactions for the year were as follows:

	Balance			Balance	Current	Interest
<b>Governmental Activities:</b>	<b>12/31/16</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/17</b>	<b>Portion</b>	<b>Expense</b>
Capital Leases Payable	\$ 232,049	\$ -	\$ 23,043	\$ 209,006	\$ 23,616	\$ 6,496
2012 Certificates of Participation	349,195	-	15,234	333,961	15,937	15,702
Accrued Compensated Absences	18,751	-	373	18,378	-	-
<b>Total</b>	<b><u>\$ 599,995</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 38,650</u></b>	<b><u>\$ 561,345</u></b>	<b><u>\$ 39,553</u></b>	<b><u>\$ 22,198</u></b>

Town of Fairplay  
 Management Discussion and Analysis  
 December 31, 2017

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The Town’s business-type activities long-term debt consists of various bonds and notes payable that were used for system improvements. Business-type activities debt transactions for the year were as follows:

Business-type Activities:	Balance			Balance 12/31/17	Current Portion	Interest Expense
	12/31/16	Additions	Deletions			
1997 CWRPDA Loan	\$ 14,800	\$ -	\$ 14,800	\$ -	\$ -	\$ 363
1998 Rural Development Bond	75,300	-	75,300	-	-	4,074
1998 EIAF Loan	11,190	-	11,190	-	-	289
Water Meter Lease	-	-	-	-	-	-
Accrued Compensated Absences	8,165	2,221	-	10,386	-	-
<b>Total</b>	<b>\$ 109,455</b>	<b>\$ 2,221</b>	<b>\$ 101,290</b>	<b>\$ 10,386</b>	<b>\$ -</b>	<b>\$ 4,726</b>

### General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Fairplay including: public safety (police), public works, parks and recreation, and general government services. The Town’s General Fund revenues were more than budgeted by \$80,228. The Town’s expenditures were \$28,490 less than budgeted.

### Economic Factors and Future Budgets and Rates

During the 2018 budgeting process, the factor that was considered for increased revenue was a prediction of increased sales tax revenue due to new businesses opening, and a consistent overall increase of sales tax revenue from existing businesses. Expenditures were budgeted based on the completion of planned capital projects and the general operation of the town.

### Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town’s finances. Questions concerning this or any additional information should be addressed to Town Clerk, Town of Fairplay, P.O. Box 267 Fairplay, CO 80440.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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Board of Trustees  
Town of Fairplay  
Fairplay, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairplay, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairplay, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Town of Fairplay's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 36-37 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on pages 38-40 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. In addition, the budgetary comparison schedules listed as other supplementary information on pages 41-45 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 46-50 is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, CO  
March 8, 2018

## ***BASIC FINANCIAL STATEMENTS***

The Basic Financial Statements provide a financial overview of the Town's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2017.

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TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF NET POSITION**

DECEMBER 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ 469,319	\$ 284,445	\$ 753,764
Investments	259,840	433,626	693,466
Restricted Cash and Investments	28,762	-	28,762
Receivables			
Property Tax Receivable	192,172	-	192,172
Intergovernmental Receivables	144,359	-	144,359
Utility Receivable	-	36,446	36,446
Cash with Fiscal Agent	2,224	-	2,224
Accounts Receivable	-	965	965
Other Receivables	11,027	-	11,027
Prepaid Expenses	1,100	-	1,100
Total Current Assets	<u>1,108,803</u>	<u>755,482</u>	<u>1,864,285</u>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	654,960	139,922	794,882
Capital Assets being Depreciated	2,123,248	3,888,175	6,011,423
Accumulated Depreciation	<u>(1,004,305)</u>	<u>(2,078,605)</u>	<u>(3,082,910)</u>
Total Noncurrent Assets	<u>1,773,903</u>	<u>1,949,492</u>	<u>3,723,395</u>
TOTAL ASSETS	<u>2,882,706</u>	<u>2,704,974</u>	<u>5,587,680</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>			
Pension Contribution Timing	8,932	-	8,932
Pension Investment Earnings Timing	28,315	-	28,315
Pension Benefits Timing	9,367	-	9,367
Pension Change in Assumptions	7,165	-	7,165
Pens External Change in %	3,421	-	3,421
TOTAL DEFERRED OUTFLOWS	<u>57,200</u>	<u>-</u>	<u>57,200</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,939,906</u>	<u>\$ 2,704,974</u>	<u>\$ 5,644,880</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 23,744	\$ 1,719	\$ 25,463
Accrued Liabilities	15,147	203,974	219,121
Accrued Salaries and Benefits	11,413	7,652	19,065
Deposits and Escrow	10,100	-	10,100
Accrued Interest Payable	3,928	-	3,928
Total Current Liabilities	<u>64,332</u>	<u>213,345</u>	<u>277,677</u>
<b>Noncurrent Liabilities</b>			
Due within one year	39,552	-	39,552
Due in more than one year	532,283	10,386	542,669
Total Noncurrent Liabilities	<u>571,835</u>	<u>10,386</u>	<u>582,221</u>
TOTAL LIABILITIES	<u>636,167</u>	<u>223,731</u>	<u>859,898</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	192,172	-	192,172
Pension Benefits Timing	534	-	534
Pens External Change in %	1,571	-	1,571
Other Deferred Inflows	7,675	-	7,675
TOTAL DEFERRED INFLOWS	<u>201,952</u>	<u>-</u>	<u>201,952</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,227,008	1,949,492	3,176,500
Restricted Net Position	60,262	-	60,262
Unrestricted Net Position	814,517	531,751	1,346,268
TOTAL NET POSITION	<u>2,101,787</u>	<u>2,481,243</u>	<u>4,583,030</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,939,906</u>	<u>\$ 2,704,974</u>	<u>\$ 5,644,880</u>

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

**TOWN OF FAIRPLAY**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR</u>	<u>OPERATING</u>
	<u>EXPENSES</u>	<u>SERVICES</u>	<u>GRANTS AND</u>
			<u>CONTRIBUTIONS</u>
<b>FUNCTIONS/PROGRAMS</b>			
Government Activities			
Current:			
General Government	\$ 370,051	\$ 121,208	\$ 26,075
Public Safety	286,752	16,547	-
Public Works	410,249	44,122	39,334
Culture and Recreation	158,263	53,067	3,434
Interest on Debt	<u>22,198</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENT ACTIVITIES	1,247,512	234,944	68,843
Business-type Activities:			
Current:			
Water	<u>510,279</u>	<u>551,751</u>	<u>-</u>
<b>TOTAL GOVERNMENT</b>	<b><u>\$ 1,757,791</u></b>	<b><u>\$ 786,695</u></b>	<b><u>\$ 68,843</u></b>
<b>GENERAL REVENUES</b>			
Property Taxes			
Specific Ownership Taxes			
Sales Taxes			
Franchise Taxes			
Other Taxes			
Interest Income			
Insurance Proceeds			
Other Revenues			
TOTAL GENERAL REVENUES AND TRANSFERS			
<b>CHANGE IN NET POSITION</b>			
<b>NET POSITION - Beginning</b>			
<b>NET POSITION - Ending</b>			

