

TOWN OF FAIRPLAY, COLORADO
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2012

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INTRODUCTORY SECTION

**TOWN OF FAIRPLAY, COLORADO
BOARD OF TRUSTEES
December 31, 2012**

Board of Trustees

Fred Boyce, Mayor
LaNita French, Trustee
John Deagan, Trustee
Frank Just, Trustee
Gabby Lane, Trustee

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FINANCIAL SECTION

Town of Fairplay

Management Discussion and Analysis

December 31, 2012

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, 2012. 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.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Town of Fairplay's governmental net position increased by \$102,207 and business-type net position decreased by \$63,453 for the year.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2012 by \$3,608,838 (*net position*). Of this amount, \$350,103 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2012 unrestricted net position for the proprietary funds (business-type activities) was \$181,951.

As of the close of fiscal year 2012, the Town's General Fund reported an ending fund balance of \$215,503 compared to the fiscal year 2011 balance of \$333,844.

- General Fund 2012 revenues decreased by \$158,184 to \$895,632.
- General Fund expenditures also decreased in 2012 by \$65,977 to \$986,973.

Using the Basic Financial Statements

The Basic Financial Statements consists 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.

Town of Fairplay

Management Discussion and Analysis

December 31, 2012

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 has two major governmental funds, the General Fund and Fairplay Capital Leasing Corp.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates one proprietary fund, the Water 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 \$3,608,838 as of December 31, 2012 and \$3,570,084 as of December 31, 2011. This represents an increase of \$38,754.

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 government, public safety (police), public works, and parks and recreation. The Business-type Activities of the Town of Fairplay consists of water.

Town of Fairplay Management Discussion and Analysis December 31, 2012

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 \$3.60 million at the close of 2012.

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

CONDENSED STATEMENT OF NET POSTION

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and Other Assets	\$ 548,816	\$ 575,020	\$ 281,175	\$ 316,008	\$ 829,991	\$ 891,028
Capital Assets	1,326,949	817,111	2,401,504	2,509,014	3,728,453	3,326,125
Total Assets	1,875,765	1,392,131	2,682,679	2,825,022	4,558,444	4,217,153
LIABILITIES						
Current Liabilities	51,100	246,003	5,852	79,897	56,952	325,900
Noncurrent Liabilities	440,193	38,994	277,330	282,175	717,523	321,169
Total Liabilities	491,293	284,997	283,182	362,072	774,475	647,069
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	175,131	-	-	-	175,131	-
NET POSITION						
Invested in Capital Assets						
net of Related Debt	907,107	791,302	2,130,724	2,164,610	3,037,831	2,955,912
Restricted	133,947	37,965	86,822	85,216	220,769	123,181
Unrestricted	168,152	277,867	181,951	213,124	350,103	490,991
Total Net Position	\$ 1,209,206	\$ 1,107,134	\$ 2,399,497	\$ 2,462,950	\$ 3,608,703	\$ 3,570,084

The statement of net position reflects a cash position totaling \$533,050. The bulk of the Town's resources, \$3,728,453 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.

Town of Fairplay Management Discussion and Analysis December 31, 2012

Changes in Net Position

Governmental activities increased the Town of Fairplay's net position by \$102,207.

Business activities decreased the Town's net position by \$63,453.

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

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
PROGRAM REVENUES						
Charges for Services	\$ 76,149	\$ 51,747	\$ 375,702	\$ 407,011	\$ 451,851	\$ 458,758
Operating Grants	52,705	213,983	-	-	52,705	213,983
Capital Grants	65,560	70,000	15,000	22,500	80,560	92,500
Total Program Revenues	<u>194,414</u>	<u>335,730</u>	<u>390,702</u>	<u>429,511</u>	<u>585,116</u>	<u>765,241</u>
GENERAL REVENUES						
Property Taxes	177,977	232,184	-	61,117	177,977	293,301
Sales Taxes	471,641	437,069	-	-	471,641	437,069
Other	55,009	51,758	65	108	55,074	51,866
Operating Transfers	18,000	-	(18,000)	-	-	-
Total General Revenues	<u>722,627</u>	<u>721,011</u>	<u>(17,935)</u>	<u>61,225</u>	<u>704,692</u>	<u>782,236</u>
Total Revenues	<u>917,041</u>	<u>1,056,741</u>	<u>372,767</u>	<u>490,736</u>	<u>1,289,808</u>	<u>1,547,477</u>
PROGRAM EXPENSES						
General Government	253,009	244,867	-	-	253,009	244,867
Community Development	89,013	75,701	-	-	89,013	75,701
Municipal Court	28,761	27,913	-	-	28,761	27,913
Public Safety	280,094	269,355	-	-	280,094	269,355
Public Works	179,274	170,350	-	-	179,274	170,350
Parks and Recreation	21,164	153,820	-	-	21,164	153,820
Water Operations	-	-	436,220	402,386	436,220	402,386
Noncapitalized Capital Outlay	(36,481)	-	-	-	(36,481)	-
Total Program Expenses	<u>814,834</u>	<u>942,006</u>	<u>436,220</u>	<u>402,386</u>	<u>1,251,054</u>	<u>1,344,392</u>
Change in Net Position	<u>102,207</u>	<u>114,735</u>	<u>(63,453)</u>	<u>88,350</u>	<u>38,754</u>	<u>203,085</u>
Net Position, Beginning	1,107,134	956,674	2,462,950	2,374,600	3,570,084	3,331,274
Prior Period Restatement	-	35,725	-	-	-	35,725
Net Position, Beginning (As Restated)	<u>1,107,134</u>	<u>992,399</u>	<u>2,462,950</u>	<u>2,374,600</u>	<u>3,570,084</u>	<u>3,366,999</u>
Net Position, Ending	<u>\$ 1,209,341</u>	<u>\$ 1,107,134</u>	<u>\$ 2,399,497</u>	<u>\$ 2,462,950</u>	<u>\$ 3,608,838</u>	<u>\$ 3,570,084</u>

Town of Fairplay
Management Discussion and Analysis
December 31, 2012

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 \$333,844 to \$215,503. This decrease is principally the result of governmental activity operating costs exceeding operating revenue sources. Total revenues decreased by \$158,184. Expenditures also decreased by \$65,977.

The Town added a new major Special Revenue Fund in 2012, the Fairplay Capital Leasing Corp. This fund was established to finance the acquisition and remodeling of the new town hall property. The ending fund balance for 2012 was 99,222 which are all restricted for capital improvements.

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 decreased by \$63,453.

Town of Fairplay Management Discussion and Analysis December 31, 2012

Capital Assets

Approximately 36% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings and improvements.

	Restated Balance 1/1/12	Additions	Deletions	Balance 12/31/12
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 208,688	\$ 37,272	\$ -	\$ 245,960
Construction in progress	54,070	-	54,070	-
Total capital assets not being depreciated	<u>262,758</u>	<u>37,272</u>	<u>54,070</u>	<u>245,960</u>
Capital assets being depreciated:				
Buildings and Improvements	380,925	405,000	-	785,925
Infrastructure	293,625	-	-	293,625
Streets Vehicles and Equipment	198,251	7,500	14,880	190,871
Police Vehicles and Equipment	101,493	-	-	101,493
Office Equipment & Software	10,710	-	-	10,710
Other General Assets	10,350	-	-	10,350
Improvements - Parks	172,857	167,230	-	340,087
Equipment - Parks and Recreation	121,751	-	-	121,751
Total capital assets being depreciated	<u>1,289,962</u>	<u>579,730</u>	<u>14,880</u>	<u>1,854,812</u>
Less accumulated depreciation for:				
Buildings and Improvements	(103,949)	(10,779)	-	(114,728)
Infrastructure	(224,625)	(5,750)	-	(230,375)
Streets Vehicles and Equipment	(168,220)	(8,706)	(14,880)	(162,046)
Police Vehicles and Equipment	(54,281)	(9,639)	-	(63,920)
Office Equipment & Software	(10,710)	-	-	(10,710)
Other General Assets	(10,350)	-	-	(10,350)
Improvements - Parks	(56,528)	(10,818)	-	(67,346)
Equipment - Parks and Recreation	(106,945)	(7,403)	-	(114,348)
Total Accumulated Depreciation	<u>(735,608)</u>	<u>(53,095)</u>	<u>(14,880)</u>	<u>(773,823)</u>
Governmental activities capital assets, net	<u>\$ 817,112</u>	<u>\$ 563,907</u>	<u>\$ 54,070</u>	<u>\$ 1,326,949</u>

Town of Fairplay Management Discussion and Analysis December 31, 2012

Capital Assets (Continued)

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

	Balance 1/1/12	Additions	Deletions	Balance 12/31/12
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 75,740	\$ -	\$ -	\$ 75,740
Total capital assets not being depreciated	<u>75,740</u>	<u>-</u>	<u>-</u>	<u>75,740</u>
Capital assets being depreciated:				
Buildings	147,960	-	-	147,960
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>3,894,685</u>	<u>-</u>	<u>-</u>	<u>3,894,685</u>
Less accumulated depreciation for:				
Buildings	(48,057)	(3,664)	-	(51,721)
Machinery & Equipment	(80,593)	(4,979)	-	(85,572)
Software and Meter Reading System	(26,131)	(14,648)	-	(40,779)
Transmission System & Lines	(737,700)	(45,102)	-	(782,802)
Water Treatment Plant	(138,189)	(19,341)	-	(157,530)
Galley System	(410,036)	(18,081)	-	(428,117)
Ditch/Drainage System	(9,009)	(1,218)	-	(10,227)
Fire Hydrants	(11,696)	(477)	-	(12,173)
Total Accumulated Depreciation	<u>(1,461,411)</u>	<u>(107,510)</u>	<u>-</u>	<u>(1,568,921)</u>
Business-type activities capital assets, net	<u>\$ 2,509,014</u>	<u>\$ (107,510)</u>	<u>\$ -</u>	<u>\$ 2,401,504</u>

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 12/31/11	Additions	Deletions	Balance 12/31/12
Capital Leases Payable	\$ 25,809	\$ -	\$ 10,967	\$ 14,842
2012 Certificates of Participation	-	405,000	-	405,000
Accrued Compensated Absences	23,977	-	3,626	20,351
Total	<u>\$ 49,786</u>	<u>\$ 405,000</u>	<u>\$ 14,593</u>	<u>\$ 440,193</u>

Town of Fairplay Management Discussion and Analysis December 31, 2012

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:

	Balance			Balance
	12/31/11	Additions	Deletions	12/31/12
1992 GO Water Bonds	\$ 95,000	\$ -	\$ 95,000	\$ -
1995 CWRPDA Loan	61,744	-	16,660	45,084
1997 CWRPA Loan	79,633	-	11,833	67,800
1998 Rural Development Bond	83,700	-	1,000	82,700
1998 EIAF Loan	34,824	-	4,277	30,547
Equipment Capital Lease	445	-	445	-
Water Meter Lease	84,058	-	39,409	44,649
Accrued Compensated Absences	8,931	-	2,381	6,550
Total	\$ 448,335	\$ -	\$ 171,005	\$ 277,330

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 \$13,272. The Town's expenditures were \$25,759 less than budgeted, due to the Public Works and Capital Outlay coming in under budget.

Economic Factors and Future Budgets and Rates

During the 2013 budgeting process, the factor that was considered for increased revenue was a prediction of increased sales tax revenue due to new businesses opening, the annexation of a commercial property that two businesses operate out of 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, PO 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

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, 2012, 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 an opinion 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 opinion.

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, 2012, 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 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M8 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 32-34 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 35-37 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 38-39 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.



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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, 2012.

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TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET POSITION

December 31, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
ASSETS			
Cash and Investments	\$ 183,376	\$ 148,565	\$ 331,941
Cash with Fiscal Agent	1,565	-	1,565
Accounts Receivable	76,022	45,788	121,810
Property Tax Receivable	175,131	-	175,131
Restricted Cash	112,722	86,822	199,544
Capital Assets (net of accumulated depreciation)	1,326,949	2,401,504	3,728,453
TOTAL ASSETS	1,875,765	2,682,679	4,558,444
LIABILITIES			
Accounts Payable	13,530	1,667	15,197
Accrued Wages and Taxes Payable	24,070	4,185	28,255
Escrow Deposits	13,500	-	13,500
Noncurrent Liabilities			
Due within one year	19,500	71,078	90,578
Due in more than one year	420,693	206,252	626,945
TOTAL LIABILITIES	491,293	283,182	774,475
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	175,131	-	175,131
NET POSITION			
Net Investment in Capital Assets	907,107	2,130,724	3,037,831
Restricted for:			
TABOR Emergencies	27,000	-	27,000
Parks and Recreation	7,860	-	7,860
Capital Improvements	99,222	-	99,222
Debt Service Reserves	-	8,445	8,445
Operations and Maintenance Reserves	-	78,377	78,377
Unrestricted	168,152	181,951	350,103
TOTAL NET POSITION	\$ 1,209,341	\$ 2,399,497	\$ 3,608,838