The accompanying notes are an integral part of the financial statements

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (222,768)	\$ -	\$ (222,768)
(270,205)	-	(270,205)
(326,793)	-	(326,793)
(101,762)	-	(101,762)
(22,198)	-	(22,198)
<u>(943,725)</u>	<u>-</u>	<u>(943,725)</u>
-	41,472	41,472
<u>(943,725)</u>	<u>41,472</u>	<u>(902,253)</u>
179,864	-	179,864
26,336	-	26,336
830,091	-	830,091
49,270	-	49,270
42,143	-	42,143
3,312	2,404	5,716
-	73,500	73,500
24,078	-	24,078
<u>1,155,094</u>	<u>75,904</u>	<u>1,230,998</u>
211,369	117,376	328,745
1,890,418	2,363,867	4,254,285
<u>\$ 2,101,787</u>	<u>\$ 2,481,243</u>	<u>\$ 4,583,030</u>

TOWN OF FAIRPLAY, COLORADO

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2017**

**With Comparative Totals for December 31, 2016**

	General Fund	Other Funds	Total	
			2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ 318,428	\$ -	\$ 318,428	\$ 191,217
Investments	259,840	-	259,840	257,822
Restricted Cash and Investments	11,500	17,262	28,762	25,985
Receivables				
Property Tax Receivable	192,172	-	192,172	180,708
Intergovernmental Receivables	144,359	-	144,359	120,102
Cash with Fiscal Agent	2,224	-	2,224	1,958
Other Receivables	11,027	-	11,027	9,960
Prepaid Expenses	1,100	-	1,100	-
TOTAL ASSETS	<u>\$ 940,650</u>	<u>\$ 17,262</u>	<u>\$ 957,912</u>	<u>\$ 787,752</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 23,744	\$ -	\$ 23,744	\$ 26,356
Accrued Liabilities	15,147	-	15,147	17,230
Accrued Salaries and Benefits	11,413	-	11,413	15,479
Deposits and Escrow	10,100	-	10,100	12,100
TOTAL LIABILITIES	<u>60,404</u>	<u>-</u>	<u>60,404</u>	<u>71,165</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
Deferred Property Taxes	192,172	-	192,172	180,708
Other Deferred Inflows	7,675	-	7,675	11,300
TOTAL DEFERRED INFLOWS	<u>199,847</u>	<u>-</u>	<u>199,847</u>	<u>192,008</u>
<b>FUND BALANCE</b>				
Nonspendable Fund Balance	1,100	-	1,100	-
Restricted Fund Balance	43,000	17,262	60,262	64,485
Unassigned Fund Balance	636,299	-	636,299	460,094
TOTAL FUND BALANCE	<u>680,399</u>	<u>17,262</u>	<u>697,661</u>	<u>524,579</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 940,650</u>	<u>\$ 17,262</u>	<u>\$ 957,912</u>	<u>\$ 787,752</u>

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

**TOWN OF FAIRPLAY, COLORADO**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
DECEMBER 31, 2017**

<b>Fund Balance - Governmental Funds</b>		\$ 697,661
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 654,960	
Capital assets, being depreciated	1,975,780	
Accumulated depreciation	<u>(983,941)</u>	1,646,799
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Net pension liability	(10,490)	
Contributions subsequent to measurement date	8,932	
Difference between projected and actual investment returns on the pension plan	44,542	
Amortization of the investment return difference	(16,227)	
Difference between projected and actual pension plan experience	10,914	
Amortization of the experience difference	(1,547)	
Change in Assumptions	8,911	
Amortization of Change in Assumptions	(1,746)	
Change in proportionate share of the net pension liability	4,783	
Amortization of the change in proportion	(1,362)	
Difference between projected and actual pension plan experience	(746)	
Amortization of the experience difference	212	
Change in proportionate share of the net pension liability	(1,958)	
Amortization of the change in proportion	<u>387</u>	44,605
Internal Service operations primarily benefit Governmental Activities		
Internal Service Fund Net Position		277,995
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Capital leases payable	(209,006)	
Certificates of participation payable	(333,961)	
Accrued interest payable	(3,928)	
Accrued compensated absences	<u>(18,378)</u>	<u>(565,273)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>\$ 2,101,787</u></b>

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

TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	General	Other	TOTAL	
	Fund	Funds	2017	2016
<b>REVENUES</b>				
Taxes	\$ 1,127,705	\$ -	\$ 1,127,705	\$ 1,017,187
Intergovernmental Revenues	54,847	3,434	58,281	244,918
Licenses and Permits	56,911	-	56,911	22,827
Fines and Forfeits	16,477	-	16,477	24,708
Charges for Services	161,556	-	161,556	126,998
Investment Earnings	3,294	18	3,312	1,607
Other Revenues	34,639	-	34,639	14,767
<b>TOTAL REVENUES</b>	<u>1,455,429</u>	<u>3,452</u>	<u>1,458,881</u>	<u>1,453,012</u>
<b>EXPENDITURES</b>				
Current:				
General Government	350,360	-	350,360	316,938
Public Safety	285,266	-	285,266	366,122
Public Works	183,947	-	183,947	191,126
Parks, Recreation and Other	141,396	-	141,396	124,912
Capital Outlay	267,171	675	267,846	486,973
Debt Service	56,984	-	56,984	30,994
<b>TOTAL EXPENDITURES</b>	<u>1,285,124</u>	<u>675</u>	<u>1,285,799</u>	<u>1,517,065</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	170,305	2,777	173,082	(64,053)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds	-	-	-	225,000
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	<u>170,305</u>	<u>2,777</u>	<u>173,082</u>	<u>160,947</u>
<b>FUND BALANCE, BEGINNING</b>	<u>510,094</u>	<u>14,485</u>	<u>524,579</u>	<u>363,632</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 680,399</u>	<u>\$ 17,262</u>	<u>\$ 697,661</u>	<u>\$ 524,579</u>

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

TOWN OF FAIRPLAY, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Change in Fund Balance - Governmental Funds</b>	\$	173,082
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Depreciation Expense		(52,845)
Internal Service operations primarily benefit Governmental Activities		
Change in net position - Internal Service Funds		33,749
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to the measurement date	(2,923)	
Current year projected to actual investment return difference	44,542	
Current year amortization of overall investment return differences	(16,227)	
Change in net pension asset/liability	(11,004)	
Current year projected to actual pension plan experience difference	6,311	
Current year amortization of overall experience differences	(1,026)	
Change in the changes of assumptions	(902)	
Current year change in proportionate share of cost-sharing plan asset/liability	30	
Current year amortization of overall proportionate share differences	<u>(262)</u>	18,539
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on capital leases	23,044	
Principal payments on certificates of participation	15,234	
Change in accrued interest payable	193	
Change in accrued compensated absences	<u>373</u>	<u>38,844</u>
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>211,369</u></b>