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	PROGRAM REVENUES		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS & CONTRIBUTIONS</u>	<u>CAPITAL GRANTS & CONTRIBUTIONS</u>
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 253,009	\$ 28,373	\$ 12,002	\$ 65,560
Community Development	89,013	-	-	-
Municipal Court	28,761	-	-	-
Public Safety	280,094	37,021	-	-
Public Works	179,274	10,711	37,300	-
Parks and Recreation	21,164	44	3,403	-
Non-Capitalized Equipment	<u>(36,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	814,834	76,149	52,705	65,560
BUSINESS-TYPE ACTIVITY:				
Water	<u>436,220</u>	<u>375,702</u>	<u>-</u>	<u>15,000</u>
Total Government-wide	<u>\$ 1,251,054</u>	<u>\$ 451,851</u>	<u>\$ 52,705</u>	<u>\$ 80,560</u>

GENERAL REVENUES:
Property Taxes
Sales Taxes
Other
Transfers
Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

<u>NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS</u>		
<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	
<u>ACTIVITIES</u>	<u>ACTIVITY</u>	<u>TOTAL</u>
\$ (147,074)	\$ -	\$ (147,074)
(89,013)	-	(89,013)
(28,761)	-	(28,761)
(243,073)	-	(243,073)
(131,263)	-	(131,263)
(17,717)	-	(17,717)
36,481	-	36,481
<u>(620,420)</u>	<u>-</u>	<u>(620,420)</u>
-	(45,518)	(45,518)
<u>(620,420)</u>	<u>(45,518)</u>	<u>(665,938)</u>
177,977	-	177,977
471,641	-	471,641
55,009	65	55,074
18,000	(18,000)	-
<u>722,627</u>	<u>(17,935)</u>	<u>704,692</u>
102,207	(63,453)	38,754
<u>1,107,134</u>	<u>2,462,950</u>	<u>3,570,084</u>
<u>\$ 1,209,341</u>	<u>\$ 2,399,497</u>	<u>\$ 3,608,838</u>

TOWN OF FAIRPLAY, COLORADO

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

December 31, 2012

(With Comparative Totals for December 31, 2011)

	GENERAL	FAIRPLAY CAPITAL LEASING CORP	NON-MAJOR CONSERVATION TRUST	TOTAL 2012	TOTAL 2011
ASSETS					
Cash and Investments	\$ 175,516	\$ -	\$ 7,860	\$ 183,376	\$ 320,335
Cash with Fiscal Agent	1,565	-	-	1,565	1,662
Accounts Receivable	76,022	-	-	76,022	64,110
Property Tax Receivable	175,131	-	-	175,131	173,413
Restricted Cash	13,500	99,222	-	112,722	15,500
TOTAL ASSETS	\$ 441,734	\$ 99,222	\$ 7,860	\$ 548,816	\$ 575,020
LIABILITIES					
Accounts Payable	\$ 13,530	\$ -	\$ -	\$ 13,530	\$ 19,967
Accrued Wages and Taxes Payable	24,070	-	-	24,070	26,331
Escrow Deposits	13,500	-	-	13,500	15,500
TOTAL LIABILITIES	51,100	-	-	51,100	61,798
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	175,131	-	-	175,131	173,413
FUND BALANCE					
Restricted:					
Restricted for TABOR Emergencies	27,000	-	-	27,000	32,000
Restricted for Parks and Recreation	-	-	7,860	7,860	5,965
Restricted for Capital Improvements	-	99,222	-	99,222	-
Unassigned Fund Balance	188,503	-	-	188,503	301,844
TOTAL FUND BALANCE	215,503	99,222	7,860	322,585	339,809
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 441,734	\$ 99,222	\$ 7,860	\$ 548,816	\$ 575,020
Total Fund Balance - All Governmental Funds				\$ 322,585	
Differences between balance and net position:					
Long-term obligations are not due and payable in the current period and are therefore not reported in the funds:					
Notes Payable				(405,000)	
Capital Leases Payable				(14,842)	
Accrued Compensated Absences				(20,351)	
Capital assets are not current resources and are therefore not reported in the funds:					
Capitalized assets				2,100,772	
Accumulated Depreciation				(773,823)	
Net Position - Governmental Activities				\$ 1,209,341	

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

TOWN OF FAIRPLAY, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	GENERAL	FAIRPLAY CAPITAL LEASING CORP	NON-MAJOR CONSERVATION TRUST	TOTAL 2012	TOTAL 2011
REVENUES					
Taxes	\$ 669,241	\$ -	\$ -	\$ 669,241	\$ 694,281
Licenses and Permits	9,210	-	-	9,210	7,265
Planning and Development	19,021	-	-	19,021	14,601
Intergovernmental	88,915	-	3,403	92,318	215,971
Fines and Forfeits	37,021	-	-	37,021	29,825
Other	72,224	-	6	72,230	94,798
TOTAL REVENUES	895,632	-	3,409	899,041	1,056,741
EXPENDITURES					
Current					
General Government	219,737	-	-	219,737	199,843
Community Development	89,013	-	-	89,013	75,701
Municipal Court	28,761	-	-	28,761	27,913
Public Safety	268,983	-	-	268,983	257,838
Public Works	179,695	-	-	179,695	156,533
Parks and Recreation	5,246	-	186	5,432	142,269
General Overhead	26,119	-	-	26,119	28,842
Capital Outlay	156,976	350,778	1,328	509,082	153,989
Debt Service	12,443	-	-	12,443	14,694
TOTAL EXPENDITURES	986,973	350,778	1,514	1,339,265	1,057,622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(91,341)	(350,778)	1,895	(440,224)	(881)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	45,000	-	45,000	-
Transfers out	(27,000)	-	-	(27,000)	-
Capital Lease Proceeds	-	405,000	-	405,000	-
CHANGE IN FUND BALANCE	(118,341)	99,222	1,895	(17,224)	(881)
FUND BALANCE, Beginning	333,844	-	5,965	339,809	340,690
FUND BALANCE, Ending	\$ 215,503	\$ 99,222	\$ 7,860	\$ 322,585	\$ 339,809
Total Change in Fund Balance - All Governmental Funds				\$ (17,224)	
Differences between change in fund balance and change in net position:					
Changes in long term obligations are reported as revenues and expenses in the funds:					
Principal Payments on Outstanding Debt				10,967	
Debt Proceeds				(405,000)	
(Increase) Decrease in Accrued Compensated Absences				3,626	
Acquisitions of capital assets are expensed in the funds and capitalized for the statement of activities presentation:					
Purchases of capital assets				548,052	
Depreciation expense				(38,214)	
Change in Net Position - Governmental Activities				<u>\$ 102,207</u>	

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND

December 31, 2012

(With Comparative Totals for December 31, 2011)