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

TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

	Business-type		Govt	
	Activities		Activities	
	Water	Internal Service	Total	
Fund	Funds	2017	2016	
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ 284,445	\$ 150,891	\$ 435,336	\$ 386,745
Investments	433,626	-	433,626	131,478
Restricted Cash and Investments	-	-	-	79,491
Receivables				
Utility Receivable	36,446	-	36,446	35,613
Accounts Receivable	965	-	965	-
Total Current Assets	<u>755,482</u>	<u>150,891</u>	<u>906,373</u>	<u>633,327</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	139,922	-	139,922	105,560
Capital Assets being depreciated	3,888,175	147,468	4,035,643	4,035,643
Accumulated Depreciation	(2,078,605)	(20,364)	(2,098,969)	(1,993,775)
Total Noncurrent Assets	<u>1,949,492</u>	<u>127,104</u>	<u>2,076,596</u>	<u>2,147,428</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,704,974</u>	<u>\$ 277,995</u>	<u>\$ 2,982,969</u>	<u>\$ 2,780,755</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 1,719	\$ -	\$ 1,719	\$ 2,348
Accrued Liabilities	203,974	-	203,974	51,700
Accrued Salaries and Benefits	7,652	-	7,652	7,107
Accrued Interest Payable	-	-	-	2,032
Total Current Liabilities	<u>213,345</u>	<u>-</u>	<u>213,345</u>	<u>63,187</u>
<b>Noncurrent Liabilities</b>				
Due within one year	-	-	-	10,594
Due in more than one year	10,386	-	10,386	98,861
Total Noncurrent Liabilities	<u>10,386</u>	<u>-</u>	<u>10,386</u>	<u>109,455</u>
<b>TOTAL LIABILITIES</b>	<u>223,731</u>	<u>-</u>	<u>223,731</u>	<u>172,642</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,949,492	127,104	2,076,596	2,046,138
Restricted Net Position	-	-	-	79,491
Unrestricted Net Position	531,751	150,891	682,642	482,484
<b>TOTAL NET POSITION</b>	<u>2,481,243</u>	<u>277,995</u>	<u>2,759,238</u>	<u>2,608,113</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 2,704,974</u>	<u>\$ 277,995</u>	<u>\$ 2,982,969</u>	<u>\$ 2,780,755</u>

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

TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	Business-type		Govt	
	Activities		Activities	
	Water	Internal Service	Total	
	Fund	Funds	2017	2016
<b>Operating Revenues</b>				
Utility Charges	\$ 386,486	\$ -	\$ 386,486	\$ 407,344
Internal Charges	-	42,700	42,700	39,750
Other Charges for Services	165,265	-	165,265	147,422
Total Revenues	551,751	42,700	594,451	594,516
<b>Operating Expenses</b>				
Personnel Services	290,200	-	290,200	264,279
Administrative/Office Expenses	53,504	-	53,504	35,539
Operating Supplies	9,256	-	9,256	6,459
Professional Fees	13,504	-	13,504	11,467
Repairs and Maintenance	3,345	-	3,345	88,634
Treatment	1,059	-	1,059	1,438
Telephone and Utilities	16,465	-	16,465	19,099
Other Operating Expenses	8,352	-	8,352	8,352
Depreciation Expense	96,243	8,951	105,194	106,296
Other Capital Outlay	15,093	-	15,093	41,090
Total Expenditures	507,021	8,951	515,972	582,653
Operating Income (Loss)	44,730	33,749	78,479	11,863
<b>Other Income (Expense)</b>				
Investment Earnings	2,404	-	2,404	291
Other Revenue	73,500	-	73,500	-
Interest Expense	(3,258)	-	(3,258)	(5,351)
Gain (Loss) on Sale of Assets	-	-	-	2,250
Total Other Income (Expense)	72,646	-	72,646	(2,810)
<b>Change in Net Position</b>	117,376	33,749	151,125	9,053
<b>Net Position, Beginning</b>	2,363,867	244,246	2,608,113	2,599,060
<b>Net Position, Ending</b>	\$ 2,481,243	\$ 277,995	\$ 2,759,238	\$ 2,608,113

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

TOWN OF FAIRPLAY

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
With Comparative Totals for the Year Ended December 31, 2016**

	Business-type		Govt	
	Activities		Activities	
	Water	Internal Service	Total	
Fund	Funds	2017	2016	
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 549,953	\$ -	\$ 549,953	\$ 537,605
Cash Received from Interfund Services Provided	-	42,700	42,700	39,750
Cash Paid to Suppliers	(158,598)	-	(158,598)	(236,915)
Cash Paid to Employees	(97,769)	-	(97,769)	(189,752)
Net Cash Provided by Operating Activities	<u>293,586</u>	<u>42,700</u>	<u>336,286</u>	<u>150,688</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Debt Principal Payments	(101,290)	-	(101,290)	(21,351)
Interest Payments	(5,290)	-	(5,290)	(5,534)
Proceeds of Capital Asset Sales	-	-	-	384,383
Acquisition of Capital Assets	(34,362)	-	(34,362)	(422,454)
Cash Flows Used by Capital and Related Financing Activities	<u>(140,942)</u>	<u>-</u>	<u>(140,942)</u>	<u>(64,956)</u>
<b>Cash Flows (Uses) From Noncapital Financing Activities:</b>				
Other Revenues (Expense)	<u>73,500</u>	<u>-</u>	<u>73,500</u>	<u>-</u>
<b>Cash Flows (Uses) From Investing Activities:</b>				
Interest Received	<u>2,404</u>	<u>-</u>	<u>2,404</u>	<u>291</u>
Net Increase (Decrease) in Cash	228,548	42,700	271,248	86,023
Cash - Beginning	<u>489,523</u>	<u>108,191</u>	<u>597,714</u>	<u>511,691</u>
Cash - Ending	<u>\$ 718,071</u>	<u>\$ 150,891</u>	<u>\$ 868,962</u>	<u>\$ 597,714</u>
<b>Cash</b>				
Investments	\$ 433,626	\$ -	\$ 433,626	\$ 131,478
Restricted Cash and Investments	-	-	-	79,491
Total	<u>\$ 718,071</u>	<u>\$ 150,891</u>	<u>\$ 868,962</u>	<u>\$ 597,714</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>				
Operating Income (Loss)	\$ 44,730	\$ 33,749	\$ 78,479	\$ 11,863
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Depreciation Expense	96,243	8,951	105,194	106,296
<b>Changes in Assets and Liabilities Related to Operations:</b>				
<b>(Increase) Decrease in:</b>				
Utility Receivable	(833)	-	(833)	4,780
Accounts Receivable	(965)	-	(965)	-
<b>(Increase) Decrease in:</b>				
Accounts Payable	(630)	-	(630)	(3,842)
Accrued Liabilities	152,274	-	152,274	51,550
Accrued Salaries and Benefits	545	-	545	1,214
Unearned Revenue	-	-	-	(21,941)
Accrued Compensated Absences	2,222	-	2,222	768
Total Adjustments	<u>248,856</u>	<u>8,951</u>	<u>257,807</u>	<u>138,825</u>
Net Cash Used for Operating Activities	<u>\$ 293,586</u>	<u>\$ 42,700</u>	<u>\$ 336,286</u>	<u>\$ 150,688</u>

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

# TOWN OF FAIRPLAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

#### REPORTING ENTITY

The Town is a political subdivision of the State of Colorado governed by a five member board of trustees. The Town is a full-service entity providing public safety, public works, and parks and recreation services as well as providing water services.