	WATER FUND	
	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 148,565	\$ 185,011
Cash with Fiscal Agent	-	386
Accounts Receivable	45,788	45,395
Restricted Cash	86,822	85,216
Total Current Assets	281,175	316,008
 NONCURRENT ASSETS		
Capital Assets - Net	2,401,504	2,509,014
TOTAL ASSETS	2,682,679	2,825,022
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	1,667	8,737
Accrued Wages and Taxes Payable	4,185	-
Current Portion of Long-Term Debt	71,078	71,160
Total Current Liabilities	76,930	79,897
 NONCURRENT LIABILITIES		
Accrued Compensated Absences	6,550	8,931
Notes Payable	190,143	225,531
Capital Leases Payable	9,559	47,713
Total Noncurrent Liabilities	206,252	282,175
TOTAL LIABILITIES	283,182	362,072
 NET POSITION		
Net Investment in Capital Assets	2,130,724	2,164,610
Restricted for Debt Service	8,445	7,882
Restricted for O&M Reserves	78,377	77,334
Unrestricted	181,951	213,124
TOTAL NET POSITION	\$ 2,399,497	\$ 2,462,950

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

TOWN OF FAIRPLAY, COLORADO

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

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Charges for Services	\$ 369,005	\$ 398,454
Other Operating Revenues and Fees	6,697	8,557
TOTAL OPERATING REVENUES	<u>375,702</u>	<u>407,011</u>
OPERATING EXPENSES		
Salaries	131,835	130,596
Payroll Taxes	10,368	10,566
Benefits	55,860	44,868
Education	1,412	633
Chemicals	912	366
Water Testing	2,021	260
System Repairs	21,021	8,313
Tools, Maintenance and Supplies	2,030	2,605
Repairs and Maintenance	2,417	8,421
Fuel and Oil	5,175	4,800
Utilities	30,828	24,698
Engineering Fees	-	878
Legal	10,870	5,374
Insurance	9,347	10,400
Membership Dues	2,701	941
Office and Postage	10,671	11,300
Telephone	2,434	1,603
Publishing	308	14
Water Meters	4,037	2,051
Depreciation Expense	107,510	111,083
Other	8,415	1,117
Small Tools and Equipment	188	5,282
TOTAL OPERATING EXPENSES	<u>420,360</u>	<u>386,169</u>
OPERATING INCOME (LOSS)	<u>(44,658)</u>	<u>20,842</u>
NON-OPERATING REVENUE (EXPENSE)		
Property Taxes	-	53,814
Specific Ownership Taxes	-	5,256
Other Taxes	-	2,047
Interest Income	65	108
Tap Fees	15,000	22,500
Interest Expense	(15,860)	(16,217)
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(795)</u>	<u>67,508</u>
NET INCOME BEFORE TRANSFERS	(45,453)	88,350
TRANSFERS IN (OUT)		
Transfers out	(18,000)	-
CHANGE IN NET POSITION	(63,453)	88,350
NET POSITION, Beginning	<u>2,462,950</u>	<u>2,374,600</u>
NET POSITION, Ending	<u>\$ 2,399,497</u>	<u>\$ 2,462,950</u>

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	2012	2011
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 375,309	\$ 405,198
Cash Paid to Suppliers and Employees	(318,116)	(281,480)
Net Cash Provided (Used) by Operating Activities	57,193	123,718
Cash Flows From Noncapital Financing Activities		
Transfers out	(18,000)	-
Net Cash Provided (Used) by Operating Activities	(18,000)	-
Cash Flows From Capital and Related Financing Activities:		
Tap Fees Received	15,000	22,500
Tax Receipts	386	61,221
Debt Principal Payments	(73,624)	(165,150)
Interest Payments	(15,860)	(16,217)
Acquisition of Capital Assets	-	(6,510)
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,098)	(104,156)
Cash Flows From Investing Activities:		
Interest Received	65	108
Net Increase (Decrease) in Cash	(34,840)	19,670
Cash and Cash Equivalents - Beginning	270,227	250,557
Cash and Cash Equivalents - Ending	\$ 235,387	\$ 270,227
Cash and Investments	\$ 148,565	\$ 185,011
Restricted Cash and Investments	86,822	85,216
Total	\$ 235,387	\$ 270,227
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (44,658)	\$ 20,842
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	107,510	111,083
Changes in Assets and Liabilities Related to Operations:		
(Increase) Decrease in Accounts Receivable	(393)	(1,813)
Increase (Decrease) in Accounts Payable	(7,070)	(5,556)
Increase (Decrease) in Accrued Liabilities	4,185	(2,388)
Increase (Decrease) in Accrued Compensated Absences	(2,381)	1,550
Total Adjustments	101,851	102,876
Net Cash Provided by Operating Activities	\$ 57,193	\$ 123,718

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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 and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

The accompanying financial statements present the government entities for which the government is considered to be financially accountable. 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 District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit or burden on the District
- there is fiscal dependency by the organization on the District

Blended Component Unit. The Fairplay Capital Leasing Corporation, the "Corporation", serves all the citizens of the government and is governed by a board comprised of the three appointed directors, all Town employees. The Corporation was organized and is operated exclusively on behalf of and for the benefit and in furtherance of the purposes of the Town of Fairplay, Colorado and the inhabitants thereof. All moneys realized by the corporation shall be used exclusively for the acquisition, construction, operation and maintenance of public improvements, including, without limitation, public buildings or personal property used in the operations of the Town of Fairplay, Colorado, and including payment of obligations of the corporation in connection therewith, all as determined by the Board of Directors of the corporation from time to time. Any such improvements shall be located within the Town of Fairplay, Colorado or shall have a substantial connection therewith or impact thereon. The Corporation has acquired facilities through a capital lease arrangement that will be used for a future Town Hall. The Corporation is reported as a capital project fund and does not issue separate financial statements.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

Based upon the application of these criteria, no additional organizations are includable within the Town's reporting entity.

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.

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds and blended component unit. 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.

Capital Projects Fund

This fund accounts for the proceeds of debt financing that is to be used for the construction of capital assets. The Town's capital project fund is its blended component unit.

Fairplay Capital Leasing Corporation Fund

This fund was established to account for the purchase of 901 Main Street and all improvements to the property, along with any subsequent debt payments. The Fairplay Capital Leasing Corporation is not required, nor did it adopt a budget and therefore no budget level financial statements are presented.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (Continued)

In addition, the Town reports the following nonmajor governmental fund:

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

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 major proprietary fund:

Water Fund

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

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.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 fund is reported using the economic resources measurement focus and the accrual basis of accounting.

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

Deferred Inflows of Resources

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

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.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of trustees may authorize the Town Administrator or Treasurer to assign fund balance. The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned. As of December 31, 2012, the Town's fund balance is all reported as either restricted or unassigned.