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit or burden on the Town
- there is fiscal dependency by the organization on the Town

Based upon the application of these criteria, no additional organizations are includable within the Town's reporting entity. The previously reported blended component unit, The Fairplay Capital Leasing Corporation, no longer reports any activity.

#### BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS**

The fund financial statements provide information about the government's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

**General Fund**

The General Fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for police protection, public works, parks and recreations and Town administration.

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

**Special Revenue Fund**

This fund accounts for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The Town's special revenue fund is as follows:

**Conservation Trust Fund (Nonmajor)**

This fund accounts for funds received through the State of Colorado Lottery/Conservation Trust Fund program. These funds are required to be spent on parks and recreation.

**Proprietary Fund**

The Town also reports the following proprietary funds:

**Enterprise Funds - Water Fund**

This fund accounts for the activities related to offering water service to the Town's residents.

**Internal Service Funds – Internal Service Fund (Nonmajor)**

This fund accounts for the purchase and maintenance of vehicles used by the Town.

# TOWN OF FAIRPLAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS** (Continued)

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**BUDGETS AND BUDGETARY ACCOUNTING**

Budgets were adopted for all funds. Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- 1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- 2) Certification of mill levies to the County Commissioners by December 15 of each year.
- 3) Final adoption of the budget and appropriations by December 31 of each year.

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE**

**Cash and Equivalents**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**Allowance for Doubtful Accounts**

Based upon a review of the existing accounts receivable and the fact that any uncollectible water receivables can be certified to the County Treasurer as such and attached to the tax rolls, no allowance for doubtful accounts is provided.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town did not retroactively report infrastructure when those accounting standards were adopted.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

Buildings	10 – 50 years
Infrastructure	20 years
Vehicles	5 – 10 years
Machinery and Equipment	3 – 20 years
Water System	15 – 100 years

**Accumulated Unused Leave/Compensated Absences**

The Town permits an employee to carry over unused personal leave to the next calendar year. The Town will compensate an employee for any unused personal time upon termination or resignation. The Town has reported the change in liability for unused personal time in Note 4.

**Deferred Outflows and Inflows of Resources**

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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 Town reports deferred outflows related to pension liabilities as further described in Note 5.

# TOWN OF FAIRPLAY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

##### Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and governmental balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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 reports several items, one of which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows related to property taxes and prepaid sales tax licenses, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. Sales tax licenses will be reported as revenue in the subsequent year to match the period the license is for. In addition, the Town reports deferred inflows related to pension liabilities as further described in Note 5.

##### Net Position/Fund Equity

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, reported and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)**

**Net Position/Fund Equity (Continued)**

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in the other governmental funds are presented as unassigned.

**Net Position/Fund Equity Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**REVENUES AND EXPENDITURES/EXPENSES**

**Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Property Taxes**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**REVENUES AND EXPENDITURES/EXPENSES**

**Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and internal service fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**COMPARATIVE DATA**

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments is as follows:

Cash	\$	756,925
Cash on Hand		200
Investments		<u>718,868</u>
<b>Total Cash and Investments</b>	<b>\$</b>	<b><u>1,475,992</u></b>

These funds are allocated in the financial statements as follows:

Cash and Investments	\$	1,378,811
Restricted Cash and Investments		<u>97,181</u>
<b>Total Cash and Investments</b>	<b>\$</b>	<b><u>1,475,992</u></b>

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Deposits**

The Town's deposits and cash held are comprised of the following:

	<u>Bank</u> <u>Balance</u>	<u>Book</u> <u>Balance</u>
FDIC Insured	\$ 494,561	\$ 494,561
PDPA Secured (Not in Entity's Name)	254,033	262,364
Petty Cash	-	200
<b>Total Cash</b>	<b><u>\$ 748,594</u></b>	<b><u>\$ 757,125</u></b>

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, \$204,965 of the Town's deposits as shown above were not insured by federal depository insurance or collateralized under PDPA and are therefore deemed to be exposed to custodial credit risk.

**Investments**

**Credit Risk**

The Town invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are:

- 1) Safety,
- 2) Liquidity, and
- 3) Yield.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments** (Continued)

Credit Risk (Continued)

The Town Treasurer is responsible for all of the investments of the Town.

Eligible investments shall conform to state law and may include any of the following:

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

Credit Risk (Continued)

During the year ended December 31, 2017, the Town invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrust. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

Interest Rate Risk

The Town manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the Board of Trustees.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the Town did not have any securities requiring safekeeping.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

**Restricted Cash and Investments**

The Town has restricted cash and investments as follows:

Restricted - Escrow Deposits	\$ 79,919
Restricted - Conservation Trust	<u>17,262</u>
<b>Total Restricted Cash</b>	<b>97,181</b>
Unrestricted	<u>1,378,811</u>
<b>Total Cash</b>	<b><u>\$ 1,475,992</u></b>

**NOTE 3: CAPITAL ASSETS**

Changes in governmental activities capital assets for the year were as follows:

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u> <u>&amp; Transfers</u>	<u>Balance</u> <u>12/31/17</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 654,960	\$ -	\$ -	\$ 654,960
Capital assets being depreciated:				
Buildings and Improvements	788,625	-	-	788,625
Infrastructure	293,625	-	-	293,625
Streets Vehicles and Equipment	213,114	-	-	213,114
Police Vehicles and Equipment	95,333	-	-	95,333
Office Equipment & Software	20,596	-	-	20,596
Improvements - Parks	442,736	-	-	442,736
Equipment - Parks and Recreation	121,751	-	-	121,751
Equipment - Fleet	<u>147,468</u>	-	-	<u>147,468</u>
Total capital assets being depreciated	<u>2,123,248</u>	-	-	<u>2,123,248</u>
Less accumulated depreciation for:				
Buildings and Improvements	(119,282)	(17,208)	-	(136,490)
Infrastructure	(253,375)	(5,750)	-	(259,125)
Streets Vehicles and Equipment	(205,941)	(1,311)	-	(207,252)
Police Vehicles and Equipment	(61,669)	(9,294)	-	(70,963)
Office Equipment & Software	(14,418)	(3,090)	-	(17,508)
Improvements - Parks	(154,660)	(16,192)	-	(170,852)
Equipment - Parks and Recreation	(121,751)	-	-	(121,751)
Equipment - Fleet	<u>(11,413)</u>	<u>(8,951)</u>	-	<u>(20,364)</u>
Total Accumulated Depreciation	<u>(942,509)</u>	<u>(61,796)</u>	-	<u>(1,004,305)</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 1,835,699</u></b>	<b><u>\$ (61,796)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,773,903</u></b>

Depreciation has been allocated on the statement of activities as follows:

General Government	\$ 20,298
Public Safety	9,294
Public Works	7,061
Parks and Recreation	16,192
Fleet Internal Service Fund	<u>8,951</u>
<b>Total Governmental Activity Depreciation</b>	<b><u>\$ 61,796</u></b>