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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, transit fund, and internal service funds 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.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

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:

Governmental Activities - Unrestricted	\$ 183,376
Governmental Activities - Restricted	112,722
Business-type Activities - Unrestricted	148,565
Business-type Activities - Restricted	86,822
Total Cash and Investments	<u>\$ 531,485</u>

The Town's cash and investment balances are comprised of the following:

Cash Deposits	\$ 417,591
Cash on Hand	200
Investments	113,694
Total Cash and Investments	<u>\$ 531,485</u>

Deposits

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.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2: CASH AND INVESTMENTS (Continued)

At December 31, 2012, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Carrying Balance
FDIC Insured	\$ 359,239	\$ 359,239
PDPA Collateralized	57,705	58,352
Petty Cash	-	200
Total	<u>\$ 416,944</u>	<u>\$ 417,791</u>

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.

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

As of December 31, 2012, the Town's investments consisted of the following:

	Rating	Fair Value	Weighted Avg. Maturity (Yrs)
Local Govt Pool - Colotrust	AAAm	\$ 88,807	N/A
Local Govt Pool - CSAFE	AAAm	24,887	N/A
Total Investments		\$ 113,694	N/A

During the year ended December 31, 2012, 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, 2012, the Town did not have any securities requiring safekeeping.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

The Town has restricted cash and investments as follows:

Restricted - Escrow Deposits	\$ 13,500
Restricted - O & M Reserve	78,377
Restricted - Debt Service Reserve	8,445
Restricted - Capital Leasing Fund	<u>99,222</u>
Total Restricted Cash	199,544
Unrestricted	<u>331,941</u>
Total Cash	<u>\$ 531,485</u>

NOTE 3: CAPITAL ASSETS

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

	Restated Balance 1/1/12	Additions	Deletions	Balance 12/31/12
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 208,688	\$ 37,272	\$ -	\$ 245,960
Construction in progress	<u>54,070</u>	<u>-</u>	<u>54,070</u>	<u>-</u>
Total capital assets not being depreciated	<u>262,758</u>	<u>37,272</u>	<u>54,070</u>	<u>245,960</u>
Capital assets being depreciated:				
Buildings and Improvements	380,925	405,000	-	785,925
Infrastructure	293,625	-	-	293,625
Streets Vehicles and Equipment	198,251	7,500	14,880	190,871
Police Vehicles and Equipment	101,493	-	-	101,493
Office Equipment & Software	10,710	-	-	10,710
Other General Assets	10,350	-	-	10,350
Improvements - Parks	172,857	167,230	-	340,087
Equipment - Parks and Recreation	<u>121,751</u>	<u>-</u>	<u>-</u>	<u>121,751</u>
Total capital assets being depreciated	<u>1,289,962</u>	<u>579,730</u>	<u>14,880</u>	<u>1,854,812</u>
Less accumulated depreciation for:				
Buildings and Improvements	(103,949)	(10,779)	-	(114,728)
Infrastructure	(224,625)	(5,750)	-	(230,375)
Streets Vehicles and Equipment	(168,220)	(8,706)	(14,880)	(162,046)
Police Vehicles and Equipment	(54,281)	(9,639)	-	(63,920)
Office Equipment & Software	(10,710)	-	-	(10,710)
Other General Assets	(10,350)	-	-	(10,350)
Improvements - Parks	(56,528)	(10,818)	-	(67,346)
Equipment - Parks and Recreation	<u>(106,945)</u>	<u>(7,403)</u>	<u>-</u>	<u>(114,348)</u>
Total Accumulated Depreciation	<u>(735,608)</u>	<u>(53,095)</u>	<u>(14,880)</u>	<u>(773,823)</u>
Governmental activities capital assets, net	<u>\$ 817,112</u>	<u>\$ 563,907</u>	<u>\$ 54,070</u>	<u>\$ 1,326,949</u>

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 3: CAPITAL ASSETS (Continued)

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

General Government	\$	10,779
Public Safety		9,639
Public Works		14,456
Parks and Recreation		<u>18,221</u>
Total Governmental Activity Depreciation	<u>\$</u>	<u>53,095</u>

A summary of business-type activities capital assets at December 31, 2012 is as follows:

	<u>Balance</u> <u>1/1/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 75,740	\$ -	\$ -	\$ 75,740
Total capital assets not being depreciated	<u>75,740</u>	<u>-</u>	<u>-</u>	<u>75,740</u>
Capital assets being depreciated:				
Buildings	147,960	-	-	147,960
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	<u>20,707</u>	<u>-</u>	<u>-</u>	<u>20,707</u>
Total capital assets being depreciated	<u>3,894,685</u>	<u>-</u>	<u>-</u>	<u>3,894,685</u>
Less accumulated depreciation for:				
Buildings	(48,057)	(3,664)	-	(51,721)
Machinery & Equipment	(80,593)	(4,979)	-	(85,572)
Software and Meter Reading System	(26,131)	(14,648)	-	(40,779)
Transmission System & Lines	(737,700)	(45,102)	-	(782,802)
Water Treatment Plant	(138,189)	(19,341)	-	(157,530)
Galley System	(410,036)	(18,081)	-	(428,117)
Ditch/Drainage System	(9,009)	(1,218)	-	(10,227)
Fire Hydrants	<u>(11,696)</u>	<u>(477)</u>	<u>-</u>	<u>(12,173)</u>
Total Accumulated Depreciation	<u>(1,461,411)</u>	<u>(107,510)</u>	<u>-</u>	<u>(1,568,921)</u>
Business-type activities capital assets, net	<u>\$ 2,509,014</u>	<u>\$ (107,510)</u>	<u>\$ -</u>	<u>\$ 2,401,504</u>

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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, 2012:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12	Current Portion	Interest Expense
1992 GO Water Bonds	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -	\$ 2,969
1995 CWRPDA Loan	61,744	-	16,660	45,084	17,423	2,499
1997 CWRPA Loan	79,633	-	11,833	67,800	12,374	3,386
1998 Rural Development Bond	83,700	-	1,000	82,700	1,700	4,585
1998 EIAF Loan	34,824	-	4,277	30,547	4,491	1,741
Equipment Capital Lease	445	-	445	-	-	3
Water Meter Lease	84,058	-	39,409	44,649	35,090	3,646
Accrued Compensated Absences	8,931	-	2,381	6,550	-	-
Total	\$ 448,335	\$ -	\$ 171,005	\$ 277,330	\$ 71,078	\$ 18,829

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

Note Payable - Colorado Resource & Power Development Authority - 1995

The Town entered into this loan on August 1, 1995 in the amount of \$250,000 to assist in financing a capital project in the water fund. The initial payment began June 1, 1996 in the amount of \$14,612 including interest at 4.5%. Subsequent payments are due quarterly in the amount of \$4,790 including interest at 4.5%. The note's maturity date is June 1, 2015. 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, 2012, the Town had funded the required reserve (Note 2).

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, 2012, the Town had funded the required reserve (Note 2).

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

BUSINESS-TYPE ACTIVITIES (Continued)

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.