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE 3: CAPITAL ASSETS (Continued)**

A summary of business-type activities capital assets at December 31, 2017 is as follows:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 75,740	\$ -	\$ -	\$ 75,740
Construction in progress	29,820	34,363	-	64,183
Total capital assets not being depreciated	<u>105,560</u>	<u>34,363</u>	<u>-</u>	<u>139,923</u>
Capital assets being depreciated:				
Buildings	141,450	-	-	141,450
Machinery & Equipment	101,732	-	-	101,732
Software and Meter Reading System	157,967	-	-	157,967
Transmission System & Lines	2,307,114	-	-	2,307,114
Water Treatment Plant	501,974	-	-	501,974
Galley System	604,409	-	-	604,409
Ditch/Drainage System	52,822	-	-	52,822
Fire Hydrants	20,707	-	-	20,707
Total capital assets being depreciated	<u>3,888,175</u>	<u>-</u>	<u>-</u>	<u>3,888,175</u>
Less accumulated depreciation for:				
Buildings	(65,340)	(3,273)	-	(68,613)
Machinery & Equipment	(101,732)	-	-	(101,732)
Software and Meter Reading System	(99,373)	(14,648)	-	(114,021)
Transmission System & Lines	(951,817)	(39,343)	-	(991,160)
Water Treatment Plant	(234,476)	(19,202)	-	(253,678)
Galley System	(500,442)	(18,081)	-	(518,523)
Ditch/Drainage System	(15,101)	(1,218)	-	(16,319)
Fire Hydrants	(14,081)	(477)	-	(14,558)
Total Accumulated Depreciation	<u>(1,982,362)</u>	<u>(96,242)</u>	<u>-</u>	<u>(2,078,604)</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 2,011,373</u></b>	<b><u>\$ (61,879)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,949,494</u></b>

**NOTE 4: BONDS, NOTES AND LEASES PAYABLE**

**BUSINESS-TYPE ACTIVITIES**

The following is a schedule of changes in debt for the year ended December 31, 2017:

<b>Business-type Activities:</b>	<b>Balance 12/31/16</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/17</b>	<b>Current Portion</b>	<b>Interest Expense</b>
1997 CWRPDA Loan	\$ 14,800	\$ -	\$ 14,800	\$ -	\$ -	\$ 363
1998 Rural Development Bond	75,300	-	75,300	-	-	4,074
1998 EIAF Loan	11,190	-	11,190	-	-	289
Water Meter Lease	-	-	-	-	-	-
Accrued Compensated Absences	8,165	2,221	-	10,386	-	-
<b>Total</b>	<b><u>\$ 109,455</u></b>	<b><u>\$ 2,221</u></b>	<b><u>\$ 101,290</u></b>	<b><u>\$ 10,386</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,726</u></b>

Business-type activity bonds, notes and capital leases payable consist the following:

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 4: BONDS, NOTES AND LEASES PAYABLE (Continued)**

**BUSINESS-TYPE ACTIVITIES (Continued)**

**Note Payable - Colorado Resource & Power Development Authority - 1997**

The Town entered into this loan on July 25, 1997, in the amount of \$200,000 to assist in financing a capital project in the water fund. Payments began March 1, 1998 in quarterly installments of \$3,805 including interest at 4.5%. The note has a date of December 1, 2017.

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2017, the Town had funded the required reserve (Note 2). This loan was paid off during the 2017 fiscal year.

**Notes Payable - Department of Local Affairs - 1998**

The Town received \$232,500 from the Department of Local Affairs in 1998. \$157,500 was received as a grant, and the balance of \$75,000 was to be repaid as a note bearing 5% interest. Payments began September 1, 1999 in annual installments of \$6,018 including interest. The note has a maturity date of September 1, 2018. This note was fully paid off during the 2017 fiscal year.

**Water Revenue Bonds, Series 1998**

Bonds of this issue are dated August 27, 1998. The bonds bear interest at the rate of 4.75% for bonds maturing from January 1, 1999 to the final redemption date of July 1, 2038. These Bonds have not been fully drawn upon as of December 31, 2000 since the proceeds of these Bonds are to be used for improvements to the municipal water system of the Town for which the improvements have not been accepted as of December 31, 2000. This note was fully paid off during the 2017 fiscal year.

**GOVERNMENTAL ACTIVITIES**

The following is a summary of governmental activity long-term debt.

Governmental Activities:	Balance			Balance 12/31/17	Current Portion	Interest Expense
	12/31/16	Additions	Deletions			
Capital Leases Payable	\$ 232,049	\$ -	\$ 23,043	\$ 209,006	\$ 23,616	\$ 6,496
2012 Certificates of Participation	349,195	-	15,234	333,961	15,937	15,702
Accrued Compensated Absences	18,751	-	373	18,378	-	-
<b>Total</b>	<b>\$ 599,995</b>	<b>\$ -</b>	<b>\$ 38,650</b>	<b>\$ 561,345</b>	<b>\$ 39,553</b>	<b>\$ 22,198</b>

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 4: BONDS, NOTES, AND LEASES PAYABLE (Continued)**

**GOVERNMENTAL ACTIVITIES** (Continued)

**Certificates of Participation**

On December 28, 2012, the Town issued \$405,000 of certificates of participation for the acquisition and remodeling of the property located at 901 Main Street. The certificates require semi-annual payments of \$15,497 on June 1 and December 1, beginning on June 1, 2013 through December 2032. The certificates bear an interest rate of 4.5% per annum. Payments will be made through the General Fund. These certificates were issued through the Fairplay Capital Leasing Corporation and subsequently leased to the Town. As the Fairplay Capital Leasing Corporation solely benefits the Town and only activity is collection of rent and payment of debt service, all activity has been eliminated in the financial statement presentation.

The following is a summary of required annual debt service payments:

<u>Year</u>	<b>Certificates of Participation</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,937	\$ 15,057	\$ 30,994
2019	16,673	14,321	30,994
2020	17,404	13,590	30,994
2021	18,245	12,749	30,994
2022	19,087	11,907	30,994
2023-2027	109,456	45,512	154,968
2028-2032	137,159	17,809	154,968
<b>Total</b>	<b>\$ 333,961</b>	<b>\$ 130,945</b>	<b>\$ 464,906</b>

**Capital Leases Payable**

In 2014, the Town entered into a capital lease agreement for the purchase of a copier. The lease was for \$15,446, and requires 60 monthly payments of \$284. The lease bears interest at 2.8%. All payments related to this lease will be made by the General Fund and are included along with monthly maintenance charges in equipment rentals in the financial statements. The Town has capitalized assets with a remaining basis of \$3,089 related to the lease.

The following is a schedule of the future minimum lease payments required under the capital lease for the copier purchase, and the present value of the remaining payments as of December 31, 2017:

<u>Year</u>	<u>Copier</u>
2018	\$ 3,402
2019	851
Future Min. Lease Pmt	4,253
Imputed Interest	(381)
<b>Present Value FMLP</b>	<b>\$ 3,872</b>

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: BONDS, NOTES, AND LEASES PAYABLE (Continued)

GOVERNMENTAL ACTIVITIES (Continued)

Capital Leases Payable (Continued)

In 2016, the Town entered into an equipment lease/purchase agreement for the purchase of land. The lease was for \$225,000 and requires semi-annual payments of \$12,995. All payments related to this lease will be made by the General Fund. The Town has capitalized assets with a remaining basis of \$450,000 related to the lease. The lease is additionally secured by Town equipment with a remaining basis of \$151,475.

The following is a schedule of the future lease payments required under the capital lease for the equipment lease/purchase agreement, and the remaining principal and interest remaining as of December 31, 2017:

Equipment Lease/ Purchase Agreement			
Year	Principal	Interest	Total
2018	\$ 20,308	\$ 5,682	\$ 25,990
2019	20,888	5,102	25,990
2020	21,486	4,504	25,990
2021	22,100	3,890	25,990
2022	22,732	3,258	25,990
2023-2026	97,620	6,341	103,961
<b>Total</b>	<b>\$ 205,134</b>	<b>\$ 28,777</b>	<b>\$ 233,911</b>

NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

*Pensions.* The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado (“FPPA”). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

*Plan description.* Eligible employees of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: **EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS** (Continued)

**STATEWIDE DEFINED BENEFIT PLAN (FPPA)** (Continued)

**General Information about the Pension Plan**

FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2016, that can be obtained at: [http://fppaco.org/pdfs/annual\\_audit\\_actuarial\\_reports/annual%20reports/2014%20FPPA%20CAFR.pdf](http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf).

*Benefits provided.* A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

**General Information about the Pension Plan**

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 17 percent through 2015. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8.5 percent through 2016. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022. The Town is not an affiliated social security employer.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$11,886 for the plan year ended December 31, 2016 and \$8,932 for the fiscal year ended December 31, 2017. The current year contributions will be expensed in 2017 for FPPA purposes and are a timing difference at year end.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017, the Town reported a liability of \$10,490 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension asset was based on Town's contributions to the SWDB for the calendar year 2016 relative to the total contributions of participating employers to the SWDB.

At December 31, 2017, the Town's proportion was .029031%, which was a decrease of .003815% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$16,191. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: **EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions(Continued)**

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 9,366	\$ (533)
Changes of assumptions or other inputs	\$ 7,165	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 28,315	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ (1,360)	\$ (1,571)
Contributions subsequent to the measurement date	\$ 8,932	\$ -
Total	\$ 52,418	\$ (2,104)

\$8,932 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Amortization Amount
2018	\$ (11,070)
2019	\$ (11,069)
2020	\$ (10,426)
2021	\$ (4,398)
Thereafter	\$ (7,038)
Total	\$ (46,163)

*Actuarial assumptions.* The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return, net of pension plan investment expenses, including price inflation *	7.50%
Salary increase, including wage inflation *	4.00-14.00%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale BB is used in the projection of post-retirement benefits.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study adopted by FPPA's Board in July 2011. The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	36.00%	9.25%
Equity Long/Short	10.00%	7.35%
Illiquid Alternatives	23.00%	10.75%
Fixed Income	15.00%	4.10%
Absolute Return	10.00%	6.55%
Managed Futures	4.00%	5.50%
Cash	2.00%	0.00%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: **EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS** (Continued)

**STATEWIDE DEFINED BENEFIT PLAN (FPPA)** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

*Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate.* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (89,253)	\$ (10,490)	\$ 54,926

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**

**DEFINED CONTRIBUTION PLAN**

The Town provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The plan is administered by ICMA Retirement Corporation, and covers all full-time Town employees excluding police officers. Employees are eligible to participate immediately. A contractual agreement between the Town and ICMA requires the Town to contribute an amount equal to three percent of all employees' salaries, and a mandatory employee contribution of three percent. The Town's contributions for each employee become fully vested after five years of service. These contributions are paid to ICMA and ICMA administers the plan. The Town made the required contributions of 3.00% for employees amounting to a total of \$12,007 and plan members contributed a total of \$12,007 for the year ending December 31, 2017.

**DEFERRED COMPENSATION PLAN**

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Sec. 457. The plan is administered by ICMA-RC. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years. Employees contributed \$21,519 to this plan for the fiscal year. There were no employer contributions.

**NOTE 6: COMMITMENTS AND CONTINGENCIES**

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2017.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 7: FUND BALANCE/NET POSITION APPROPRIATIONS AND RESTRICTIONS**

**Tax Spending and Debt Limitations**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The Town's financial activity for the year ended December 31, 2017 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the Town's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At an April 2, 1996 election, the electors of the Town authorized the Town to collect, retain and expend the full amount of the revenues from all sources during 1996, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The Town's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2017 in the amount of 3% or more of its fiscal year spending. At December 31, 2017, the Town has reserved the following for emergencies:

General Fund	<u>\$ 43,000</u>
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Other Restrictions

The Town has also restricted the fund balance in its Conservation Trust Fund as its use is limited by statute.

**TOWN OF FAIRPLAY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 8: RISK MANAGEMENT**

The Town of Fairplay, Colorado carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The Town carries all insurance through commercial insurance carriers. Risk of loss is transferred to those carriers.

The Town has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the Town has not recorded any liability for unpaid claims at December 31, 2017.

**NOTE 9: FAIRPLAY SANITATION DISTRICT**

Effective December 1, 2014, the Town took over management of the Fairplay Sanitation District (the "District"). The District board retains responsibility for all activities. The Town is jointly billing for all water and sewer services, performs all accounting and collection functions, and is operating the District's treatment plant. The Town refinanced the Sanitation District's debt with a \$3,745,300 loan from Zions Bank. The debt was refinanced on June 27, 2018, which is the date the Town will assume control of the Sanitation District and the operations. There will no longer be two separate entities for the Town and Sanitation District, it will be considered one entity moving forward.

**BUDGETARY COMPARISON SCHEDULES**  
**(Required Supplementary Information)**

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<b>2017</b>				<b>2016</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 180,708	\$ 180,708	\$ 179,865	\$ (843)	\$ 178,027
Specific Ownership Taxes	20,000	21,500	26,336	4,836	21,791
Sales Taxes	746,722	784,000	830,091	46,091	728,325
Franchise Taxes	50,000	50,000	49,270	(730)	50,248
Other Taxes	39,000	38,500	42,143	3,643	38,796
Total Tax Revenue	<u>1,036,430</u>	<u>1,074,708</u>	<u>1,127,705</u>	<u>52,997</u>	<u>1,017,187</u>
<b>Intergovernmental Revenues</b>					
Cigarette Taxes	2,200	2,300	2,315	15	2,335
Highway Users	32,963	32,000	32,249	249	31,723
Road and Bridge	5,600	5,600	7,085	1,485	5,658
Clerk/Motor Vehicle Fees	3,600	3,600	3,760	160	3,774
Mineral Lease	1,000	931	931	-	812
Severance Tax	2,500	4,657	4,657	-	2,202
State Grants	28,125	3,850	3,850	-	194,596
Total Intergovernmental Revenue	<u>75,988</u>	<u>52,938</u>	<u>54,847</u>	<u>1,909</u>	<u>241,100</u>
<b>Licenses and Permits</b>					
Liquor Licenses	1,500	2,898	2,901	3	1,876
Building Permits	3,240	26,643	29,233	2,590	3,059
Annexation/Other P&Z Fees	2,000	3,200	4,202	1,002	2,546
Animal Licenses	125	70	70	-	105
Business Licenses	5,600	6,625	6,675	50	5,775
Other Licenses	7,860	13,575	13,830	255	9,466
Total Licenses and Permits	<u>20,325</u>	<u>53,011</u>	<u>56,911</u>	<u>3,900</u>	<u>22,827</u>
<b>Fines and Forfeits</b>					
	<u>29,400</u>	<u>17,670</u>	<u>16,477</u>	<u>(1,193)</u>	<u>24,708</u>
<b>Charges for Services</b>					
Utility Charges	10,800	10,000	10,686	686	10,553
Recreation/Special Event Charges	20,500	26,483	53,067	26,584	24,654
Rents	15,897	15,297	15,431	134	15,514
Other Charges for Services	73,950	104,747	82,372	(22,375)	76,277
Total Charges for Services	<u>121,147</u>	<u>156,527</u>	<u>161,556</u>	<u>5,029</u>	<u>126,998</u>
<b>Investment Earnings</b>					
	<u>1,488</u>	<u>3,285</u>	<u>3,294</u>	<u>9</u>	<u>1,597</u>
<b>Other Revenues</b>					
Donations	7,625	10,562	10,562	-	7,559
Sale of Capital Assets	-	-	-	-	501
Other Miscellaneous Revenue	6,000	6,500	24,077	17,577	6,707
Total Other Revenue	<u>13,625</u>	<u>17,062</u>	<u>34,639</u>	<u>17,577</u>	<u>14,767</u>
TOTAL REVENUES	<u>1,298,403</u>	<u>1,375,201</u>	<u>1,455,429</u>	<u>80,228</u>	<u>1,449,184</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<b>2017</b>				<b>2016</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	
(Continued)					
<b>EXPENDITURES</b>					
<b>General Government</b>					
Personnel Services	170,313	171,951	176,263	4,312	179,887
Equipment Rentals	5,300	5,500	5,234	266	5,083
Fuel and Automotive	3,600	3,600	3,600	-	3,620
Insurance	14,777	14,916	14,917	(1)	12,716
Professional Fees	31,240	35,740	30,259	5,481	30,132
Repairs and Maintenance	7,500	19,150	17,915	1,235	10,768
Supplies	3,700	7,200	5,813	1,387	3,580
Telephone and Utilities	15,200	15,200	14,401	799	15,042
Travel and Training	8,000	8,000	7,266	734	6,164
Other Expenses	75,300	78,507	74,692	3,815	49,946
Total General Government	<u>334,930</u>	<u>359,764</u>	<u>350,360</u>	<u>18,028</u>	<u>316,938</u>
<b>Public Safety</b>					
Personnel Services	285,040	229,944	230,203	(259)	297,453
Fuel and Automotive	20,861	18,861	18,637	224	18,065
Professional Fees	2,500	3,506	2,449	1,057	1,408
Repairs and Maintenance	6,500	6,086	5,559	527	10,027
Supplies	10,000	9,579	9,512	67	5,223
Telephone and Utilities	3,300	3,300	2,805	495	3,341
Travel and Training	5,000	1,200	1,086	114	6,785
Other Expenses	8,250	19,872	15,015	4,857	23,820
Total Public Safety	<u>341,451</u>	<u>292,348</u>	<u>285,266</u>	<u>7,082</u>	<u>366,122</u>
<b>Public Works</b>					
Personnel Services	128,232	132,357	138,569	(6,212)	139,637
Equipment Rentals	16,703	16,703	16,703	-	16,703
Fuel and Automotive	5,000	3,000	3,247	(247)	3,304
Repairs and Maintenance	13,500	13,000	10,616	2,384	15,291
Supplies	14,500	13,500	11,865	1,635	14,146
Telephone and Utilities	1,500	1,900	1,798	102	1,551
Travel and Training	500	1,400	1,149	251	494
Total Public Works/Comm Devel	<u>179,935</u>	<u>181,860</u>	<u>183,947</u>	<u>(2,087)</u>	<u>191,126</u>
<b>Parks, Recreation and Other</b>					
Special Events	94,400	122,251	122,839	588	112,154
Repairs and Maintenance	8,500	11,804	11,732	72	11,981
Supplies	3,000	6,500	6,162	338	248
Telephone and Utilities	550	550	496	54	498
Other Expenses	500	250	167	83	31
Total Parks, Recreation & Other	<u>106,950</u>	<u>141,355</u>	<u>141,396</u>	<u>1,135</u>	<u>124,912</u>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<b>2017</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>2016 Actual</b>
(Continued)					
<b>Capital Outlay</b>					
General Government Capital Outlay	-	43,503	43,503	-	229,949
Public Works Capital Outlay	140,000	228,000	223,668	4,332	32,024
Parks, Recreation and Other Capital Outlay	50,500	-	-	-	-
Total Capital Outlay	<u>265,500</u>	<u>271,503</u>	<u>267,171</u>	<u>4,332</u>	<u>261,973</u>
<b>Debt Service</b>					
Principal and Interest	56,984	56,984	56,984	-	30,994
TOTAL EXPENDITURES	<u>1,285,750</u>	<u>1,303,814</u>	<u>1,285,124</u>	<u>28,490</u>	<u>1,292,065</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ 12,653</u>	<u>\$ 71,387</u>	170,305	<u>\$ 108,718</u>	157,119
<b>Budget to GAAP Basis Reconciliation</b>					
Debt Proceeds			-		(225,000)
Capital Outlay			-		225,000
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			170,305		157,119
<b>FUND BALANCE, BEGINNING</b>			510,094		352,975
<b>FUND BALANCE, ENDING</b>			<u>\$ 680,399</u>		<u>\$ 510,094</u>

See accompanying Independent Auditors' Report.

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF FAIRPLAY, COLORADO**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2017**

**With Comparative Totals for December 31, 2016**

	<b>SPECIAL REVENUE FUNDS</b>		
	<b>Conservation Trust Fund</b>	<b>Total</b>	
	<b>2017</b>	<b>2016</b>	
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Restricted Cash and Investments	\$ 17,262	\$ 17,262	14,485
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>FUND BALANCE</b>			
Restricted Fund Balance	17,262	17,262	14,485
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 17,262</b>	<b>\$ 17,262</b>	<b>\$ 14,485</b>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**With Comparative Totals for the Year Ended December 31, 2016**

	<b>SPECIAL REVENUE FUNDS</b>		
	<b>Conservation Trust</b>	<b>Total</b>	
	<b>Fund</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 3,434	\$ 3,434	\$ 3,818
Investment Earnings	18	18	10
<b>TOTAL REVENUES</b>	<b>3,452</b>	<b>3,452</b>	<b>3,828</b>
<b>EXPENDITURES</b>			
Capital Outlay	675	675	-
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>2,777</b>	<b>2,777</b>	<b>3,828</b>
<b>FUND BALANCE, BEGINNING</b>	<b>14,485</b>	<b>14,485</b>	<b>10,657</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 17,262</b>	<b>\$ 17,262</b>	<b>\$ 14,485</b>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Conservation Trust Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<b>2017</b>				<b>2016</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	
<b>REVENUES</b>					
<b>Intergovernmental Revenues</b>					
Cons Trust Fund Revenue	\$ 3,300	\$ 3,300	\$ 3,434	\$ 134	\$ 3,818
<b>Investment Earnings</b>	<u>9</u>	<u>13</u>	<u>18</u>	<u>5</u>	<u>10</u>
TOTAL REVENUES	3,309	3,313	3,452	139	3,828
<b>EXPENDITURES</b>					
<b>Capital Outlay</b>					
Parks, Recreation and Other Capital Outlay	<u>6,000</u>	<u>675</u>	<u>675</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (2,691)</u>	<u>\$ 2,638</u>	<u>2,777</u>	<u>\$ 139</u>	<u>3,828</u>
<b>FUND BALANCE, BEGINNING</b>			<u>14,485</u>		<u>10,657</u>
<b>FUND BALANCE, ENDING</b>			<u>\$ 17,262</u>		<u>\$ 14,485</u>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Water Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>Operating Revenues</b>				
Utility Charges	\$ 400,000	\$ 386,486	\$ (13,514)	\$ 407,344
Other Charges for Services	160,042	165,265	5,223	147,422
Total Revenues	<u>560,042</u>	<u>551,751</u>	<u>(8,291)</u>	<u>554,766</u>
<b>Operating Expenses</b>				
Personnel Services	280,549	290,200	(9,651)	264,279
Administrative/Office Expenses	55,807	53,504	2,303	35,539
Operating Supplies	8,961	9,256	(295)	6,459
Professional Fees	15,160	13,504	1,656	11,467
Repairs and Maintenance	7,000	3,345	3,655	88,634
Treatment	1,200	1,059	141	1,438
Telephone and Utilities	19,500	16,465	3,035	19,099
Other Operating Expenses	8,352	8,352	-	8,352
Other Capital Outlay	50,621	49,455	1,166	70,910
Total Expenditures	<u>447,150</u>	<u>445,140</u>	<u>2,010</u>	<u>506,177</u>
Operating Income (Loss)	<u>112,892</u>	<u>106,611</u>	<u>(6,281)</u>	<u>48,589</u>
<b>Other Income (Expense)</b>				
Investment Earnings	1,600	2,404	804	291
Other Revenue	73,500	73,500	-	-
Debt Service	(106,580)	(104,548)	2,032	(26,702)
Total Other Income (Expense)	<u>(31,480)</u>	<u>(28,644)</u>	<u>2,836</u>	<u>(26,411)</u>
Change in Net Position (Budget Basis)	<u>\$ 81,412</u>	<u>77,967</u>	<u>\$ (3,445)</u>	<u>22,178</u>
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		101,290		21,351
Depreciation Expense		(96,243)		(97,870)
Capital Outlay		34,362		29,820
Change in Net Position - GAAP Basis		117,376		(24,521)
Net Position, Beginning		<u>2,363,867</u>		<u>2,388,388</u>
Net Position, Ending		<u>\$ 2,481,243</u>		<u>\$ 2,363,867</u>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Internal Service Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>Operating Revenues</b>				
Internal Charges	\$ 42,700	\$ 42,700	\$ -	\$ 39,750
<b>Operating Expenses</b>				
Other Capital Outlay	-	-	-	10,500
Operating Income (Loss)	42,700	42,700	-	29,250
<b>Other Income (Expense)</b>				
Gain (Loss) on Sale of Assets	-	-	-	2,250
Change in Net Position (Budget Basis)	<u>\$ 42,700</u>	<u>42,700</u>	<u>\$ -</u>	<u>31,500</u>
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		(8,951)		(8,426)
Capital Outlay		-		10,500
Change in Net Position - GAAP Basis		33,749		33,574
Net Position, Beginning		<u>244,246</u>		<u>210,672</u>
Net Position, Ending		<u>\$ 277,995</u>		<u>\$ 244,246</u>

See accompanying Independent Auditors' Report.

**STATE COMPLIANCE SECTION**

**Steps for printing your content and returning to 'Edit Mode**

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

## ANNUAL HIGHWAY FINANCE REPORT - CY17

Email address:	kwittbrodt@fairplayco.us
City/County:	Fairplay

### II - RECEIPTS FOR ROAD AND STREET PURPOSES

**Please no commas or dollar signs for the input**

**A. Receipts from local sources**

2. General Fund Appropriations:	\$	119,169.00
3. Other local imposts: <i>from A.3. Total' below)</i>	\$	248,837.00
4. Miscellaneous local receipts: <i>from A.4. Total' below)</i>	\$	16,476.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00
<b>SubTotal:</b>	<b>\$</b>	<b>384,482.00</b>

**B. Private Contributions**

\$ 0.00

### II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

**Please no commas or dollar signs for the input**

**A.3. Other local imposts**

a. Property Taxes and Assessments	\$	0.00
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b. Other Local Imposts

1. Sales Taxes:	\$	222,501.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	26,336.00
<b>Total: (a + b) carried to 'Other local impost's' above)</b>		<b>\$ 248,837.00</b>

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	16,476.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00
<b>Total: (a through h) carried to 'Misc local receipts' above)</b>		<b>\$ 16,476.00</b>

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	32,249.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	3,760.00
d. Other (Specify):		
Comments: <input type="text" value="undefined"/>	\$	0.00
e. Other (Specify):		
Comments: <input type="text" value="undefined"/>	\$	0.00
<b>Total: (1+3c,d,e)</b>		<b>\$ 36,009.00</b>

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00

c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)		\$ 0.00

**III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

Please no commas or dollar signs for the input

**A. Local highway disbursements**

1. Capital outlay: (from A.1.d. Total Capital Outlay below)	\$	0.00
2. Maintenance:	\$	395,051.00
3. Road and street services		
a. Traffic control operations:	\$	20,750.00
b. Snow and ice removal:	\$	4,690.00
c. Other:	\$	0.00
4. General administration & miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	0.00
Total: (A.1-5)		\$ 420,491.00

Please no commas or dollar signs for the input

**B. Debt service on local obligations**

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

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: (A+B+C+D)	\$	420,491.00
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Please no commas or dollar signs for the input

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

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
<b>A.1. Capital Outlay</b>			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.
5. Total Construction:			\$ 0.
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 0.

### IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DE
<b>A. Bonds (Total)</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.0
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.0

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

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliati
\$ 0.00	\$ 420,491.00	\$ 420,491.00	\$ 0.00	\$ 0.00

Notes & Comments:

undefined

Please enter your name: Kim Wittbrodt

Please provide a telephone number where you may be reached: 719-836-2622

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