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. The total bond issuance will be \$100,000. The Town drew the remaining \$27,000 during 2001. The Town is required to establish a reserve account by placing \$563 annually for the term of the bond. As of December 31, 2012, the Town had funded the required reserve (Note 2).

The following is a summary of required annual debt service payments on the above bonds and notes:

updated 2012 Water Debt			
Year	Principal	Interest	Total
2013	\$ 35,788	\$ 9,707	\$ 45,495
2014	37,876	7,940	45,816
2015	29,824	6,432	36,256
2016	21,351	5,337	26,688
2017	22,259	4,341	26,600
2018-2022	17,633	15,603	33,236
2023-2027	15,200	12,314	27,514
2028-2032	19,000	8,439	27,439
2033-2037	24,100	3,758	27,858
2038	3,100	74	3,174
Total	<u>\$ 226,131</u>	<u>\$ 73,945</u>	<u>\$ 300,076</u>

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

BUSINESS-TYPE ACTIVITIES (Continued)

Capital Leases Payable

Equipment Capital Lease

The Town has entered into a capital lease agreement for the purchase of a water meter reading system to be utilized by Water Department. The lease was for \$143,528, required no down payment, and requires 60 annual payments of \$3,310. The lease bears interest at 4.99%. The Town has capitalized the cost of the underlying asset.

The following is a schedule of the present value of the remaining payments as of December 31, 2012:

<u>Year</u>	<u>Payments</u>
2013	\$ 39,719
2014	<u>9,591</u>
Total Payments	49,310
Less: Interest at 4.99%	<u>(4,661)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 44,649</u>

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

GOVERNMENTAL ACTIVITIES

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

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/12</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Capital Leases Payable	\$ 25,809	\$ -	\$ 10,967	\$ 14,842	\$ 5,443	\$ 965
2012 Certificates of Participation	-	405,000	-	405,000	14,057	-
Accrued Compensated Absences	23,977	-	3,626	20,351	-	-
Total	<u>\$ 49,786</u>	<u>\$ 405,000</u>	<u>\$ 14,593</u>	<u>\$ 440,193</u>	<u>\$ 19,500</u>	<u>\$ 965</u>

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.

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

Year	Certificates of Participation		
	Principal	Interest	Total
2013	\$ 14,057	\$ 16,937	\$ 30,994
2014	13,308	17,686	30,994
2015	13,922	17,072	30,994
2016	14,518	16,476	30,994
2017	15,234	15,760	30,994
2018-2022	87,346	67,624	154,970
2023-2027	109,456	45,514	154,970
2028-2032	137,159	17,811	154,970
Total	<u>\$ 405,000</u>	<u>\$ 214,880</u>	<u>\$ 619,880</u>

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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

GOVERNMENTAL ACTIVITIES (Continued)

Capital Leases Payable

In 2008, the Town entered into a capital lease agreement for the purchase of a patrol vehicle. The lease was for \$29,551, and requires 60 monthly payments of \$539. The lease bears interest at 3.4%. All payments related to this lease will be made by the General Fund. The Town has capitalized \$29,551 of assets related to the lease.

In 2010, the Town entered into a capital lease agreement for the purchase of a patrol vehicle. The lease was for \$27,073, and requires 6 annual payments of \$5,012. The lease bears interest at 4.4%. All payments related to this lease will be made by the General Fund. The Town has capitalized \$27,073 of assets related to the lease.

The following is a schedule of the future minimum lease payments required under the capital leases, and the present value of the remaining payments as of December 31, 2012:

<u>Year</u>	<u>2008 Tahoe Payments</u>	<u>2010 Tahoe Payments</u>
2013	\$ 1,078	\$ 5,012
2014	-	5,012
2015	-	5,012
Total Payments	1,078	15,036
Less: Interest at 3.41%/4.4%	(40)	(1,232)
Present Value of Future Minimum Lease Payments	<u>\$ 1,038</u>	<u>\$ 13,804</u>

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Police Officer Pension Plan

Plan Description: The Town of Fairplay contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association. The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan which is also administered by the Colorado Fire and Police Pension Association.

This Statewide Death and Disability Plan is a non-contributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Funding Policy: Plan members and the Town of Fairplay are required to contribute at a rate set by statute. The contribution requirements of plan members and the Town of Fairplay, Colorado are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8.0% of covered salary and for the Town of Fairplay is 8.0% of covered salary. The Town's contribution to the Statewide Defined Benefit Plan for the years ending December 31, 2012, 2011, and 2010, were \$14,842, \$14,817, and \$13,455, respectively, equal to their required contribution.

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 \$5,078.

Deferred Compensation Plan

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 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.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

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 is 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, 2012.

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, 2012 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 2012 in the amount of 3% or more of its fiscal year spending. At December 31, 2012, the Town has reserved the following for emergencies:

General Fund	<u>\$ 27,000</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 and funds in its Water Fund as required by its loan covenants.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

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, 2012.

NOTE 9: INTERFUND TRANSFERS

During the fiscal year, the Town transferred \$45,000 to the Fairplay Capital Leasing Corporation to provide additional resources for the remodeling of the property acquired for use as a new Town Hall. This was comprised of \$27,000 from the General Fund and \$18,000 from the Water Fund.

NOTE 10: RATE MAINTENANCE

The 1995 Colorado Water Resources and Power Development Authority water loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

The 1997 Colorado Water Resources and Power Development Authority water loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

The 1998 United States Department of Agriculture Rural Utilities Service water loan agreement requires that Net Revenues shall represent a sum equal to 120% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 10: RATE MAINTENANCE (Continued)

Gross operating revenue	\$ 369,005
Other revenue	6,697
Total revenue	375,702
Operations and maintenance expense	312,850
Less: Capital Outlay	(188)
Adjusted O&M	312,662
Net revenue	\$ 63,040
Total debt service	
1995 CWRPDA	\$ 19,159
1997 CWRPDA	15,219
1998 USDA	5,585
1998 DOLA	6,018
	45,981
Required rate	120.00%
Net revenue required	55,177
Excess (deficit)	\$ 7,863

NOTE 11: BUDGET VIOLATION

The Town's expenditures exceeded appropriations in the Water Fund by \$8,156. This may be a violation of state statute.

NOTE 12: CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2012, the Town adopted GASB Statement Number 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* as well as GASB Statement Number 65 – *Items Previously Reported as Assets and Liabilities*. The adoption of these standards modified the presentation of items previously reported as assets and liabilities on the government-wide and proprietary statement of net assets and on the governmental fund balance sheet. The Town's most significant change was that the former deferred property tax liability is now shown as a deferred inflow of resources on both the governmental fund balance sheet and the government-wide statement of net position. In addition, all items previously referred to as "net assets" are now titled "net position". These changes in presentation were reported retroactively, however they had no impact on the results of operations for either year nor did they impact any carryover amounts.

BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	2012			VARIANCE- FAVORABLE (UNFAVORABLE)	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes:					
Property Taxes	\$ 173,413	\$ 173,413	\$ 171,980	\$ (1,433)	\$ 205,337
Specific Ownership Taxes	20,000	16,000	15,995	(5)	19,155
Sales Taxes	455,100	440,546	447,683	7,137	410,751
Franchise Taxes	22,000	17,581	19,623	2,042	25,028
Lodging Taxes	22,000	20,000	23,958	3,958	26,318
Other Taxes	600	(10,015)	(9,998)	17	7,692
Total Taxes	<u>693,113</u>	<u>657,525</u>	<u>669,241</u>	<u>11,716</u>	<u>694,281</u>
Licenses and Permits:					
Liquor Licenses	700	900	900	-	1,010
Gold Panning Permits	500	1,590	1,590	-	630
Other	5,525	6,645	6,720	75	5,625
Total Licenses and Permits	<u>6,725</u>	<u>9,135</u>	<u>9,210</u>	<u>75</u>	<u>7,265</u>
Planning and Development:					
Building Permits	14,675	14,267	13,889	(378)	5,082
Planning and Development Fees	5,000	3,708	3,708	-	9,019
Other Charges	900	1,396	1,424	28	500
Total Planning and Development	<u>20,575</u>	<u>19,371</u>	<u>19,021</u>	<u>(350)</u>	<u>14,601</u>
Intergovernmental:					
Road and Bridge	3,800	3,800	3,600	(200)	4,022
Additional Motor Vehicle	3,800	3,200	3,312	112	3,372
Highway User's	31,422	30,506	30,388	(118)	31,080
Cigarette Taxes	2,000	2,006	2,008	2	1,988
Severance Taxes	-	7,297	7,297	-	1,298
State Grants	160,000	42,310	42,310	-	27,609
Other	-	-	-	-	143,678
Total Intergovernmental	<u>201,022</u>	<u>89,119</u>	<u>88,915</u>	<u>(204)</u>	<u>213,047</u>
Fines and Forfeits:	<u>40,370</u>	<u>35,200</u>	<u>37,021</u>	<u>1,821</u>	<u>29,825</u>
Miscellaneous:					
Interest	185	43	256	213	71
Copies and Faxes	25	125	142	17	5
Sale of Fixed Assets	-	-	-	-	100
Summer Recreation Fees	100	44	44	-	51
Operating Donations	3,000	2,697	2,697	-	1,751
Capital Donations	-	23,250	23,250	-	70,098
Street Light Charges	10,500	10,500	10,711	211	10,302
Other	11,800	35,351	35,124	(227)	12,419
Total Miscellaneous	<u>25,610</u>	<u>72,010</u>	<u>72,224</u>	<u>214</u>	<u>94,797</u>
TOTAL REVENUES	<u>987,415</u>	<u>882,360</u>	<u>895,632</u>	<u>13,272</u>	<u>1,053,816</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	2012			VARIANCE- FAVORABLE (UNFAVORABLE)	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
General Government:					
Salaries and Benefits	95,103	109,946	109,651	295	94,789
Operating Supplies	1,000	1,700	1,719	(19)	1,371
Office Supplies and Postage	5,500	5,300	5,015	285	5,284
Building Repairs	2,500	3,500	5,768	(2,268)	13,700
Utilities	14,000	13,000	13,608	(608)	15,698
Legal and Professional	25,000	25,000	25,796	(796)	23,809
Travel and Training	3,000	4,340	4,471	(131)	2,818
Other	82,880	51,137	53,709	(2,572)	42,374
Total General Government	<u>228,983</u>	<u>213,923</u>	<u>219,737</u>	<u>(5,814)</u>	<u>199,843</u>
Community Development:					
Professional Fees	5,000	7,000	13,182	(6,182)	7,902
Advertising and Posting	7,000	8,000	7,993	7	7,059
Travel and Training	15,000	13,015	13,572	(557)	20,027
Dues and Memberships	500	200	200	-	310
Other	33,200	53,909	54,066	(157)	40,403
Total Community Development	<u>60,700</u>	<u>82,124</u>	<u>89,013</u>	<u>(6,889)</u>	<u>75,701</u>
Municipal Court:					
Salaries and Benefits	22,804	24,157	24,000	157	22,630
Municipal Attorney	7,800	4,760	4,760	-	5,200
Dues and Subscriptions	100	-	-	-	80
Other	50	50	1	49	3
Total Municipal Court	<u>30,754</u>	<u>28,967</u>	<u>28,761</u>	<u>206</u>	<u>27,913</u>
Public Safety:					
Salaries and Benefits	210,843	212,246	215,662	(3,416)	207,874
Pension Contribution	15,118	14,000	14,842	(842)	14,817
Uniforms	3,000	4,685	4,400	285	3,006
Telephone	3,000	3,200	3,902	(702)	3,662
Investigative Services	3,500	2,500	2,168	332	1,259
Other Repairs and Supplies	500	342	342	-	150
Automotive Repairs	8,000	6,000	6,209	(209)	7,175
Fuel and Oil	8,500	8,000	8,466	(466)	9,269
Operating Supplies	3,000	3,492	3,001	491	2,454
Traning, Ammunition and Supplies	8,300	6,683	6,777	(94)	4,462
Dues and Memberships	500	270	270	-	395
Sheriff's Office IGA	500	952	952	-	60
Other	2,500	1,991	1,992	(1)	3,255
Total Public Safety	<u>267,261</u>	<u>264,361</u>	<u>268,983</u>	<u>(4,622)</u>	<u>257,838</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	2012			VARIANCE- FAVORABLE (UNFAVORABLE)	2011 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
Public Works:					
Salaries and Benefits	108,245	118,290	116,354	1,936	97,081
Building Utilities	12,500	7,500	6,367	1,133	7,454
Equipment Maintenance	8,000	8,000	4,555	3,445	7,609
Vehicle Maintenance	-	-	53	(53)	-
Fuel and Oil	8,000	6,500	5,213	1,287	8,512
Tools, Materials and Supplies	3,000	4,000	3,804	196	3,094
Street Improvements	50,000	35,000	30,219	4,781	20,391
Street Lighting	12,500	12,000	10,859	1,141	11,371
Other	3,100	2,484	2,271	213	1,021
Total Public Works	<u>205,345</u>	<u>193,774</u>	<u>179,695</u>	<u>14,079</u>	<u>156,533</u>
Parks and Recreation:					
Tools, Materials and Supplies	2,400	3,913	3,987	(74)	520
Cemetery	500	1,000	957	43	252
Utilities	500	300	302	(2)	276
Other	-	-	-	-	141,060
Total Parks and Recreation	<u>3,400</u>	<u>5,213</u>	<u>5,246</u>	<u>(33)</u>	<u>142,108</u>
General Overhead:					
Insurance	14,269	15,040	15,040	-	15,553
Audit	3,500	3,656	3,656	-	3,500
Treasurer's Fees	8,500	4,500	3,905	595	6,463
Publishing	2,000	2,800	2,504	296	1,500
Dues and Memberships	1,000	821	821	-	1,640
Other	240	133	193	(60)	186
Total General Overhead	<u>29,509</u>	<u>26,950</u>	<u>26,119</u>	<u>831</u>	<u>28,842</u>
Capital Outlay	<u>211,000</u>	<u>157,976</u>	<u>156,976</u>	<u>1,000</u>	<u>149,478</u>
Debt Service	<u>12,443</u>	<u>39,444</u>	<u>12,443</u>	<u>27,001</u>	<u>14,694</u>
TOTAL EXPENDITURES	<u>1,049,395</u>	<u>1,012,732</u>	<u>986,973</u>	<u>25,759</u>	<u>1,052,950</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(61,980)	(130,372)	(91,341)	39,031	866
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(27,000)	(27,000)	-
CHANGE IN FUND BALANCE	(61,980)	(130,372)	(118,341)	12,031	866
FUND BALANCE - Beginning	<u>328,633</u>	<u>333,841</u>	<u>333,844</u>	<u>5,211</u>	<u>332,978</u>
FUND BALANCE - Ending	<u>\$ 266,653</u>	<u>\$ 203,469</u>	<u>\$ 215,503</u>	<u>\$ 17,242</u>	<u>\$ 333,844</u>

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE -
CONSERVATION TRUST FUND

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	2012		VARIANCE- FAVORABLE (UNFAVORABLE)	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 3,000	\$ 3,403	\$ 403	\$ 2,924
Other	7	6	(1)	1
TOTAL REVENUES	<u>3,007</u>	<u>3,409</u>	<u>402</u>	<u>2,925</u>
EXPENDITURES				
Current:				
Parks and Recreation	200	186	14	160
Capital Outlay	<u>1,330</u>	<u>1,328</u>	<u>2</u>	<u>4,512</u>
TOTAL EXPENDITURES	<u>1,530</u>	<u>1,514</u>	<u>16</u>	<u>4,672</u>
CHANGE IN FUND BALANCE	1,477	1,895	418	(1,747)
FUND BALANCE, Beginning	<u>5,965</u>	<u>5,965</u>	<u>-</u>	<u>7,712</u>
FUND BALANCE, Ending	<u>\$ 7,442</u>	<u>\$ 7,860</u>	<u>\$ 418</u>	<u>\$ 5,965</u>

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

WATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL

For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>		<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>	<u>2011 ACTUAL</u>
	<u>FINAL BUDGET</u>	<u>ACTUAL</u>		
REVENUES				
Charges for Services	\$ 380,000	\$ 369,005	\$ (10,995)	\$ 398,454
Other Operating Revenues and Fees	7,207	6,697	(510)	8,557
TOTAL OPERATING REVENUES	<u>387,207</u>	<u>375,702</u>	<u>(11,505)</u>	<u>407,011</u>
EXPENDITURES				
Salaries	132,295	131,835	460	130,596
Payroll Taxes	10,243	10,368	(125)	10,566
Benefits	55,978	55,860	118	44,868
Education	1,412	1,412	-	633
Chemicals	374	912	(538)	366
Water Testing	2,021	2,021	-	260
System Repairs	21,000	21,021	(21)	8,313
Tools, Maintenance and Supplies	2,000	2,030	(30)	2,605
Repairs and Maintenance	3,000	2,417	583	8,421
Fuel and Oil	5,000	5,175	(175)	4,800
Utilities	28,995	30,828	(1,833)	24,698
Engineering Fees	-	-	-	878
Legal	6,000	10,870	(4,870)	5,374
Insurance	9,346	9,347	(1)	10,400
Membership Dues	2,591	2,701	(110)	941
Office and Postage	10,956	10,671	285	11,300
Telephone	2,600	2,434	166	1,603
Publishing	308	308	-	14
Water Meters	4,037	4,037	-	2,051
Other	6,338	8,415	(2,077)	1,117
Capital Outlay	200	188	12	11,792
TOTAL EXPENDITURES	<u>304,694</u>	<u>312,850</u>	<u>(8,156)</u>	<u>281,596</u>
OPERATING INCOME (LOSS)	<u>82,513</u>	<u>62,852</u>	<u>(19,661)</u>	<u>125,415</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

WATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL

For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	2012		VARIANCE- FAVORABLE (UNFAVORABLE)	2011 ACTUAL
	FINAL BUDGET	ACTUAL		
Other Revenues (Expenses)				
Property Taxes	-	-	-	53,814
Specific Ownership Taxes	-	-	-	5,256
Other Taxes	-	-	-	2,047
Interest Income	65	65	-	108
Tap Fees	15,000	15,000	-	22,500
Debt Service	(104,150)	(89,484)	14,666	(181,367)
Transfers	-	(18,000)	(18,000)	-
	(89,085)	(92,419)	(3,334)	(97,642)
CHARGE IN NET POSITION - BUDGET BASIS	<u>\$ (6,572)</u>	<u>(29,567)</u>	<u>\$ (22,995)</u>	<u>27,773</u>
GAAP BASIS ADJUSTMENTS				
Capitalized Assets		-		6,510
Debt Service - Principal		73,624		165,150
Depreciation and Amortization		(107,510)		(111,083)
		(33,886)		60,577
TOTAL GAAP BASIS ADJUSTMENTS		(33,886)		60,577
CHARGE IN NET POSITION - GAAP BASIS		(63,453)		88,350
NET POSITION, Beginning		2,462,950		2,374,600
NET POSITION, Ending		<u>\$ 2,399,497</u>		<u>\$ 2,462,950</u>

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE SECTION

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Fairplay
YEAR ENDING :
December 2012

This Information From The Records Of (example - City of _ or County of) Prepared By: Kim Wittbrodt
Phone:719-836-2622 x103

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	165,429
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	24,908
2. General fund appropriations	18,205	b. Snow and ice removal	3,853
3. Other local imposts (from page 2)	111,921	c. Other	
4. Miscellaneous local receipts (from page 2)	30,364	d. Total (a. through c.)	28,761
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	194,190
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	160,490	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	33,700	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	194,190	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	194,190

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		194,190	194,190		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2012

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	30,364
1. Sales Taxes	111,921	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	111,921	h. Other	
c. Total (a. + b.)	111,921	i. Total (a. through h.)	30,364
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	30,388	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,312	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,312	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	33,700	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: