

AGENDA
for the Board of Trustees of the Town of Fairplay, Colorado
Monday, July 2, 2018 at 7:00 p.m. at the Fairplay Town Hall Meeting Room
901 Main Street, Fairplay, Colorado

- I. **CALL TO ORDER REGULAR MEETING AT 7:00 P.M.**
- II. **PLEDGE OF ALLEGIANCE**
- III. **ROLL CALL**
- IV. **APPROVAL OF AGENDA**
- V. **CONSENT AGENDA** *(The Consent Agenda is intended to allow the Board to spend its time on more complex items. These items are generally perceived as non-controversial and can be approved by a single motion. The public or the Board Members may ask that an item be removed from the Consent Agenda for individual consideration.)*
 - A. **APPROVAL OF MINUTES – June 18, 2018**
 - B. **APPROVAL OF EXPENDITURES – Approval of bills of various Town Funds in the amount of \$94,091.93.**
- VI. **CITIZEN COMMENTS**
- VII. **UNFINISHED BUSINESS**
 - A. **Other Discussion Items**
- VIII. **NEW BUSINESS**
 - A. **Should the Board Approve Adoption of Resolution No. 24, series of 2018 entitled, “A RESOLUTION APPROVING A DISSOLUTION AGREEMENT BETWEEN THE TOWN OF FAIRPLAY AND THE FAIRPLAY SANITATION DISTRICT”?**
 - B. **Should the Board Approve Adoption of Resolution No. 25, series of 2018 entitled, “A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, AUTHORIZING THE EXECUTION OF A PROPERTY IMPROVEMENT INCENTIVE PROGRAM (PIIP) AGREEMENT BETWEEN THE TOWN AND SHELLEY CONO FOR THE 625 MAIN STREET EXTERIOR PROJECT.”?**
 - C. **Presentation and Discussion of 2017 Audit**
 - D. **Other New Business**
- IX. **BOARD OF TRUSTEE AND STAFF REPORTS**
- X. **ADJOURNMENT**

Upcoming Meetings/Important Dates:

Fairplay's Independence Day Celebration	July 04, 2018
Silverheels Endurance Runs	July 07-08, 2018 @ 4:00am
Park County Fair	July 18-22, 2018
Mystery Car Road Rally	July 20, 2018 @3:00pm
Annual South Park Throw Down Disc Golf Tournament	July 21, 2018 @ 8:30am
TGIFairplay Concert with Chris Daniels and the Kings	July 27, 2018 @ 6:00pm
70 th Annual Burro Days	July 27-29, 2018
Board of Trustees Meeting	August 13, 2018 @ 7:00pm

This Agenda May Be Amended.

Posted at Fairplay Town Hall, Fairplay Public Library, Fairplay Post Office, and Town of Fairplay Website on Thursday, June 28, 2018

**MINUTES OF THE REGULAR MEETING OF THE
FAIRPLAY BOARD OF TRUSTEES
June 18, 2018**

CALL TO ORDER REGULAR MEETING OF THE BOARD OF TRUSTEES

The regular meeting of the Board of Trustees for the Town of Fairplay was called to order at 7:00 p.m. in the Council Chambers located in the Fairplay Town Hall, 901 Main Street, by Mayor Frank Just who proceeded with the pledge of allegiance, followed by the roll call which was answered by Trustees Scott Dodge, Eve Stapp, Cindy Bear, and Ray Douglas. Also in attendance were Town Attorney Lee Phillips, Town Administrator Tina Darrah, Public Works Director Jim Brown, Assistant Public Works Director Vaughn Mead, Town Treasurer Kim Wittbrodt, Assistant to the Town Administrator Mason Green and Deputy Town Clerk Niki Griffin.

AGENDA ADOPTION

Motion #1 by Trustee Stapp, seconded by Trustee Dodge, that the agenda be adopted as presented. Motion carried unanimously.

CONSENT AGENDA (*The Consent Agenda is intended to allow the Board to spend its time on more complex items. These items are generally perceived as non-controversial and can be approved by a single motion. The public or the Board Members may ask that an item be removed from the Consent Agenda for individual consideration.*)

- A. **APPROVAL OF MINUTES** – June 4, 2018
- B. **APPROVAL OF EXPENDITURES** – Approval of bills of various Town Funds in the amount of \$41,810.28.

Motion #2 by Trustee Douglas, seconded by Trustee Stapp, that the consent agenda be adopted as presented. A roll call vote was taken: Dodge - yes, Stapp – yes, Just – yes, Douglas – yes, Bear – yes. Motion carried unanimously.

CITIZEN COMMENTS

No citizen comments were offered.

UNFINISHED BUSINESS

- A. Other discussion items

No other discussion items were offered.

NEW BUSINESS

- A. Should the Board Approve Adoption of Resolution No. 22, series of 2018 entitled, "A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT BETWEEN SOUTH PARK HEALTH SERVICES DISTRICT (SPHSD) AND THE TOWN OF FAIRPLAY FOR THE USE OF 525 HATHAWAY STREET,"?

Town Administrator Darrah began the discussion for a proposed one year lease at 525 Hathaway Street to South Park Health Services District; SPHSD would be responsible for the alterations to the building. Any alteration to the interior and exterior of the building and regular maintenance, would be the responsibility of SPHSD. In addition any alterations would have to be approved by the Fairplay Board of Trustees.

Town Attorney Phillips stated South Park Health Services District will sublease the building at 525 Hathaway to the health care provider they select and the sublease will need to be approved by Town of Fairplay Board of Trustees. Town Attorney stated the proposed lease limits the property usage to South Park Health Services District offices and use of the building by a health care provider. Town Attorney Phillips also noted the South Park Health Services

District Board of Directors had approved the lease at their last meeting. Dr. Katherine Fitting was in attendance and asked permission to begin work on alterations to the building, permission was granted by the Board. Staff answered questions from the Board of Trustees regarding the lease.

Motion #3 made by Mayor Just, seconded by Trustee Dodge, that the Board approved the Adoption of Resolution No. 23, series of 2018, entitled, **"A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, AUTHORIZING THE EXECUTION OF A LEASE AGREEMENT BETWEEN SOUTH PARK HEALTH SERVICES DISTRICT (SPHSD) AND THE TOWN OF FAIRPLAY FOR THE USE OF 525 HATHAWAY STREET."** A roll call vote was taken: Dodge - yes, Stapp – yes, Just – yes, Douglas – yes, Bear – yes. Motion carried unanimously.

B. Should the Board Approve Adoption of Resolution No. 23, series of 2018 entitled, "A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, AUTHORIZING THE EXECUTION OF A PROPERTY IMPROVEMENT INCENTIVE PROGRAM (PIIP) AGREEMENT BETWEEN TOWN HALL AND GAYLE THEISEN FOR THE 604 SILVERHEELS CIRCLE XERISCAPE PROJECT. "?

Town Treasurer Wittbrodt presented the proposed PIIP application for a Xeriscape project at 604 Silverheels. Town Treasurer Wittbrodt stated the application is requesting \$683.00, which happens to be half of the project cost.

Ms. Gayle Theisen, homeowner at 604 Silverheels, was present at the meeting and thanked the Board for the opportunity, she explained that she saw this in her water bill, and is excited to move forward with a Xeriscape project thus saving water for her community.

The Board asked questions regarding the project requirements and the work being done.

Mayor Just thanked Town Attorney Philips for devising the PIIP program.

Motion #4 made by Trustee Dodge, seconded by Trustee Stapp, that the Board approve the Adoption of Resolution No. 23, series of 2018, entitled, **"A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, AUTHORIZING THE EXECUTION OF A PROPERTY IMPROVEMENT INCENTIVE PROGRAM (PIIP) AGREEMENT BETWEEN TOWN HALL AND GAYLE THEISEN FOR THE 604 SILVERHEELS CIRCLE XERISCAPE PROJECT. "** A roll call vote was taken: Dodge - yes, Stapp – yes, Just – yes, Douglas – yes, Bear – yes. Motion carried unanimously.

C. Approval of Construction Agreement for Project #2018-1, Fairplay Reservoir Dredging

Discussion ensued in regards to items C, D, E, wherein Public Works Director Brown presented the outcome of the bid process, two companies turned in bids for the dredging and one company turned in a bid for the Access Road and Spillway Repair. Public Works Director Brown stated that all bids were over the engineering estimates. Board and Staff discussed potential ways to reduce cost.

Public Works Director Brown stated he is going to request more money from FEMA, work is scheduled to start work in mid July, and the Fairplay Beach would be closed while the project is worked on. Town Administrator Darrah stated that if needed, additional funds are available from the Water Fund Reserves, which is very healthy. Town Attorney Phillips added that the Towns Terms and General Conditions will be part of the contract signed by the contractors selected to complete the projects.

Staff answered questions from the Board of Trustees.

Mayor Just thanked Public Works Director Brown for all his work on these projects.

Motion #5 made by Trustee Dodge, seconded by Trustee Douglas, for the Board to approve Construction Agreement for Project #2018-1, Fairplay Reservoir Dredging. A roll call vote was taken: Dodge - yes, Stapp – yes, Just – yes, Douglas – yes, Bear – yes. Motion carried unanimously.

D. Approval of Construction Agreement for Project #2018-2, Fairplay Reservoir Access Road Repairs

Motion #6 made by Trustee Douglas, seconded by Trustee Bear, for the Board to approve Construction Agreement for Project #2018-2, Fairplay Reservoir Access Road Repairs. A roll call vote was taken: Dodge - yes, Stapp – yes, Just – yes, Douglas – yes, Bear – yes. Motion carried unanimously.

E. Approval of Construction Agreement for Project #2018-3, Fairplay Reservoir Beaver Creek Spillway Repair

Motion #7 made by Trustee Dodge, seconded by Trustee Stapp, for the Board to approve Construction Agreement for Project #2018-3, Fairplay Reservoir Beaver Creek Spillway Repair. A roll call vote was taken: Dodge - yes, Stapp - yes, Just - yes, Douglas - yes, Bear - yes. Motion carried unanimously.

F. Discussion Regarding Voluntary Watering Restrictions

Public Works Director Brown presented research on Watering Restrictions that had been requested by the Board of Trustees at a previous meeting. The Board discussed the researched findings and asked Staff questions.

After discussion, the Board of Trustees directed Staff to begin a public awareness campaign about smart outdoor watering. This information likely will be distributed in the next Town of Fairplay Water bill.

No other new business offered.

BOARD OF TRUSTEES AND STAFF REPORTS

Assistant to the Town Administrator Green informed the Board that the Town of Fairplay goal setting and Board of Trustee training session to be lead by CIRSA and DOLA will be upcoming.

Treasurer Wittbrodt stated she has signature cards ready for Mayor Just, Trustee Douglass, and Deputy Town Clerk Griffin ready to be signed.

Public Works Director Brown informed the Board that the Sanitation Plant is running well. We have a bid out to replace fire hydrants. Will be working on backflow compliance in the near future.

Town Administrator Darrah informed the Board of the following: Trustee Bear, Trustee Douglas, Town Administrator Darrah, and Assistant Town Administrator Green will be attending CML June 20-22, 2018; ribbon cutting ceremony will be on Wednesday, June 20 at 5:00 pm at Salado on 456 Front Street; reminder that Sanitation District meeting will be June 25th at 6:00pm; and the Elected Officials dinner will be held at Salado, June 27th at 6:00pm.

Town Attorney Phillips announced he will be retiring October 1, 2018.

Trustee Douglas stated he was looking forward to CML.

Mayor Just thanked Public Works Director Brown for coming on board and all the hard work he has done in the short time he has been with the Town of Fairplay.

ADJOURNMENT

Mayor Just, noting that there being no further business before the Board, declared that the meeting be adjourned at 8:02 p.m.

Frank Just, Mayor

ATTEST:

Niki Griffin, Deputy Town Clerk



MEMORANDUM

TO: Mayor and Board of Trustees

FROM: Kim Wittbrodt, Treasurer

RE: Paid Bills/Financials

DATE: 6/28/2018

Agenda Item: Bills

Attached is the list of invoices paid through June 28, 2018.

Total Expenditures: \$94,091.93.

Upon motion to approve the consent agenda, the expenditures will be approved.

Financial Statement: Please find attached the financial statements for all funds through May 31, 2018.

Please contact me with any questions.

Report Criteria:

Detail report type printed

Check Issue Date	Check Number	Name	Description	Seq	Invoice Date	Check Amount	GL Account
06/19/2018	13849	Colorado Bureau of Investil	fingerprint processing/back	1	06/19/2018	38.50	105070
06/19/2018	13850		fingerprint processing/back	1	06/19/2018	38.50	105070
06/19/2018	13851		fingerprint processing/back	1	06/19/2018	38.50	105070
Total 472:						115.50	
06/27/2018	13881	Fairplay Sanitation District	payment for assets - per <i>bill of sale</i>	1	06/27/2018	30.00	105070
Total 892:						30.00	
06/27/2018	13887	Postal Pros Southwest, Inc	water billing	1	06/05/2018	149.32	507310
06/27/2018	13887		water billing	2	06/05/2018	149.33	617310
Total 1699:						298.65	
06/21/2018	13871	Thompson, Joshua	cell phone reimburse	1	06/21/2018	25.00	105645
06/21/2018	13871		cell phone reimburse	2	06/21/2018	12.50	507320
06/21/2018	13871		cell phone reimburse	3	06/21/2018	12.50	617320
Total 2108:						50.00	
06/21/2018	13874	USABlueBook	testing supplies	1	06/15/2018	28.93	507140
06/21/2018	13874		testing supplies	2	06/15/2018	902.73	617140
Total 2176:						931.66	
06/21/2018	13877	Xcel Energy	945 quarry road	1	06/13/2018	12.85	507185
Total 2296:						12.85	
06/21/2018	13872	True Value	Supplies	1	05/29/2018	15.43	105630
06/21/2018	13872		Supplies	2	05/29/2018	153.68	105174
06/21/2018	13872		Supplies	3	05/29/2018	176.17	105630
06/21/2018	13872		Supplies	4	05/29/2018	440.00	105130
06/21/2018	13872		Supplies	5	05/29/2018	111.54	617155
06/21/2018	13872		Supplies	6	05/29/2018	28.99	105027
06/21/2018	13872		Supplies	7	05/29/2018	10.56	507170
06/21/2018	13872		Supplies	8	05/29/2018	60.40	105170
06/21/2018	13872		Supplies	9	05/29/2018	60.00	105830
06/21/2018	13872		Supplies	10	05/29/2018	9.99	105830
Total 2405:						1,066.76	
06/21/2018	13859	Darrah, Tina	Cell Phone	1	06/21/2018	50.00	105085
06/27/2018	13880		reimburse lodging	1	06/27/2018	346.16	105015
Total 2462:						396.16	
06/19/2018	13852	CARD SERVICES	Postage	1	06/01/2018	8.50	105130
06/19/2018	13852		concert expense	2	06/01/2018	41.06	105150
06/19/2018	13852		Supplies	3	06/01/2018	17.99	105027
06/19/2018	13852		Supplies	4	06/01/2018	13.95	105830
06/19/2018	13852		Supplies	5	06/01/2018	29.19	105130
06/19/2018	13852		Supplies	6	06/01/2018	113.97	105830

Check Issue Date	Check Number	Name	Description	Seq	Invoice Date	Check Amount	GL Account
06/19/2018	13852		Supplies	7	06/01/2018	167.07	105162
06/19/2018	13852		Supplies	8	06/01/2018	4.39	105030
06/19/2018	13852		Supplies	9	06/01/2018	22.54	105162
06/19/2018	13852		Supplies	10	06/01/2018	66.24	105842
06/19/2018	13852		Supplies	11	06/01/2018	21.85	105120
06/19/2018	13852		Supplies	12	06/01/2018	21.84	105027
06/19/2018	13852		Supplies	13	06/01/2018	12.80	105030
06/19/2018	13852		Supplies	14	06/01/2018	5.81	105170
06/19/2018	13852		Supplies	15	06/01/2018	6.99	105445
06/19/2018	13852		Supplies	16	06/01/2018	14.49	507303
06/19/2018	13852		Supplies	17	06/01/2018	14.50	617303
06/19/2018	13852		Supplies	18	06/01/2018	38.99	105420
06/19/2018	13852		Supplies	19	06/01/2018	17.91	105630
06/19/2018	13852		help wanted ad	20	06/01/2018	45.64	105070
06/19/2018	13852		food for meeting	21	06/01/2018	23.68	105070
06/19/2018	13852		food for meeting	22	06/01/2018	73.12	105070
06/19/2018	13852		office supplies	23	06/01/2018	98.99	105030
06/19/2018	13852		Postage for ferna	24	06/01/2018	38.52	507195
06/19/2018	13852		website hosting	25	06/01/2018	29.98	105130
06/19/2018	13852		Supplies	26	06/01/2018	18.25	105171
06/19/2018	13852		Supplies	27	06/01/2018	50.13	105130
06/19/2018	13852		Postage	28	06/01/2018	6.13	105035
06/19/2018	13852		food for volunteer training	29	06/01/2018	90.06	105120
06/19/2018	13852		Supplies	30	06/01/2018	42.26	105120
06/19/2018	13852		folding tables	31	06/01/2018	204.12	105150
06/19/2018	13852		folding tables	32	06/01/2018	68.06	105171
06/19/2018	13852		folding tables	33	06/01/2018	68.06	105162
06/19/2018	13852		folding tables	34	06/01/2018	68.06	105164
06/19/2018	13852		folding tables	35	06/01/2018	68.06	105172
06/19/2018	13852		food for meetings	36	06/01/2018	75.98	105070
06/19/2018	13852		cmi lodging	37	06/01/2018	46.37	105110
06/19/2018	13852		Postage	38	06/01/2018	30.00	105035
06/19/2018	13852		food for meeting	39	06/01/2018	33.10	105070
06/19/2018	13852		Parking fee	40	06/01/2018	1.50	105070
06/19/2018	13852		backflow calibrator	41	06/01/2018	125.00	507160
06/19/2018	13852		lodging for training	42	06/01/2018	372.81	507050
06/19/2018	13852		bolt	43	06/01/2018	18.72	105134
06/19/2018	13852		bolt	44	06/01/2018	.01	105134
Total 2503:						2,336.67	
06/27/2018	13879	Business Ink, Co.	Posters for public hearings	1	06/21/2018	316.30	105030
Total 2590:						316.30	
06/21/2018	13876	Wittbrodt, Kim	cell phone reimb	1	06/21/2018	50.00	105065
Total 2655:						50.00	
06/21/2018	13856	CASI Asphalt & Concrete	asphalt	1	06/12/2018	2,079.10	105670
Total 2674:						2,079.10	
06/27/2018	13886	Kutak Rock LLLP	legal for fsd sale	1	06/27/2018	35,000.00	617305
Total 2721:						35,000.00	

Check Issue Date	Check Number	Name	Description	Seq	Invoice Date	Check Amount	GL Account
06/21/2018	13858	Colorado Natural Gas, Inc.	natural gas-shop	1	06/04/2018	113.92	105650
06/21/2018	13858		natural gas-shop	2	06/04/2018	113.92	507380
06/21/2018	13858		natural gas	1	06/04/2018	97.30	105023
06/21/2018	13858		525 halthway	1	06/04/2018	251.86	105190
06/21/2018	13858		sewer treatment plant	1	06/04/2018	1,150.82	617104
06/21/2018	13858		san office	1	06/04/2018	104.59	617104
Total 2728:						1,832.21	
06/21/2018	13866	Mead, Vaughn	cell phone reimb	1	06/21/2018	12.50	617320
06/21/2018	13866		cell phone reimb	2	06/21/2018	12.50	507320
06/21/2018	13866		cell phone reimb	3	06/21/2018	25.00	105645
Total 2739:						50.00	
06/21/2018	13865	Kasper, Gerrits	cell phone reimb	1	06/21/2018	50.00	105645
Total 2747:						50.00	
06/21/2018	13855	Bullock, Julie	cell phone reimburse	1	06/21/2018	50.00	105065
Total 2812:						50.00	
06/27/2018	13889	South Park Brewing	beer for concert	1	06/25/2018	510.00	105150
Total 2873:						510.00	
06/21/2018	13870	The Phillips Law Offices, L	Legal	1	05/31/2018	1,020.00	105057
06/21/2018	13870		Legal	2	05/31/2018	3,450.00	617210
Total 2886:						4,470.00	
06/21/2018	13869	Shirley Septic Pumping, In	Rock & Gem port a pots	1	06/08/2018	500.00	105170
06/21/2018	13869		wearable art festival	1	06/08/2018	180.00	105164
06/21/2018	13869		marathon port a pots	1	06/08/2018	90.00	105170
06/27/2018	13888		port a pots	1	06/15/2018	210.00	105120
Total 2893:						980.00	
06/27/2018	13884	Flagship Publishing Inc.	co life ad	1	06/19/2018	427.50	105130
Total 2894:						427.50	
06/21/2018	13860	Fairplay Auto Supply	supplies	1	05/31/2018	44.71	105625
06/21/2018	13860		supplies	2	05/31/2018	16.49	617155
06/21/2018	13860		supplies	3	05/31/2018	83.97	105630
Total 2948:						145.17	
06/21/2018	13868	Schlunsen, Arthur	cell phone reimburse	1	06/21/2018	50.00	105455
Total 2986:						50.00	
06/21/2018	13875	White, Kathleen	cell phone reimburse	1	06/21/2018	25.00	105645
06/21/2018	13875		cell phone reimburse	2	06/21/2018	12.50	507320
06/21/2018	13875		cell phone reimburse	3	06/21/2018	12.50	617320

Check Issue Date	Check Number	Name	Description	Seq	Invoice Date	Check Amount	GL Account
Total 3004:						50.00	
06/21/2018	13867	Razorback Contractors Su	detour signs	1	04/20/2018	267.90	105670
06/21/2018	13867		detour signs	2	04/20/2018	267.90	507155
Total 3089:						535.80	
06/27/2018	13882	FC&T's LLC	lay sub floor in loft	1	06/25/2018	240.00	105027
Total 3102:						240.00	
06/21/2018	13873	Tumble Bubbles	4th of july	1	06/19/2018	500.00	105171
Total 3107:						500.00	
06/21/2018	13853	B.A. Lawrence, LLC	aeration blower maintenanc	1	06/04/2018	1,210.00	617155
Total 3157:						1,210.00	
06/21/2018	13861	Green, Mason	cell phone reimburse	1	06/21/2018	50.00	105065
Total 3175:						50.00	
06/21/2018	13862	Griffin, Angelique	cell phone reimburse	1	06/21/2018	50.00	105065
Total 3188:						50.00	
06/21/2018	13854	Brown, Jimmy	cell phone reimburse	1	06/21/2018	25.00	105645
06/21/2018	13854		cell phone reimburse	2	06/21/2018	12.50	507320
06/21/2018	13854		cell phone reimburse	3	06/21/2018	12.50	617320
Total 3199:						50.00	
06/21/2018	13863	Hayes, Kevin	piip - 728 Front Street	1	06/21/2018	584.00	105185
Total 3200:						584.00	
06/21/2018	13864	House of Signs	sign panel for Hwy 9 sign	1	06/18/2018	920.00	105134
Total 3201:						920.00	
06/27/2018	13878	Alvin Wilkerson	refund burro booth fee	1	06/27/2018	150.00	104756
Total 3202:						150.00	
06/27/2018	13890	Zions Bank	fees	1	06/27/2018	500.00	617305
Total 3203:						500.00	
06/27/2018	13883	Fidelity National Title Grou	title report - fsd	1	06/25/2018	550.00	617305
Total 3204:						550.00	
06/27/2018	13885	George K. Baum & Compa	loan arranger fee <i>fsd</i>	1	06/27/2018	37,453.00	617305

Check Issue Date	Check Number	Name	Description	Seq	Invoice Date	Check Amount	GL Account
Total 3205:						<u>37,453.00</u>	
Grand Totals:						<u>94,091.33</u>	

Report Criteria:
Detail report type printed

TOWN OF FAIRPLAY
REVENUES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>TAXES</u>					
10-40-05 AD VALOREM TAX	29,833.97	108,904.94	182,172.00	83,267.06	56.7
10-40-10 SPEC. OWNERSHIP TAX	2,445.09	8,013.22	20,000.00	10,986.78	45.1
10-40-30 INTEREST ON PROPERTY TAX	1.42	72.91	1,000.00	927.08	7.3
10-40-40 DELINQUENT TAXES	.00	348.99	500.00	151.01	69.8
10-40-55 50% SHAREBACK OF R&B LEVY	950.78	3,858.75	5,600.00	1,741.25	68.9
10-40-60 MOTOR VEHICLE REGISTRATION	311.50	1,125.50	3,800.00	2,674.50	29.6
10-40-70 SALES TAX	60,295.19	242,893.65	655,043.00	412,149.35	37.1
10-40-75 SALES TAX - STREETS	20,098.40	80,964.54	218,348.00	137,383.46	37.1
10-40-80 HIGHWAY USER'S TAX	2,837.79	10,224.53	32,000.00	21,775.47	32.0
10-40-85 SEVERANCE TAX	.00	.00	2,500.00	2,500.00	.0
10-40-86 MINERAL LEASE REVENUE	.00	.00	1,000.00	1,000.00	.0
10-40-90 CIGARETTE TAX	164.98	831.84	2,200.00	1,288.36	42.4
10-40-96 LODGING TAX	1,798.00	8,676.00	35,000.00	26,324.00	24.8
TOTAL TAXES	118,537.12	467,014.67	1,169,163.00	702,148.33	39.9

LICENSES

10-41-10 LIQUOR LICENSES	.00	1,125.00	1,750.00	625.00	64.3
10-41-30 DOG LICENSES	10.00	70.00	100.00	30.00	70.0
10-41-32 LIVESTOCK PERMIT	.00	25.00	60.00	35.00	41.7
10-41-34 COMMERCIAL FLY FISHING PERMIT	.00	.00	150.00	150.00	.0
10-41-40 BUILDING PERMITS	4,038.00	4,488.00	3,000.00	(1,488.00)	149.6
10-41-41 SURCHARGE: STREETS	248.90	301.40	225.00	(76.40)	134.0
10-41-42 SURCHARGE: PARKS & REC	248.90	301.40	225.00	(76.40)	134.0
10-41-50 FRANCHISE TAX	8,478.94	16,509.59	50,000.00	33,490.41	33.0
10-41-60 GOLD PANNING PERMITS/DONATION	380.00	890.00	5,000.00	4,110.00	17.8
10-41-70 BUSINESS LICENSES	125.00	6,350.00	6,000.00	350.00	105.8
10-41-80 SIGN PERMITS	.00	150.00	400.00	250.00	37.5
10-41-90 EXCAVATION PERMIT	100.00	100.00	200.00	100.00	50.0
10-41-92 MECHANICAL PERMIT	.00	100.00	.00	(100.00)	.0
10-41-94 STREET CUT PERMIT	500.00	500.00	500.00	.00	100.0
10-41-96 FENCE PERMIT	40.00	40.00	240.00	200.00	16.7
10-41-97 SPECIAL EVENTS PERMIT	.00	.00	2,500.00	2,500.00	.0
10-41-98 RESIDE/REROOF PERMIT	300.00	800.00	1,000.00	200.00	80.0
TOTAL LICENSES	14,469.74	31,750.39	71,350.00	39,599.61	44.5

FEE INCOME

10-42-75 PLANNING & DEVELOPMENT FEES	.00	428.25	2,000.00	1,571.75	21.4
10-42-90 COPIES & FAXES	.00	104.50	400.00	295.50	26.1
TOTAL FEE INCOME	.00	532.75	2,400.00	1,867.25	22.2

TOWN OF FAIRPLAY
REVENUES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>LAW ENFORCEMENT</u>					
10-45-05 TRAFFIC FINES	285.00	1,180.00	30,000.00	28,840.00	3.9
10-45-10 SURCHARGE: POLICE TRAINING	60.00	195.00	3,000.00	2,805.00	6.5
10-45-15 COURT COSTS	93.00	155.00	1,800.00	1,845.00	8.6
10-45-20 DEFAULT FEES	60.00	45.00	150.00	105.00	30.0
10-45-30 OTHER FINES	85.00	140.00	1,000.00	860.00	14.0
10-45-80 VIN INSPECTIONS	15.00	90.00	200.00	110.00	45.0
10-45-90 MISCELLANEOUS	35.00	35.00	1,000.00	965.00	3.5
10-45-95 GRANT/REIMBURSEMENT	.00	.00	8,000.00	8,000.00	.0
TOTAL LAW ENFORCEMENT	633.00	1,820.00	45,150.00	43,330.00	4.0
<u>INTEREST INCOME</u>					
10-46-05 INTEREST ON COLOTRUST	858.11	2,875.50	285.00	(2,590.50)	1009.0
10-46-30 INTEREST ON CHECKING	24.36	320.49	3,000.00	2,679.51	10.7
TOTAL INTEREST INCOME	882.47	3,195.99	3,285.00	89.01	97.3
<u>MISCELLANEOUS INCOME</u>					
10-47-00 MISCELLANEOUS INCOME	344.16	1,282.63	5,000.00	3,717.37	25.7
10-47-10 CEMETERY	.00	600.00	300.00	(300.00)	200.0
10-47-38 TOWN CLEAN UP DONATIONS	20.00	20.00	.00	(20.00)	.0
10-47-39 FOURTH OF JULY DONATIONS	.00	.00	8,500.00	8,500.00	.0
10-47-49 STREET LIGHTING	814.77	4,343.15	10,800.00	6,456.85	40.2
10-47-50 SUMMER CONCERT SERIES	.00	.00	17,000.00	17,000.00	.0
10-47-52 REAL COLORADO CHRISTMAS	.00	.00	1,000.00	1,000.00	.0
10-47-54 VICTORIAN BALL	.00	.00	5,000.00	5,000.00	.0
10-47-55 BEAD & FIBER SHOW	655.00	1,430.00	3,000.00	1,570.00	47.7
10-47-56 BURRO DAYS	1,850.00	16,552.00	50,000.00	33,448.00	33.1
10-47-59 BURRO DAYS RETAIL SALES	116.00	232.34	.00	(232.34)	.0
10-47-60 525 HATHAWAY - RENT & UTILITY	100.00	1,000.70	3,000.00	1,999.30	33.4
10-47-70 PLEIN AIR EVENT	.00	3,020.00	25,000.00	21,980.00	12.1
10-47-82 CAMPING PERMITS/FACILITY USE	.00	.00	50.00	50.00	.0
10-47-87 GRANT REVENUE	.00	.00	45,000.00	45,000.00	.0
10-47-90 MISCELLANEOUS REVENUE-EVENTS	.00	13.65	3,000.00	2,986.35	.5
10-47-91 TOWN HALL - 901 MAIN	.00	12,397.00	12,397.00	.00	100.0
TOTAL MISCELLANEOUS INCOME	3,899.93	40,891.47	189,047.00	148,155.53	21.6
TOTAL FUND REVENUE	138,422.26	545,205.27	1,480,395.00	935,189.73	36.8

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>ADMINISTRATION</u>					
10-50-02 401(A) EMPLOYER MATCH	406.88	2,177.62	5,246.00	3,068.38	41.5
10-50-05 SALARIES -ADMIN./CLERK/TREASUR	13,563.00	68,420.48	166,544.00	98,123.52	41.1
10-50-11 SS/MEDICARE EXPENSE	1,088.38	5,383.87	12,906.00	7,522.13	41.7
10-50-12 UNEMPLOYMENT EXPENSE	41.95	211.98	506.00	294.02	41.9
10-50-13 EMPLOYEE HEALTH INSURANCE	3,184.69	16,713.98	36,410.00	19,696.02	45.9
10-50-14 WORKER'S COMPENSATION	.00	538.00	538.00	.00	100.0
10-50-15 EDUCATION	50.64	2,666.47	3,000.00	333.53	88.9
10-50-16 ADMIN VEHICLE	276.92	1,384.60	3,600.00	2,215.40	38.5
10-50-20 TOWN HALL EXPENSE	15,496.78	15,496.78	30,994.00	15,497.22	50.0
10-50-23 TOWN HALL EXPENSE - UTILITIES	472.48	2,601.75	7,000.00	4,398.25	37.2
10-50-25 TOWN HALL EXPENSE - BLDG. REP	.00	247.10	15,000.00	14,752.90	1.7
10-50-27 TOWN HALL EXPENSE - SUPPLIES	38.11	138.63	1,200.00	1,061.37	11.6
10-50-30 OFFICE SUPPLIES	9.00	1,580.62	2,500.00	919.38	63.2
10-50-32 EQUIPMENT RENTAL	438.58	2,207.08	5,300.00	3,082.92	41.6
10-50-35 POSTAGE EXPENSE	.50	103.56	500.00	396.44	20.7
10-50-40 BANK/CREDIT CARD FEES	25.00	253.51	1,300.00	1,046.49	19.5
10-50-50 ELECTION EXPENSE	165.16	1,260.90	2,000.00	739.10	63.1
10-50-55 BOARD OF TRUSTEE SALARY	135.00	810.00	2,160.00	1,350.00	37.5
10-50-57 TOWN ATTY LEGAL SERVICES	1,540.00	7,080.00	20,000.00	12,920.00	35.4
10-50-80 COMPUTER/SOFTWARE/SUPPORT	439.50	2,197.50	7,000.00	4,802.50	31.4
10-50-85 TELEPHONE/INTERNET	751.78	4,222.09	8,200.00	3,977.91	51.5
10-50-70 MISCELLANEOUS EXPENSE	1,485.32	2,312.53	2,500.00	187.47	92.5
10-50-75 CODIFICATION	588.00	823.00	2,000.00	1,177.00	41.2
10-50-76 ESTIP AGREEMENT	6,994.43	6,994.43	42,000.00	35,005.57	16.7
10-50-95 EMPLOYEE HOUSING	(1,172.64)	494.82	.00	(494.82)	.0
TOTAL ADMINISTRATION	46,009.44	146,321.30	378,404.00	232,082.70	38.7

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>COMMUNITY DEVELOPMENT</u>					
10-51-05 PROFESSIONAL FEES	1,556.25	2,797.25	5,000.00	2,202.75	56.0
10-51-10 EDUCATION/BENEVOLENCE (BOT)	1,287.93	2,024.10	5,000.00	2,975.90	40.5
10-51-20 VISITOR CENTER	231.44	870.48	2,000.00	1,129.52	43.5
10-51-30 ADVERTISING AND MARKETING	964.19	8,333.76	12,000.00	3,666.24	69.5
10-51-34 TOWN BEAUTIFICATION	3,916.00	12,503.42	10,000.00	(2,503.42)	125.0
10-51-35 TOWN CLEAN UP	50.00	50.00	10,000.00	9,950.00	.5
10-51-40 DUES AND MEMBERSHIPS	359.00	359.00	500.00	141.00	71.8
10-51-50 TGIFAIRPLAY EXPENSE	409.46	920.52	17,000.00	16,079.48	5.4
10-51-62 BURRO DAYS	534.05	6,285.07	35,000.00	28,714.93	18.0
10-51-64 BEAD AND FIBER SHOW	103.71	133.69	3,000.00	2,866.31	4.5
10-51-70 MISCELLANEOUS EVENTS	5.99	63.68	10,000.00	9,936.32	.6
10-51-71 FIREWORKS/4TH OF JULY	355.09	1,455.09	12,000.00	10,544.91	12.1
10-51-72 PLEIN AIR EVENT	110.33	177.68	22,500.00	22,322.32	.8
10-51-74 REAL COLORADO CHRISTMAS	.00	149.77	4,000.00	3,850.23	3.7
10-51-75 DONATIONS	.00	1,300.00	2,500.00	1,200.00	52.0
10-51-83 VICTORIAN BALL	.00	.00	5,000.00	5,000.00	.0
10-51-85 PROPERTY IMPROVEMENT INCENTIV	.00	.00	20,000.00	20,000.00	.0
10-51-90 525 HATHAWAY	656.59	3,423.52	8,000.00	4,576.48	42.8
TOTAL COMMUNITY DEVELOPMENT	10,540.03	40,847.03	183,500.00	142,652.97	22.3
<u>JUDICIAL SYSTEM</u>					
10-53-02 401(A) EMPLOYER MATCH	26.02	177.92	403.00	225.08	44.2
10-53-05 MUNICIPAL JUDGE SALARY	600.00	3,000.00	7,800.00	4,800.00	38.5
10-53-10 COURT CLERK	867.69	5,097.72	11,750.00	6,652.28	43.4
10-53-11 SS/MEDICARE EXPENSE	111.54	615.73	1,496.00	880.27	41.2
10-53-12 UNEMPLOYMENT EXPENSE	4.40	24.31	59.00	34.69	41.2
10-53-13 EMPLOYEE HEALTH INSURANCE	351.54	1,934.36	4,370.00	2,435.64	44.3
10-53-14 WORKER'S COMPENSATION	.00	40.00	40.00	.00	100.0
10-53-20 COURT ATTORNEY	.00	.00	500.00	500.00	.0
10-53-40 OPERATING EXPENSE	6.70	318.95	450.00	131.05	70.9
10-53-50 DUES AND MEMBERSHIPS	.00	.00	22.00	22.00	.0
TOTAL JUDICIAL SYSTEM	1,967.89	11,208.99	26,890.00	15,681.01	41.7

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>PUBLIC SAFETY</u>					
10-54-01 POLICE SALARIES	5,000.00	25,000.00	192,000.00	167,000.00	13.0
10-54-04 PART TIME OFFICERS	.00	.00	8,840.00	8,840.00	.0
10-54-05 PENSION CONTRIBUTION	535.00	2,875.00	20,544.00	17,869.00	13.0
10-54-10 UNIFORMS AND ACCESSORIES	.00	.00	3,000.00	3,000.00	.0
10-54-11 SS/MEDICARE EXPENSE	72.50	362.50	3,460.00	3,097.50	10.5
10-54-12 UNEMPLOYMENT EXPENSE	15.00	75.00	603.00	528.00	12.4
10-54-13 EMPLOYEE HEALTH INSURANCE	1,504.35	7,521.75	83,751.00	76,229.25	9.0
10-54-14 WORKER'S COMPENSATION	.00	6,902.00	6,902.00	.00	100.0
10-54-15 GASOLINE	106.58	855.71	5,000.00	4,144.29	17.1
10-54-20 VEHICLE MAINTENANCE	.00	1,898.08	6,000.00	4,103.92	31.6
10-54-24 PROFESSIONAL TRAINING EXPENSE	.00	113.75	4,000.00	3,886.25	2.8
10-54-26 IN-SERVICE TRAINING EXPENSE	.00	.00	1,000.00	1,000.00	.0
10-54-28 VEHICLE RENTAL PAYMENT	1,238.42	6,192.10	14,861.00	8,688.90	41.7
10-54-30 RADAR & RADIO MAINTENANCE	.00	.00	500.00	500.00	.0
10-54-45 OPERATING SUPPLIES	49.99	320.97	1,000.00	679.03	32.1
10-54-50 EQUIPMENT EXPENSE	.00	.00	3,000.00	3,000.00	.0
10-54-53 GRANT-EQUIPMENT & SUPPLIES	.00	2,833.80	1,918.00	915.80	147.8
10-54-55 TELEPHONE - POLICE LINE	200.15	990.71	4,200.00	3,209.29	23.6
10-54-60 MEMBERSHIPS - DUES	.00	.00	150.00	150.00	.0
10-54-65 COMPUTER/SOFTWARE/SUPPORT	.00	3,073.00	3,600.00	527.00	85.4
10-54-75 INVESTIGATIVE SERVICES	.00	600.00	1,000.00	400.00	60.0
10-54-80 OFFICER RECRUITING	.00	.00	3,000.00	3,000.00	.0
10-54-97 PUBLIC RELATIONS	.00	.00	500.00	500.00	.0
TOTAL PUBLIC SAFETY	8,721.99	58,412.37	368,829.00	309,416.63	16.1
<u>PUBLIC WORKS</u>					
10-56-01 SALARIES	6,852.32	34,823.28	78,028.00	43,104.72	44.8
10-56-02 401(A) EMPLOYER MATCH	181.04	1,148.15	2,591.00	1,442.85	44.3
10-56-10 SEASONAL WAGES	.00	.00	7,680.00	7,680.00	.0
10-56-11 SS/MEDICARE EXPENSE	517.28	2,637.00	6,557.00	3,920.00	40.2
10-56-12 UNEMPLOYMENT EXPENSE	20.57	104.86	257.00	152.14	40.8
10-56-13 EMPLOYEE HEALTH INSURANCE	2,908.47	14,532.35	30,527.00	15,984.65	47.6
10-56-14 WORKER'S COMPENSATION	.00	4,994.00	4,994.00	.00	100.0
10-56-15 GASOLINE & OIL - STREETS	277.61	1,590.65	3,500.00	1,908.35	45.5
10-56-25 REPAIRS & MAINT - EQUIPMENT	.00	651.52	6,000.00	5,348.48	10.9
10-56-30 TOOLS, MAT'L'S, & SUPPLIES	825.52	9,463.51	10,500.00	1,036.49	90.1
10-56-35 EDUCATION & TRAINING	.00	822.38	1,000.00	377.64	62.2
10-56-40 ELECTRIC STREET LIGHTS & SIGNS	328.76	1,396.86	9,000.00	7,603.14	15.5
10-56-45 TELEPHONE	125.00	645.08	1,800.00	1,154.92	35.6
10-56-50 MAINTENANCE BUILDING - UTILITY	491.28	2,994.76	6,500.00	3,505.24	46.1
10-56-60 VEHICLE RENTAL PAYMENT	1,391.92	6,959.60	16,703.00	9,743.40	41.7
10-56-70 STREET REPAIRS	1,882.52	4,811.37	200,000.00	195,188.63	2.4
10-56-82 TOWN SHOP BUILDING REPAIRS	324.00	2,572.00	1,000.00	1,572.00	257.2
TOTAL PUBLIC WORKS	16,122.29	90,047.35	388,637.00	296,589.65	23.3

**TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018**

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>PARKS & RECREATION</u>					
10-58-30 TOOLS, MATERIALS, & SUPPLIES	270.93	10,793.43	4,000.00	(6,793.43)	269.8
10-58-41 PARKS UTILITIES	21.41	140.25	550.00	409.75	25.5
10-58-42 VAULT RESTROOMS MAINTENANCE	.00	.00	500.00	500.00	.0
10-58-50 CEMETERY EXPENSE	.00	80.78	800.00	719.22	10.1
10-58-80 FAIRPLAY BEACH PROJECT EXPENS	.00	.00	50,000.00	50,000.00	.0
10-58-95 LAND LEASE PAYMENT	.00	12,995.09	25,990.00	12,994.91	50.0
TOTAL PARKS & RECREATION	292.34	24,009.55	81,840.00	57,830.45	29.3
<u>NON-DEPARTMENTAL EXPENDITURE</u>					
10-61-15 LIABILITY INSURANCE	.00	14,940.00	14,940.00	.00	100.0
10-61-17 AUDIT FEES	.00	3,600.00	4,860.00	1,260.00	74.1
10-61-23 TREASURER'S FEES - MILL LEVY	567.85	2,154.88	4,500.00	2,345.12	47.9
10-61-25 PUBLISHING EXPENSE	82.74	210.87	1,000.00	789.13	21.1
10-61-30 DUES & MEMBERSHIPS	.00	1,562.00	2,000.00	438.00	78.1
10-61-50 CAPITAL IMPROVEMENTS	.00	.00	75,000.00	75,000.00	.0
10-61-60 ABATEMENT	.00	.00	2,000.00	2,000.00	.0
TOTAL NON-DEPARTMENTAL EXPEN	650.59	22,467.75	104,300.00	81,832.25	21.5
TOTAL FUND EXPENDITURES	84,304.57	394,314.34	1,530,400.00	1,136,085.66	25.8
NET REVENUE OVER EXPENDITURES	54,117.69	150,890.93	(50,005.00)	(200,895.93)	301.8

TOWN OF FAIRPLAY
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 5 MONTHS ENDING MAY 31, 2018

CONSERVATION TRUST FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTERGOVERNMENTAL REVENUES</u>					
20-44-10 COLORADO LOTTERY FUNDS	.00	797.53	3,300.00	2,502.47	24.2
TOTAL INTERGOVERNMENTAL REVE	.00	797.53	3,300.00	2,502.47	24.2
<u>INTEREST INCOME</u>					
20-48-50 INTEREST INCOME SAVINGS	2.79	11.79	13.00	1.21	90.7
TOTAL INTEREST INCOME	2.79	11.79	13.00	1.21	90.7
TOTAL FUND REVENUE	2.79	809.32	3,313.00	2,503.68	24.4

**TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018**

CONSERVATION TRUST FUND

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>OPERATION EXPENSE</u>					
20-73-03 BASEBALL FIELD IMPROVEMENTS	.00	.00	500.00	500.00	.0
20-73-10 COHEN PARK - IMPROVEMENTS	.00	.00	500.00	500.00	.0
TOTAL OPERATION EXPENSE	.00	.00	1,000.00	1,000.00	.0
TOTAL FUND EXPENDITURES	.00	.00	1,000.00	1,000.00	.0
NET REVENUE OVER EXPENDITURES	2.79	809.32	2,313.00	1,503.68	35.0

TOWN OF FAIRPLAY
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 5 MONTHS ENDING MAY 31, 2018

INTERNAL SERVICE FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>REVENUE</u>						
32-47-20	DEPT RENTAL PAYMENTS	3,558.34	17,791.70	42,700.00	24,908.30	41.7
	TOTAL REVENUE	3,558.34	17,791.70	42,700.00	24,908.30	41.7
	TOTAL FUND REVENUE	3,558.34	17,791.70	42,700.00	24,908.30	41.7
	NET REVENUE OVER EXPENDITURES	3,558.34	17,791.70	42,700.00	24,908.30	41.7

TOWN OF FAIRPLAY
REVENUES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY WATER ENTERPRISE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>UTILITY REVENUES</u>					
50-43-05 POTABLE WATER	36,707.40	165,702.76	400,000.00	234,297.24	41.4
50-43-50 LATE CHARGES	485.70	1,897.35	3,500.00	1,602.65	54.2
50-43-60 LIEN REVENUE	.00	781.80	2,000.00	1,218.20	39.1
50-43-70 PLANT INVESTMENT FEES	.00	5,500.00	.00	(5,500.00)	.0
50-43-80 WATER FACILITY MAINTENANCE FEE	.00	243.64	500.00	256.36	48.7
TOTAL UTILITY REVENUES	37,193.10	174,125.55	406,000.00	231,874.45	42.9
<u>MISCELLANEOUS INCOME</u>					
50-46-05 WATER METERS, PRV, & PARTS	.00	218.95	1,000.00	781.05	21.9
50-46-10 PENALTY FOR NON-COMPLIANCE	40.00	200.00	480.00	280.00	41.7
50-46-25 INTEREST ON INVESTMENTS	649.67	2,702.38	1,800.00	(902.38)	150.1
50-46-45 FEMA PROJECT	.00	.00	375,000.00	375,000.00	.0
50-46-49 FAIRPLAY SANITATION FEES	.00	.00	160,939.00	160,939.00	.0
50-46-50 OTHER WATER REVENUE	.00	.00	100.00	100.00	.0
TOTAL MISCELLANEOUS INCOME	689.67	3,121.33	539,319.00	536,197.67	.6
TOTAL FUND REVENUE	37,882.77	177,246.88	945,319.00	768,072.12	18.8

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY WATER ENTERPRISE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>EMPLOYEE EXPENSES</u>					
50-70-01 SALARIES	7,582.25	39,052.84	110,058.00	71,005.16	35.5
50-70-02 ICMA RC RETIREMENT	202.36	1,259.64	3,527.00	2,267.36	35.7
50-70-11 SS/MEDICARE EXPENSE	577.12	2,976.97	8,475.00	5,498.03	35.1
50-70-12 UNEMPLOYMENT EXPENSE	22.86	118.11	332.00	213.89	35.6
50-70-13 EMPLOYEE HEALTH INSURANCE	2,608.63	13,180.98	36,917.00	23,736.02	35.7
50-70-14 WORKER'S COMPENSATION	2.00	643.00	643.00	.00	100.0
50-70-50 EDUCATION - WATER OPERATORS	500.00	1,552.75	3,000.00	1,447.25	51.8
50-70-70 BOT SALARY	45.00	270.00	720.00	450.00	37.5
50-70-80 FSD EMPLOYEE EXPENSES	.00	.00	160,938.00	160,938.00	.0
TOTAL EMPLOYEE EXPENSES	11,520.22	59,054.29	324,611.00	265,556.71	18.2
<u>PLANT & EQUIPMENT</u>					
50-71-03 WATER TREATMENT PLANT	.00	7,470.09	24,500.00	17,029.91	30.5
50-71-20 PUMPHOUSE EXPENSE	.00	.00	500.00	500.00	.0
50-71-30 CHEMICAL EXPENSE	630.00	630.00	1,700.00	1,070.00	37.1
50-71-40 WATER TESTING EXPENSE	23.00	1,746.08	900.00	(846.08)	194.0
50-71-55 LEAKS AND REPAIRS	.00	971.55	10,000.00	9,028.45	9.7
50-71-60 TOOLS, & MAINTENANCE SUPPLIES	172.50	690.19	3,000.00	2,309.81	23.0
50-71-70 REPAIR & MAINTAIN EQUIPMENT	.00	393.04	7,000.00	6,606.96	5.6
50-71-80 GASOLINE & OIL	139.31	795.83	2,000.00	1,204.17	39.8
50-71-85 WATER TANKS	4,154.30	8,329.31	3,000.00	(5,329.31)	277.6
50-71-87 VEHICLE RENTAL PAYMENT	696.00	3,480.00	8,352.00	4,872.00	41.7
50-71-90 DITCH MAINTENANCE	.00	.00	1,000.00	1,000.00	.0
50-71-95 FEMA PROJECT	.00	675.00	500,000.00	499,325.00	.1
TOTAL PLANT & EQUIPMENT	5,815.11	25,181.09	561,952.00	536,770.91	4.5
<u>CONTRACTUAL FEES</u>					
50-72-03 ENGINEERING FEES	.00	.00	5,000.00	5,000.00	.0
50-72-10 LEGAL FEES	.00	.00	5,000.00	5,000.00	.0
50-72-20 INSURANCE FEES	.00	10,202.64	9,980.00	(242.64)	102.4
50-72-30 MEMBERSHIP DUES	332.40	766.12	1,300.00	533.88	58.9
50-72-40 AUDITOR FEES	.00	2,400.00	3,240.00	840.00	74.1
50-72-60 HASP MEMBERSHIP DUES	.00	.00	10,000.00	10,000.00	.0
TOTAL CONTRACTUAL FEES	332.40	13,368.76	34,500.00	21,131.24	38.8

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY WATER ENTERPRISE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
OPERATION EXPENSE					
50-73-03 OFFICE EXPENSE	363.75	976.87	750.00	(226.87)	130.3
50-73-10 POSTAGE EXPENSE	174.06	714.98	2,000.00	1,285.02	35.8
50-73-20 TELEPHONE EXPENSE	92.94	465.18	1,500.00	1,034.81	31.0
50-73-30 PUBLISHING EXPENSE	.00	.00	700.00	700.00	.0
50-73-40 WATER METERS	.00	.00	1,000.00	1,000.00	.0
50-73-50 BANK/CREDIT FEES	187.31	963.04	2,100.00	1,136.96	45.9
50-73-60 COMPUTER/SOFTWARE/SUPPORT	219.75	3,048.69	7,500.00	4,451.31	40.7
50-73-90 SHOP UTILITIES	1,207.64	5,120.08	20,000.00	14,879.92	25.6
TOTAL OPERATION EXPENSE	2,245.45	11,288.85	35,550.00	24,261.15	31.8
901 MAIN STREET					
50-80-80 RENT 901 MAIN STREET	.00	12,397.00	12,397.00	.00	100.0
TOTAL 901 MAIN STREET	.00	12,397.00	12,397.00	.00	100.0
TOTAL FUND EXPENDITURES	19,913.18	121,289.99	969,010.00	847,720.01	12.5
NET REVENUE OVER EXPENDITURES	17,969.59	55,956.89	(23,691.00)	(79,647.89)	236.2

TOWN OF FAIRPLAY
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY SANITATION-GENERAL

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
60-48-05 AD VALOREM TAX	20,491.48	70,837.89	125,717.00	54,879.11	58.4
60-48-10 SO TAX	1,599.63	7,217.57	15,000.00	7,782.43	48.1
60-48-15 DELINQUENT TAX	.00	1,213.83	.00	(1,213.83)	.0
60-48-20 INTEREST	.82	45.24	.00	(45.24)	.0
TOTAL SOURCE 48	22,091.93	79,314.53	140,717.00	61,402.47	58.4
TOTAL FUND REVENUE	22,091.93	79,314.53	140,717.00	61,402.47	58.4

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY SANITATION-GENERAL

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>DEBT SERVICE</u>					
60-75-02 GO BOND PAYMENT-PRINCIPAL	.00	70,358.78	140,717.00	70,358.22	50.0
TOTAL DEBT SERVICE	.00	70,358.78	140,717.00	70,358.22	50.0
TOTAL FUND EXPENDITURES	.00	70,358.78	140,717.00	70,358.22	50.0
NET REVENUE OVER EXPENDITURES	22,091.93	8,955.75	.00	(8,955.75)	.0

TOWN OF FAIRPLAY
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY SAN ENTERPRISE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>WASTEWATER REVENUES</u>					
61-43-05 WASTEWATER USER FEES	54,459.02	270,426.14	645,600.00	375,173.86	41.9
61-43-10 WASTEWATER USER FEES-LIEN COL	.00	812.01	3,650.00	2,837.99	22.3
61-43-20 WASTEWATER USE FEES-LIEN INTER	.00	.00	50.00	50.00	.0
61-43-50 LATE CHARGES	770.00	3,301.34	7,000.00	3,698.66	47.2
61-43-60 PLANT INVESTMENT FEE	.00	6,851.00	.00	(6,851.00)	.0
TOTAL WASTEWATER REVENUES	55,229.02	281,390.49	656,300.00	374,909.51	42.9
<u>MISCELLANEOUS REVENUE</u>					
61-46-10 INTEREST	2,449.70	10,301.17	15,000.00	4,698.83	68.7
61-46-20 MISCELLANEOUS REVENUE	.00	.00	500.00	500.00	.0
TOTAL MISCELLANEOUS REVENUE	2,449.70	10,301.17	15,500.00	5,198.83	66.5
TOTAL FUND REVENUE	57,678.72	291,691.66	671,800.00	380,108.34	43.4

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY SAN ENTERPRISE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
EMPLOYEE EXPENSES					
61-70-01 SALARIES	8,245.19	43,138.04	113,180.00	70,043.96	38.1
61-70-02 ICMA RC RETIREMENT	161.49	1,055.93	3,620.00	2,564.07	29.2
61-70-11 SS/MEDICARE EXPENSE	625.72	3,270.15	8,658.00	5,387.85	37.8
61-70-12 UNEMPLOYMENT EXPENSE	24.69	129.13	340.00	210.87	38.0
61-70-13 EMPLOYEE HEALTH INSURANCE	2,269.26	11,470.76	32,544.00	21,073.24	35.3
61-70-14 WORKER'S COMPENSATION	.00	2,597.00	2,597.00	.00	100.0
61-70-50 EDUCATION - WW OPERATORS	.00	113.75	1,000.00	886.25	11.4
TOTAL EMPLOYEE EXPENSES	11,326.35	61,772.76	161,939.00	100,166.24	38.2
PLANT & EQUIPMENT					
61-71-03 COLLECTION SYSTEM MAINTENANC	374.00	1,515.27	50,000.00	48,484.73	3.0
61-71-04 UTILITIES	5,600.22	26,288.86	53,000.00	26,711.14	49.6
61-71-10 DISCHARGE/PERMITS	.00	.00	3,000.00	3,000.00	.0
61-71-30 CHEMICAL & SUPPLIES EXPENSE	.00	462.27	2,500.00	2,037.73	18.5
61-71-40 TESTING EXPENSE	2,205.13	5,299.60	6,000.00	700.40	88.3
61-71-50 SLUDGE REMOVAL	29,488.88	29,505.37	40,000.00	10,494.63	73.8
61-71-55 REPAIRS & MAINTENANCE	11,677.45	18,443.88	35,000.00	16,556.12	52.7
61-71-67 TRASH	75.00	375.00	900.00	525.00	41.7
61-71-80 GASOLINE & OIL	139.31	793.91	1,500.00	706.09	52.9
61-71-85 VEHICLE EXPENSE	232.00	1,160.00	2,784.00	1,624.00	41.7
TOTAL PLANT & EQUIPMENT	49,791.99	83,844.16	194,684.00	110,839.84	43.1
CONTRACTUAL FEES					
61-72-03 ENGINEERING FEES	.00	.00	2,500.00	2,500.00	.0
61-72-10 LEGAL FEES	640.00	1,540.00	2,500.00	960.00	61.6
61-72-20 INSURANCE FEES	.00	.00	7,100.00	7,100.00	.0
61-72-30 MEMBERSHIP DUES	.00	275.00	500.00	225.00	55.0
61-72-40 AUDITOR FEES	.00	3,300.00	4,400.00	1,100.00	75.0
TOTAL CONTRACTUAL FEES	640.00	5,115.00	17,000.00	11,885.00	30.1

TOWN OF FAIRPLAY
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2018

FAIRPLAY SAN ENTERPRISE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>OPERATION EXPENSE</u>					
61-73-01 ELECTION EXPENSE	.00	.00	2,000.00	2,000.00	.0
61-73-03 OFFICE EXPENSE	363.78	1,208.88	1,500.00	293.12	80.5
61-73-05 MISCELLANEOUS	.00	19.47	2,500.00	2,480.53	.8
61-73-10 POSTAGE EXPENSE	174.06	679.65	2,400.00	1,720.35	28.3
61-73-20 TELEPHONE EXPENSE	229.79	1,129.86	2,100.00	970.14	53.8
61-73-30 PUBLISHING EXPENSE	11.35	86.30	150.00	53.70	64.2
61-73-40 LOCATES	18.85	37.70	500.00	462.30	7.5
61-73-50 BANK/CREDIT CARD FEES	187.32	973.08	1,600.00	626.92	60.8
61-73-60 COMPUTER/SOFTWARE/SUPPORT	219.75	1,088.75	4,000.00	2,901.25	27.5
61-73-70 TREASURER FEES	589.72	2,123.19	5,000.00	2,876.81	42.5
61-73-90 CONTINGENCY	.00	.00	20,000.00	20,000.00	.0
61-73-95 CAPITAL IMPROVEMENTS	.00	28,298.10	43,000.00	14,701.90	65.8
TOTAL OPERATION EXPENSE	1,794.60	35,662.98	84,750.00	49,087.02	42.1
<u>DEBT SERVICE</u>					
61-75-02 REVENUE BOND-INTEREST	73,358.75	73,358.75	146,718.00	73,359.25	50.0
61-75-04 REVENUE BOND-PRINCIPAL	.00	.00	125,000.00	125,000.00	.0
TOTAL DEBT SERVICE	73,358.75	73,358.75	271,718.00	198,359.25	27.0
TOTAL FUND EXPENDITURES	136,911.69	259,753.65	730,091.00	470,337.35	35.6
NET REVENUE OVER EXPENDITURES	(79,232.97)	31,938.01	(58,291.00)	(90,229.01)	54.8



MEMORANDUM

TO: Mayor and Board of Trustees
FROM: Tina Darrah, Town Administrator/Clerk
RE: Resolution No. 24
DATE: June 27, 2018

Lee has drafted this resolution which approves the dissolution agreement between the Town and the Sanitation District. The Sanitation District Board approved the agreement at their June 25, 2018 meeting. Lee will be at the meeting to answer any questions and offer a staff comment.

Recommended Motion:

Motion to approve Resolution No. 24, series of 2018. This will require a second and a roll call vote.

RESOLUTION NO. 24
(Series of 2018)

A RESOLUTION APPROVING A DISSOLUTION AGREEMENT BETWEEN THE TOWN OF FAIRPLAY AND THE FAIRPLAY SANITATION DISTRICT

WHEREAS, the Town of Fairplay previously entered into an intergovernmental agreement with the Fairplay Sanitation District dated December 1, 2014 (the "Management Agreement") to consolidate water and sewer operations and services within the areas served by the District and the Town, with the Town providing management of the District's sanitary sewer facilities and operations, subject to the terms and conditions of that Management Agreement; and

WHEREAS, it was the intent of the parties that the Management Agreement would establish the method for the Town "to provide sanitary sewer service in the area of the District with a view toward ultimately consolidating all water and sewer services under the ownership and auspices of the Town upon retirement of the Districts debt;" and

WHEREAS, The Town has issued its water and wastewater revenue note and will pay and retire all financial obligations and debt of the District; and

WHEREAS, the District has to conveyed all of its property and assets to the Town; and

WHEREAS, the District's Board of Directors has determined that it is in the best interest of the District's residents, property owners and customers that the District be dissolved and the Town's Board of Trustees concurs with that determination; and

WHEREAS, pursuant to C.R.S. § 32-1-702(4)(b)(1) the District and the Town have negotiated a Dissolution Agreement under which the responsibility for all service previously provided by the District is assumed by the Town, providing for the operation and maintenance system and facilities previously owned by the District, and addressing service rates and charges; and

WHEREAS, he Town's Board of Trustees wishes to approve the Dissolution Agreement and to cooperate in the dissolution of the District pursuant to the provisions of Title 32, Article 1, Part 7 of the Colorado Revised Statutes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF FAIRPLAY THAT:

1. The Dissolution Agreement is hereby approved in substantially the form attached hereto and the Mayor is authorized to execute same on behalf of the Town.

2. The Town's staff and legal counsel are authorized and directed to take all steps necessary or convenient to perform the Town's obligations under the Dissolution Agreement and to assist in the dissolution of the District pursuant to the provisions of Title 32, Article 1, Part 7 of the Colorado Revised Statutes, including, but not limited to, the filing of entry of appearance in the Park County District Court dissolution proceedings.

3. Safety Clause. The Town Board of Trustees hereby finds, determines, and declares that this Resolution is promulgated under the general police power of the Town of Fairplay, that it is promulgated for the health, safety, and welfare of the public and that this Resolution is necessary for the preservation of health and safety and for the protection of public convenience and welfare. The Town Board of Trustees further determines that the Resolution bears a rational relation to the proper legislative object sought to be attained.

4. Severability. If any clause, sentence, paragraph or part of this Resolution or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect application to other persons or circumstances.

5. Effective Date. This Resolution shall become effective immediately.

RESOLVED, APPROVED AND ADOPTED by the Board of Trustees of the Town of Fairplay on the 2nd day of July, 2008 upon the motion of Board Member _____, the second of Board Member _____, and by a vote of ___ in favor and ___ against.

Frank Just, Mayor

ATTEST:

Tina Darrah, Town Clerk

**FAIRPLAY SANITATION DISTRICT
RESOLUTION NO. 2
Series 2018**

A RESOLUTION APPROVING A DISSOLUTION AGREEMENT WITH THE TOWN OF FAIRPLAY AND DIRECTING THE DISTRICT'S STAFF AND SPECIAL LEGAL COUNSEL TO TAKE ALL STEPS NECESSARY TO EFFECT THE DISSOLUTION OF THE FAIRPLAY SANITATION DISTRICT

WHEREAS, the District previously entered into an intergovernmental agreement with the Town of Fairplay dated December 1, 2014 (the "Management Agreement") to consolidate water and sewer operations and services within the areas served by the District and the Town, with the Town providing management of the District's sanitary sewer facilities and operations, subject to the terms and conditions of that Management Agreement; and

WHEREAS, it was the intent of the District that the Management Agreement would establish the method for the Town "to provide sanitary sewer service in the area of the District with a view toward ultimately consolidating all water and sewer services under the ownership and auspices of the Town upon retirement of the Districts debt;" and

WHEREAS, The Town will issue its water and wastewater revenues note and will pay and retire all financial obligations and debt of the District; and

WHEREAS, the District wishes to convey all of its property and assets to the Town; and

WHEREAS, the District's Board of Directors finds that it is in the best interest of the District's residents, property owners and customers that the District be dissolved; and

WHEREAS, pursuant to C.R.S. § 32-1-702(4)(b)(1) the District and the Town have negotiated a Dissolution Agreement under which the responsibility for all service previously provided by the District is assumed by the Town, providing for the operation and maintenance system and facilities previously owned by the District, and addressing service rates and charges; and

WHEREAS, since the District will have no debt or assets and the services of the District will continue to be provided by the Town, the District's Board of Directors wishes to approve the Dissolution Agreement and to pursue dissolution of the District pursuant to the provisions of Title 32, Article 1, Part 7 of the Colorado Revised Statutes;

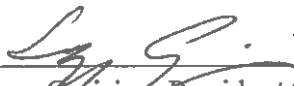
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FAIRPLAY SANITATION DISTRICT THAT:

1. The Dissolution Agreement is hereby preliminarily approved in substantially the form attached hereto and the District's President is authorized to execute same on behalf of the District, subject to the public hearing required by C.R.S. § 32-1-702(4)(b)(II).

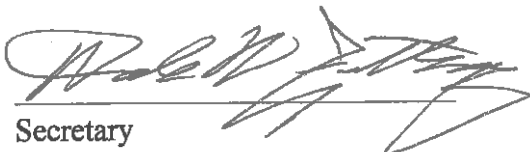
2. The District's staff and special legal counsel are authorized and directed to take all steps necessary or convenient to perform the District's obligations under the Dissolution Agreement and to dissolve the District pursuant to the provisions of Title 32, Article 1, Part 7 of the Colorado Revised Statutes, including, but not limited to the filing of a petition for dissolution in the Park County District Court.

RESOLVED, APPROVED AND ADOPTED this 25 day of JUNE, 2018.

FAIRPLAY SANITATION DISTRICT:

By: 
Sage Greising, President

ATTEST


Secretary

INTERGOVERNMENTAL AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _____, 2018, by and between the **TOWN OF FAIRPLAY, COLORADO**, a Colorado municipal corporation organized and existing pursuant to Title 31 of the Colorado Revised Statutes (the “Town”) and the **FAIRPLAY SANITATION DISTRICT**, a Colorado special district organized and existing pursuant to Title 32 of the Colorado Revised Statutes (the “District”) collectively referred to as the “Parties.”

IN CONSIDERATION of the mutual promises herein contained, and other good and valuable consideration the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **RECITALS:**

a. The District is a duly created and existing Colorado special district organized pursuant to Article 1 of Title 32 of the Colorado Revised Statutes for the purpose of providing wastewater utility service.

b. The Town is a duly created municipal corporation and political subdivision of the State of Colorado and is statutorily authorized to provide the services presently being provided by the District.

c. The District owns and operates a sanitary sewer system that serves the properties located within the boundaries of the Town as well as some areas located outside the boundaries of the Town. The boundaries of the District are depicted in **Exhibit A** hereto.

d. The Town owns and operates a water system serving the areas located within the boundaries of the Town. The boundaries of the Town are depicted in **Exhibit B** hereto.

e. The Town and the District previously entered into an intergovernmental agreement dated December 1, 2014 (the “Management Agreement”) to consolidate water and sewer operations and services within the areas served by the Parties, with the Town providing management of the District’s sanitary sewer facilities and operations, subject to the terms and conditions of that Management Agreement.

f. It was the intent of the Parties that the Management Agreement would establish the method for the Town “to provide sanitary sewer service in the area of the District with a view toward ultimately consolidating all water and sewer services under the ownership and auspices of the Town upon retirement of the Districts debt.”

g. The Town is now prepared to issue its water and wastewater revenues note in an amount sufficient to retire all remaining financial obligations and debt of the District at which time the Town will continue to provide all of the services of the District and the District will convey its property and assets to the Town and formally dissolve pursuant to the provisions of Title 32, Article 1, Part 7 of the Colorado Revised Statutes.

h. This intergovernmental agreement (the "Agreement") is entered into pursuant to the requirements of C.R.S. § 32-1-702(4)(b)(I) to establish the conditions under which all services presently provided by the District will be assumed by the Town, to provide for the continued operation and maintenance of the District's system and facilities by the Town, and to provide for the acquisition of the District's system and facilities by the Town.

i. The purpose of this Agreement is to effect a full and complete assumption of the Services currently provided by the District by the Town for the benefit of the residents and taxpayers of the Parties. As such, this Agreement includes a plan for final disposition of the District Assets; a plan for full and complete payment of the financial obligations of the District; and a plan for the continuation of the District's Services by the Town.

2. DEFINITIONS:

The following terms, except where the context indicates otherwise, shall have the respective meanings established in the recitals to this Agreement or as set forth below:

"Assumed Contracts" means all outstanding contracts of the District.

"District" means the Fairplay Sanitation District and its utility enterprise.

"District Assets" means all right, title and interest of the District in and to all assets and properties owned or used by the District, whether tangible or intangible, real or personal, including, without limitation:

- (a) All interests in real property including, without limitation, easements and leases of any kind;
- (b) All cash and investment assets of the District;
- (c) All furniture, office equipment, other equipment, motor vehicles and other tangible personal property of the District;
- (d) All contracts including but not limited Assumed Contracts;
- (e) All inventory, fixed assets and leasehold improvements of the District;
- (f) All permits, consents and certificates of any regulatory, administrative or other Governmental Authority issued to held by the District;
- (g) All notes and accounts receivable of the District, including, without limitation, all unpaid utility fees;

- (h) All deposits, advance payments, prepaid items and expenses, deferred charges, rights of offset and credits and claims for refund;
- (i) All claims, rights and causes of action against third parties and all rights to insurance proceeds relating to any damage, destruction or impairment of the District; and
- (j) Copies of all books, records, utility customer and supplier lists including addresses, drawings, files, papers and records of the District related to its operations.

“District Debt” means (i) a general obligation loan from the Colorado Water Resources and Power Development Authority dated June 25, 2008 in the original principal amount of \$2,000,000; and (ii) Water Activity Enterprise Wastewater Revenue Bonds revenue bonds issued on or about December 20, 2006 in the original principal amount of \$3,435,000.

“District Liabilities” means all obligations of the District to persons or entities other than the Town, exclusive of the District Debt.

“District Utility System” means all right, title and interest of the District in and to the District’s wastewater collection and treatment system including but not limited to: (1) all lines, mains, manholes, conduits, ventilators, permanent and temporary lift stations, electrical facilities and apparatus, treatment facilities and related improvements and appurtenances thereto; and (2) all interests in real property including, without limitation, easements and rights-of-way of any kind within which the District Utility System is located.

“Governmental Authority” means the United States of America, the State of Colorado, any political subdivision thereof, and any agency or instrumentality of any of the foregoing.

“Order” shall mean the order to dissolve the District, with or without conditions, as entered by the Park County District Court.

“Services” means those services presently provided by the District including, without limitation, wastewater collection and treatment services.

“Town” means the Town of Fairplay, Colorado and its Water and Wastewater Enterprise established pursuant to Chapter 2, Article VII of the Fairplay Municipal Code.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DISTRICT:

The District represents, warrants and covenants for the benefit of the Town as follows:

- a. The District is a duly created and existing Colorado special district organized pursuant to Article 1 of Title 32 of the Colorado Revised Statutes, and organized by Court Order dated March 27, 1970, and has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

b. This Agreement constitutes the valid and binding obligation of the District, enforceable in accordance with its terms, and the execution, deliver, and performance of this Agreement has been duly authorized by all necessary action.

c. Neither the execution and delivery of this Agreement and the consummation of the transaction contemplated hereunder, nor the fulfillment of nor compliance with the terms and conditions of this Agreement, conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition or any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the property or assets of the District under the terms of any instrument or agreement; and

d. As of the date of this Agreement, there are no suits or proceedings pending or threatened, against or affecting the District or its property, or by any Governmental Authority, which, if adversely determined, would have a material adverse impact on the transaction contemplated hereby.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE TOWN:

The Town represents, warrants and covenants for the benefit of the District as follows:

a. The Town is a duly created municipal corporation and political subdivision of the State of Colorado and has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

b. This Agreement constitutes the valid and binding obligation of the Town, enforceable in accordance with its terms, and the execution, deliver, and performance of this Agreement has been duly authorized by all necessary action.

c. Neither the execution and delivery of this Agreement and the consummation of the transaction contemplated hereunder, nor the fulfillment of nor compliance with the terms and conditions of this Agreement, conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Town is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition or any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the property or assets of the Town under the terms of any instrument or agreement; and

d. As of the date of this Agreement, there are no suits or proceedings pending or threatened, against or affecting the Town or its property, or by any Governmental Authority, which, if adversely determined, would have a material adverse impact on the Town's full and complete assumption of the Services and acceptance of the District's Assets.

5. TOWN TO PAY DISTRICT DEBT:

a. The District Debt presently outstanding consists of: (i) a general obligation loan from the Colorado Water Resources and Power Development Authority dated June 25, 2008 in the

original principal amount of \$2,000,000; and (ii) Water Activity Enterprise Wastewater Revenue Bonds revenue bonds issued on or about December 20, 2006 in the original principal amount of \$3,435,000.

b. The Town shall pay off and retire the District Debt as a condition precedent to the performance of the District's obligation to convey its assets to the Town as set forth below.

c. The District represents that it has no employees, no pending or unperformed contractual obligations, no operating liabilities and no District Liabilities other than the District Debt.

6. TOWN ASSUMES AND PROVIDES DISTRICT SERVICES:

a. The Town shall manage and operate the District Utility System which, together with all District Assets, shall be conveyed to the Town upon payment of the District Debt by the Town.

b. The services to be provided by the Town shall include the following:

- i. Operation, maintenance and repair of all buildings, sewage treatment facilities, mains, pipes, equipment and property necessary to perform the services currently provided by the District.
- ii. Compliance with all federal and state regulations and applicable discharge permits.
- iii. Hiring of a Town employee or employees with the necessary and appropriate certifications required by C.R.S. § 25-9-110 for the operation of the District's sanitary sewer facilities.
- iv. Preparation and mailing of monthly bills for services to all sanitary sewer customers. Such billings shall be included in a combined monthly water and sewer bill. Rates, fees and charges for the combined water and sewer systems shall be set by the Town's Board of Trustees and shall be sufficient to pay all costs of operation, maintenance and repair of the combined system and to pay all financial obligations thereof.
- v. Adoption of rules and regulations governing the operation of the combined water and sewer system.
- vi. Banking and accounting services for all combined water and sewer system funds.
- vii. Periodic preparation and implementation of a capital improvement plan.

viii. Any and all other duties and responsibilities reasonably necessary to effectuating the intent of this Agreement that the Town continue and provide all services formally provided by the District.

c. The Town acknowledges that the District currently provides Services to customers located outside the Town' boundaries. The Town will provide Services to such customers at the same rates as are applicable to customers within the Town's boundaries.

7. CONVEYANCE OF THE DISTRICT ASSETS TO THE TOWN:

a. Immediately upon payment of the District Debt, or escrowing of funds sufficient for such payment, the District shall convey to the Town all of the District Assets free and clear of any liens or encumbrances.

b. All real property and fixtures and interests therein that are owned by the District, including but not limited to, all easements for sewer lines, mains, pumps stations and all other easements or interests pertinent to the District Utility System and Services shall be conveyed to the Town by Bargain and Sale Deed.

c. All business records, including but not limited to, books, minutes, customer account records, billing confirmations, insurance policies, and contracts, shall be delivered to the Town. All personal property, including but not limited to, furniture and equipment, shall be transferred to the Town by bill of sale.

d. The Assumed Contracts, if any, are hereby assigned to the Town.

e. The District shall pay or transfer to the Town all bank accounts, operating funds accounts receivable, and cash.

f. The District shall take all actions to transfer all discharge permits and other permits issued to the District by any Governmental Authority effective at the earliest possible time.

f. The District agrees to fully cooperate with the Town in the conveyancing and transferring of all District Assets to the town and to take all actions reasonably requested by the Town to effect such conveyancing and transferring.

g. The District hereby assigns to the Town all claims and defenses it may have in any matter.

8. DISSOLUTION OF DISTRICT:

a. Following the retirement of the District Debt and the conveyance and transfer of the District Assets to the Town the District shall diligently seek formal dissolution through the Park County District Court and the electoral process required by C.R.S. § 32-1-701 *et seq.* and shall provide all notices, conduct all hearings, submit all court filings, adopt all resolutions and otherwise take all actions necessary to effect such dissolution.

b. The Town shall cooperate with the District in pursuing dissolution and shall adopt any resolution or ordinance necessary to facilitate or effect such dissolution.

c. Until the entry of the Court Order dissolving the District and the transfer of all permits required for the operation of the District Utility System, this Agreement and the Management Agreement shall remain in full force and effect and the Town shall continue to provide the District Services.

d. Should the dissolution of the District not be approved by the electors as required by C.R.S. § 32-1-707(1) the District shall acquiesce and cooperate in the eventual administrative dissolution of the District pursuant to C.R.S. § 32-1-710. Since the District will no longer be providing District Services.

9. DEFAULTS AND REMEDIES:

Any material breach of any provision of this Agreement shall be a default hereunder and shall entitle the non-defaulting Party to any and all remedies available at law or in equity.

10. MISCELLANEOUS:

a. The Parties, by entering into this agreement, do not waive any rights or protections either may have under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101 *et seq.*

b. The Parties enter into this Agreement as separate, independent entities and shall maintain such status throughout.

c. The provisions of this Agreement shall only become effective upon execution of the Agreement by both Parties.

d. Neither Party may assign its rights or obligations under this Agreement without the prior, written consent of the other party.

e. This Agreement shall be governed by the laws of the State of Colorado.

f. This Agreement may be amended by the Parties in writing upon approval by both Parties' governing bodies.

g. Jurisdiction and venue for any dispute between the Parties shall be in the Park County District Court.

h. Any notices required or allowed pursuant to this Agreement shall be sent by first class U.S. Mail, postage prepaid, to the following:

To the Town: Town of Fairplay
Attn: Town Administrator
PO Box 267
Fairplay, CO 80440

To the District: Fairplay Sanitation District
Attn: Board President
PO Box 267
Fairplay, CO 80440

- i. No third parties are intended to be beneficiaries of this Agreement.
- j. This Agreement is intended to be fully integrated.

TOWN OF FAIRPLAY

By: _____
Frank Just, Mayor

ATTEST:

Tina Darrah, Town Clerk

FAIRPLAY SANITATION DISTRICT

By:  _____
Sage Greising, President

ATTEST:



Dale Fitting, Secretary



MEMORANDUM

TO: Mayor and Board of Trustees

FROM: Kim Wittbrodt, Treasurer

RE: Resolution Approving PIIP Agreement with Shelley Cono

DATE: June 27, 2018

Agenda Item: Resolution for PIIP Agreement

This resolution approves an agreement with Shelley Cono for the 625 Main Street Exterior Project. Staff has reviewed this application and found it in compliance with the PIIP rules and regulations.

This application is for \$1,380 to paint the exterior of the house. The property taxes paid for this property over the last five years is \$1,380. You currently have \$12,737 remaining in your PIIP line item for 2018. The photos included with the application shows the current state of the building. The estimate for prepping and painting the exterior of the building is \$4,237. Staff recommends approval.

Approval of this resolution will require a motion, second and a roll call vote.

TOWN OF FAIRPLAY, COLORADO
RESOLUTION NO. 2018-25

A RESOLUTION OF THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, AUTHORIZING THE EXECUTION OF A PROPERTY IMPROVEMENT INCENTIVE PROGRAM (PIIP) AGREEMENT BETWEEN THE TOWN AND SHELLEY CONO FOR THE 625 MAIN STREET EXTERIOR PROJECT.

WHEREAS, the Town Board of the Town of Fairplay specifically finds that entering into this PIIP Agreement will enhance the appearance of the property thereby enhancing the appearance of the Town as a whole; and

WHEREAS, the Town Board finds that enhancing the appearance of the property and the Town promotes the public welfare including the expansion of retail sales tax and/or property tax generating business and expanded employment opportunities; and

WHEREAS, the Board of Trustees has reviewed the PIIP Agreement and finds it to be in compliance with the provisions of Section 4-9-80 of the Fairplay Municipal Code.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES FOR THE TOWN OF FAIRPLAY, COLORADO, that the Mayor is authorized to enter into this agreement between the Town of Fairplay and Shelley Cono as described in the agreement, attached hereto as "Exhibit A", and to execute the same on behalf of the Town.

RESOLVED, APPROVED, and ADOPTED this 2nd day of July, 2018.

TOWN OF FAIRPLAY, COLORADO

(Seal)

Frank Just, Mayor

ATTEST:

Tina Darrah, Town Clerk

**PROPERTY IMPROVEMENT INCENTIVE PROGRAM AGREEMENT
(625 Main Street Exterior Project)**

THIS PROPERTY IMPROVEMENT INCENTIVE PROGRAM AGREEMENT (625 Main Street Exterior Project) (hereafter referred to as the "625 Main Street Exterior Project PIIP Agreement") is made and executed this 2nd day of July, 2018, by and between the TOWN OF FAIRPLAY, COLORADO, a Colorado statutory municipal corporation, (hereafter referred to as the "Town"), and Shelley Cono (hereafter referred to as the "Owner").

WITNESSETH

WHEREAS, the Owner is the owner of certain real property in the Town commonly described as 625 Main Street, (the "Property"); and

WHEREAS, the Owner proposes to improve the Property by prepping and painting the exterior of the building, which improvement will enhance the appearance of the Property and of the Town; and

WHEREAS, in entering into this PIIP Agreement, the Town Board of the Town specifically finds that the criteria for approval of a PIIP Agreement set forth in Section 4-9-80 of the Fairplay Municipal Code are met; and

WHEREAS, the parties hereto wish to set forth in full their agreement as to the nature and extent of the improvements which shall be constructed and installed by the Owner within and upon the Property, and the manner for and extent of the reimbursement to the Owner for a portion of the cost of such construction and installation; and

WHEREAS, the parties wish to memorialize all aspects of their agreement as to the terms and conditions of such reimbursement in this PIIP Agreement.

NOW THEREFORE, the parties hereto, for themselves, their successors and assigns (to the extent this PIIP Agreement is assignable, as specified hereinafter), in and for the consideration of the performance of the mutual covenants and promises set forth herein, the receipt and adequacy of which are hereby acknowledged, do hereby covenant and agree as follows:

1. **Authority.** This PIIP Agreement is entered into in compliance with the provisions of Article 9, Chapter 4 of the Fairplay Municipal Code.

2. **Scope of Work.** The parties hereby mutually agree that Owner shall construct, or cause to be constructed, the improvements to the Property set forth in **Exhibit A** hereto (the "Work" or the "Project"). Such work shall be completed to the reasonable satisfaction of the Town prior to any reimbursement pursuant to this PIIP Agreement. Any change in the Scope of Work shall require the prior written approval of the Town and may result in a decrease in the amount of the reimbursement should the Town reasonably determine that the change diminishes the cost or value of the improvements. The construction or installation of the improvements shall commence no later than September 1, 2018, and shall be completed no later than December 31, 2018. Should the work not commence or not be completed by the dates specified above this PIIP Agreement shall terminate and be of no further force or effect and the Town shall have no further obligations hereunder.

6/28/18
PIIP AGREEMENT CONO.DOC

3. **Cost of Project.** The estimated cost of the Project is Four Thousand Two Hundred Thirty Seven Dollars (\$4,237.00).

4. **Contractor.** The contractor performing the work is Steve Houden. Any change of contractor shall require prior Town approval.

5. **Property tax rebate and matching funds.** The parties hereby mutually agree that the maximum amount of real property taxes to be rebated to Owner by the Town shall be One Thousand Three Hundred Eighty Dollars (\$1,380) and that such amount does not exceed the amount of real property taxes paid on the Property to the Town during the preceding five years. Owner shall pay not less than an amount equal to fifty percent (50%) of the total cost of the Project. Should the cost of the Project decrease during the work the property tax rebate provided by the Town shall be reduced to assure that the Owner contributes at least fifty percent (50%) of the total cost of the Project.

6. **Maintenance of improvements.** Owner shall maintain the improvements in good condition and repair for a period of five years from and after the date of completion. Should Owner not perform this maintenance obligation Owner shall, upon written demand from the Town, refund to the Town all monies rebated to the Owner by the Town pursuant to this PIIP Agreement.

7. **Completion of work and payment of rebate.** Upon completion of the Work, Owner shall notify the Town of such completion and the Town shall perform an inspection of the improvements. If the improvements are completed in a satisfactory and workmanlike manner the Town shall accept same and shall, within thirty (30) day following such acceptance, rebate to the Owner the amount required by Paragraph 5 above.

8. **Annual appropriation.** The parties specifically acknowledge and agree that no undertaking on the part of the Town to rebate property taxes as specified herein constitutes a debt or obligation of the Town within any constitutional or statutory provision. The Town's obligations hereunder shall be subject to annual appropriation by the Town Board unless and until approved by the Town's electors.

9. **Assignment/Third party beneficiaries.** None of the obligations, benefits, and provisions of this PIIP Agreement shall be assigned in whole or in any part without the express written authorization of the Fairplay Town Board. In addition, no third party may rely upon or enforce any provision of this PIIP Agreement, the same being an agreement solely between the Town and the Owner, and which agreement is made for the benefit of no other person or entity.

10. **Successors and assigns.** This PIIP Agreement may be recorded and shall be binding on Owner's successors and assigns.

11. **Amendments.** This PIIP Agreement shall be subject to amendment only by a written instrument executed by each party. Any such amendment shall require the approval by the Town Board of the Town of Fairplay at a regular or special meeting of the Town Board, and execution thereof by the Mayor and attestation by the Town Clerk.

12. **Notices.** Any written notices provided for or required in this PIIP Agreement shall be deemed delivered when either personally delivered or mailed, postage fully prepaid, certified or registered mail, return-receipt requested, to the parties at the following addresses:

To the Town: Town Administrator
 Town of Fairplay
 PO Box 267
 Fairplay, CO 80440

With a copy to: Lee Phillips
 PO Box 1046
 Fairplay, CO 80440

To the Owner: Shelley Cono
 831 E. 131st Place
 Thornton, CO 80241

EXECUTED the day and year first above-written.

THE TOWN OF FAIRPLAY, COLORADO

Frank Just, Mayor

Tina Darrah, Town Clerk

OWNER:

Shelley Cono

TOWN OF FAIRPLAY

Property Improvement Incentive Program (PIIP)

APPLICATION for CONSIDERATION

Name of Applicant (Must be Property Owner): Shelley R. Cono

Property Address: 625 Main St. Fairplay Co. 80440

Mailing Address: 831 E. 131st Place Thornton, Co. 80241

Phone: 303-941-3986

Email: Shelley3986@Hotmail.com

Description of Project (attach photo of current property/project area, description and/or drawings of proposed improvements, estimates/bids, further narrative if needed, etc.):

Primer - 737.68

Finish -

Labor - 3,500.00 Steve Houden ^{Steve Painting Service}
(Included Presser Washing & Caulking)

Estimated Cost of Project: 4237.68

Amount of PIIP Funds Applied for (cannot exceed amount of property tax paid to the Town of Fairplay over the last five years): 1380.81

Amount of Matching Funds from Applicant (must be at least 50% of the cost of the project): 2856.87

Upon submission of this completed application a meeting will be scheduled for you to meet with the Town Staff regarding your application and the program.

By signing this application you certify that you have received and read the rules and regulations of the PIIP Program - Ordinance No. 1, 2014.

Applicant signature: Shelley Cono Date: 6-22-18





STENO'S PAINTING SERVICE

625 MAINT ST FAIRPLAY

3,500.00 Labor = includes
Power washing, caulking, paint

OWNER SUPPLIES THE
MATERIALS, PAINT, CAULK

6-27-18

Thank you
Steve Hudson

South Park True Value
299 Hwy 285
Fairplay, CO 80440
719 836 7095

Transaction#: F535377
Associate: KIM
Date: 06/22/2018 Time: 10:01:50 AM

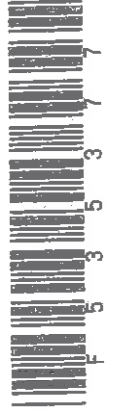
*** QUOTE ***

Bill To:
Customer # TVR5200168846
True Value Rewards # 5200168846

WA 5GAL Deep Base - 127483	
2.00 EACH @ \$167.00 T	\$334.00
PAINT RECOVERY FEE -	
2.00 EACH @ \$1.60 N	\$3.20
SR 5GAL WHT LTX PRIMER - 133432	
2.00 EACH @ \$83.99 T	\$167.98
SGW 5GAL-S6-Paste1-Base - 550517	
1.00 EACH @ \$171.00 T	\$171.00
PAINT RECOVERY FEE -	
1.00 EACH @ \$1.60 N	\$1.60
Subtotal:	\$677.78
8.9% - State Tax:	\$59.90
0% - Non Taxable:	\$0.00
TOTAL:	\$737.68

(X) _____ Authorized Signature

Thank You!
"Give us a call, We have it all!"





(SHOWN) MAIN COLOR: Sag Harbor Gray HC-95, Regal® Select Exterior High-Build, Low Lustre ACCENT COLOR 1: Gloucester Sage HC-100, Regal® Select Exterior High-Build, Soft Gloss ACCENT COLOR 2: Midsummer Night 2134-20, Regal® Select Exterior High-Build, Soft Gloss (EN LA IMAGEN) COLOR PRINCIPAL: Gris de Sag Harbor HC-95, Regal® Select para exteriores, de alto espesor, acabado de bajo brillo ACENTO 1: Salvia de Gloucester HC-100, Regal® Select para exteriores, de alto espesor, acabado de brillo suave ACENTO 2: Noche Veraniega 2134-20, Regal® Select para exteriores, de alto espesor, acabado de brillo suave

House

TRIM

(ALTERNATE) MAIN COLOR: Gloucester Sage HC-100, Regal® Select Exterior High-Build, Low Lustre ACCENT COLOR 1: Bleeker Beige HC-80, Regal® Select Exterior High-Build, Soft Gloss ACCENT COLOR 2: Black Beauty 2128-10, Regal® Select Exterior High-Build, Soft Gloss (ALTERNATIVA) COLOR PRINCIPAL: Salvia de Gloucester HC-100, Regal® Select para exteriores, de alto espesor, acabado de bajo brillo ACENTO 1: Beige de Bleeker HC-80, Regal® Select para exteriores, de alto espesor, acabado de brillo suave ACENTO 2: Belleza Negra 2128-10, Regal® Select para exteriores, de alto espesor, acabado de brillo suave



MEMORANDUM

TO: Mayor and Board of Trustees
FROM: Kim Wittbrodt
RE: 2017 Audits
DATE: June 26, 2018

Agenda Item: Presentation of 2017 Audit

A representative from Holscher, Mayberry & Co. will be presenting the Town of Fairplay and the Fairplay Sanitation District 2017 audits. The audits are due to the State Auditor by July 31st.

Please contact me over the weekend with any questions you have so I may have the answers ready for you on Monday.

Recommended Action: Motion to accept the 2017 Town of Fairplay and Fairplay Sanitation District audits. This will require a second and a voice vote.

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

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INTRODUCTORY SECTION

DRAFT

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

Board of Trustees

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

DRAFT

TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Board of Trustees	
Table of Contents	
FINANCIAL SECTION	
Management's Discussion and Analysis	M1 – M7
Independent Auditors' Report	1 - 2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Activities	4
Balance Sheet - Governmental Funds	5
Reconciliation of Governmental Fund Balance to Governmental Activities Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
Reconciliation of Governmental Funds Change in Fund Balance to Governmental Activities Change in Net Position	8
Statement of Net Position - Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	10
Statement of Cash Flows - Proprietary Fund	11
Notes to the Financial Statements	12 - 35
PENSION SCHEDULES (Required Supplementary Information – Unaudited)	
Schedule of the Town's Proportionate Share of the Net Pension Asset (Liability)	36
Schedule of the Town's Contributions	37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	38– 40

TABLE OF CONTENTS
(continued)

OTHER SUPPLEMENTARY INFORMATION	PAGE
<u>Nonmajor Governmental Funds</u>	
Combining Balance Sheet	41
Statement of Revenues, Expenditures and Changes in Fund Balance	42
<u>Special Revenue Fund</u>	
Budgetary Comparison Schedule - Conservation Trust Fund	43
<u>Enterprise Fund</u>	
Statement of Revenues, Expenditures and Changes in Net Position - Budget and Actual - Water Fund	44
<u>Internal Service Fund</u>	
Statement of Revenues, Expenditures and Changes in Net Position - Budget and Actual - Fleet Fund	45
STATE COMPLIANCE	
Local Highway Finance Report	46 - 50

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FINANCIAL SECTION

DRAFT

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

Financial Highlights

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

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

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

- General Fund 2017 revenues increased by \$22,245 to \$1,455,429.
- General Fund 2016 expenditures increased by \$6,941 to \$1,285,124.

Using the Basic Financial Statements

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

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

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

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

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

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

Financial Analysis of the Town as a Whole

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

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

Town of Fairplay
 Management Discussion and Analysis
 December 31, 2017

Net Position

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

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and Other Assets	\$ 1,108,803	\$ 895,943	\$ 755,482	\$ 525,136	\$ 1,864,285	\$ 1,421,079
Capital Assets	1,773,903	1,836,213	1,949,492	2,011,373	3,723,395	3,847,586
Total Assets	2,882,706	2,732,156	2,704,974	2,536,509	5,587,680	5,268,665
DEFERRED OUTFLOWS	57,200	27,951			57,200	27,951
LIABILITIES						
Current Liabilities	64,332	75,286	213,345	187	277,677	138,473
Noncurrent Liabilities	561,345	599,896	10,386	10,355	571,731	708,451
Total Liabilities	625,677	675,282	223,731	172,642	849,408	847,924
DEFERRED INFOWS	201,952	194,407			201,952	194,407
NET POSITION						
Net Investment in Capital Assets	1,227,008	1,213,333	1,949,492	1,910,083	3,176,500	3,160,416
Restricted	60,262	60,262	-	79,491	60,262	144,490
Unrestricted	814,517	578,561	531,751	374,293	1,346,268	949,379
Total Net Position	\$ 2,101,787	\$ 1,890,156	\$ 2,481,243	\$ 2,363,867	\$ 4,583,030	\$ 4,254,285

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

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

Changes in Net Position

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

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

Town of Fairplay
Management Discussion and Analysis
December 31, 2017

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
PROGRAM REVENUES						
Charges for Services	\$ 234,944	\$ 174,533	\$ 551,751	\$ 554,766	\$ 786,695	\$ 729,299
Operating Grants	68,843	252,478	-	-	68,843	252,478
Capital Grants	-	-	-	-	-	-
Total Program Revenues	303,787	427,011	551,751	554,766	855,538	981,777
GENERAL REVENUES						
Property Taxes	179,864	178,027	-	-	179,864	178,027
Specific Ownership Taxes	26,336	21,791	-	-	26,336	21,791
Sales Taxes	830,091	728,325	-	-	830,091	728,325
Cigarette Taxes	49,270	50,248	-	-	49,270	50,248
Other Taxes	42,143	38,796	-	-	42,143	38,796
Interest Income	3,312	1,606	2,404	291	5,716	1,897
Insurance Proceeds	-	-	73,500	-	73,500	-
Gain (Loss) on Capital Assets	-	501	-	-	-	501
Other Revenues	24,078	6,707	-	-	24,078	6,707
Total General Revenues	1,155,094	1,026,001	75,904	291	1,230,998	1,026,292
Total Revenues & Transfers	1,458,881	1,453,012	627,655	5,057	2,086,536	2,008,069
PROGRAM EXPENSES						
General Government	439,187	318,872	-	-	439,187	318,872
Public Safety	375,463	399,606	-	-	375,463	399,606
Public Works	243,784	211,317	-	-	243,784	211,317
Culture and Recreation	201,559	-	-	-	201,559	145,727
Water Operations	-	-	510,279	579,578	510,279	579,578
Interest	(12,481)	1,544	-	-	(12,481)	17,544
Total Program Expenses	1,247,512	1,093,339	510,279	579,578	1,757,791	1,672,644
CHANGE IN NET POSITION						
Net Position, Beginning	2,410,389	359,341	117,376	(24,521)	328,745	335,425
NET POSITION, ENDING	\$ 2,410,389	\$ 1,530,477	\$ 2,363,867	\$ 2,388,388	\$ 4,254,285	\$ 3,918,860

Financial Analysis of the Town's Funds

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

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

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

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

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

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

Capital Assets

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

	Balance 12/31/16	Additions	Deletions & Transfers	Balance 12/31/17
Governmental activities:				
Capital assets not being depreciated:				
Land	2,196,000	\$ -	\$ -	\$ 654,960
Capital assets being depreciated:				
Buildings and Improvements	788,625	-	-	788,625
Infrastructure	293,625	-	-	293,625
Streets Vehicles and Equipment	213,114	-	-	213,114
Police Vehicles and Equipment	95,333	-	-	95,333
Office Equipment & Software	20,596	-	-	20,596
Improvements - Parks	442,736	-	-	442,736
Equipment - Parks and Recreation	121,751	-	-	121,751
Equipment - Fleet	147,468	-	-	147,468
Total capital assets being depreciated	2,123,248	-	-	2,123,248
Less accumulated depreciation for:				
Buildings and Improvements	(119,282)	(17,208)	-	(136,490)
Infrastructure	(253,375)	(5,750)	-	(259,125)
Streets Vehicles and Equipment	(205,941)	(1,311)	-	(207,252)
Police Vehicles and Equipment	(61,669)	(9,294)	-	(70,963)
Office Equipment & Software	(14,418)	(3,090)	-	(17,508)
Improvements - Parks	(154,660)	(16,192)	-	(170,852)
Equipment - Parks and Recreation	(121,751)	-	-	(121,751)
Equipment - Fleet	(11,413)	(8,951)	-	(20,364)
Total Accumulated Depreciation	(942,509)	(61,796)	-	(1,004,305)
Governmental activities capital assets, net	\$ 1,835,699	\$ (61,796)	\$ -	\$ 1,773,903

Town of Fairplay
Management Discussion and Analysis
December 31, 2017

Capital Assets (Continued)

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

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

Long-Term Debt

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

	Balance			Balance 12/31/17	Current Portion	Interest Expense
	12/31/16	Additions	Deletions			
Governmental Activities:						
Capital Leases Payable	\$ 232,049	\$ -	\$ 23,043	\$ 209,006	\$ 23,616	\$ 6,496
2012 Certificates of Participation	349,195	-	15,234	333,961	15,937	17,012
Accrued Compensated Absences	18,751	-	373	18,378	-	-
Total	\$ 599,995	\$ -	\$ 38,650	\$ 561,345	\$ 39,553	\$ 23,508

Town of Fairplay
 Management Discussion and Analysis
 December 31, 2017

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

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

General Fund Budget

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

Economic Factors and Future Budgets and Rates

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

Request for Information

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

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Trustees
Town of Fairplay
Fairplay, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairplay, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Report on Summarized Comparative Information

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

Other Matters

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

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

Report on Other Legal and Regulatory Requirements

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

Holscher, Mayberry + Langley, LLC

Englewood, CO
March 8, 2018

BASIC FINANCIAL STATEMENTS

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

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TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 469,319	\$ 284,445	\$ 753,764
Investments	259,840	433,626	693,466
Restricted Cash and Investments	28,762	-	28,762
Receivables			
Property Tax Receivable	192,172	-	192,172
Intergovernmental Receivables	144,359	-	144,359
Utility Receivable	-	36,446	36,446
Cash with Fiscal Agent	2,224	-	2,224
Accounts Receivable	-	965	965
Other Receivables	11,027	-	11,027
Prepaid Expenses	1,100	-	1,100
Total Current Assets	<u>1,008,803</u>	<u>755,482</u>	<u>1,864,285</u>
Noncurrent Assets			
Capital Assets not being Depreciated	4,960	139,922	794,882
Capital Assets being Depreciated	2,188,448	3,888,175	6,011,423
Accumulated Depreciation	(1,004,960)	(2,078,605)	(3,082,910)
Total Noncurrent Assets	<u>1,773,903</u>	<u>1,949,492</u>	<u>3,723,395</u>
TOTAL ASSETS	<u>2,882,706</u>	<u>2,704,974</u>	<u>5,587,680</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Pension Contribution Timing	8,932	-	8,932
Pension Investment Earnings Timing	28,315	-	28,315
Pension Benefits Timing	9,367	-	9,367
Pension Change in Assumptions	7,165	-	7,165
Pens External Change in %	3,421	-	3,421
TOTAL DEFERRED OUTFLOWS	<u>57,200</u>	<u>-</u>	<u>57,200</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,939,906</u>	<u>\$ 2,704,974</u>	<u>\$ 5,644,880</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 23,744	\$ 1,719	\$ 25,463
Accrued Liabilities	15,147	203,974	219,121
Accrued Salaries and Benefits	11,413	7,652	19,065
Deposits and Escrow	10,100	-	10,100
Accrued Interest Payable	3,928	-	3,928
Total Current Liabilities	<u>64,332</u>	<u>213,345</u>	<u>277,677</u>
Noncurrent Liabilities			
Due within one year	39,552	-	39,552
Due in more than one year	532,283	10,386	542,669
Total Noncurrent Liabilities	<u>571,835</u>	<u>10,386</u>	<u>582,221</u>
TOTAL LIABILITIES	<u>636,167</u>	<u>223,731</u>	<u>859,898</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	192,172	-	192,172
Pension Benefits Timing	534	-	534
Pens External Change in %	1,571	-	1,571
Other Deferred Inflows	7,675	-	7,675
TOTAL DEFERRED INFLOWS	<u>201,952</u>	<u>-</u>	<u>201,952</u>
NET POSITION			
Net Investment in Capital Assets	1,227,008	1,949,492	3,176,500
Restricted Net Position	60,262	-	60,262
Unrestricted Net Position	814,517	531,751	1,346,268
TOTAL NET POSITION	<u>2,101,787</u>	<u>2,481,243</u>	<u>4,583,030</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,939,906</u>	<u>\$ 2,704,974</u>	<u>\$ 5,644,880</u>

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

TOWN OF FAIRPLAY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Government Activities			
Current:			
General Government	\$ 439,187	\$ 121,208	\$ 26,075
Public Safety	375,463	16,547	-
Public Works	243,784	44,122	39,334
Culture and Recreation	201,559	53,067	3,434
Interest on Debt	(12,481)	-	-
TOTAL GOVERNMENT ACTIVITIES	1,247,512	234,944	68,843
Business-type Activities:			
Current:			
Water	510,279	1,751	-
TOTAL GOVERNMENT	\$ 1,757,791	786,695	\$ 68,843
GENERAL REVENUES			
Property Taxes			
Specific Ownership Taxes			
Sales Taxes			
Franchise Taxes			
Other Taxes			
Interest Income			
Insurance Proceeds			
Other Revenues			
TOTAL GENERAL REVENUES AND TRANSFERS			
CHANGE IN NET POSITION			
NET POSITION - Beginning			
NET POSITION - Ending			

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The accompanying notes are an integral part of the financial statements

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
\$ (291,904)	\$ -	\$ (291,904)
(358,916)	-	(358,916)
(160,328)	-	(160,328)
(145,058)	-	(145,058)
12,481	-	12,481
<u>(943,725)</u>	<u>-</u>	<u>(943,725)</u>
-	41,472	41,472
<u>(943,725)</u>	<u>41,472</u>	<u>(902,253)</u>
179,864	-	179,864
26,336	-	26,336
830,091	-	830,091
49,270	-	49,270
42,143	-	42,143
3,312	2,404	5,716
-	73,500	73,500
24,078	-	24,078
<u>1,155,094</u>	<u>75,904</u>	<u>1,230,998</u>
211,369	117,376	328,745
1,890,418	2,363,867	4,254,285
<u>\$ 2,101,787</u>	<u>\$ 2,481,243</u>	<u>\$ 4,583,030</u>

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TOWN OF FAIRPLAY, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

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

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

TOWN OF FAIRPLAY, COLORADO

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

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

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

TOWN OF FAIRPLAY, COLORADO

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

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	General	Other	TOTAL	
	Fund	Funds	2017	2016
REVENUES				
Taxes	\$ 1,127,705	\$ -	\$ 1,127,705	\$ 1,017,187
Intergovernmental Revenues	54,847	3,434	58,281	244,918
Licenses and Permits	56,911	-	56,911	22,827
Fines and Forfeits	16,477	-	16,477	24,708
Charges for Services	161,556	-	161,556	126,998
Investment Earnings	3,294	18	3,312	1,607
Other Revenues	34,639	-	34,639	14,767
TOTAL REVENUES	1,455,429	3,452	1,458,881	1,453,012
EXPENDITURES				
Current:				
General Government	350,360	-	350,360	316,938
Public Safety	285,266	-	285,266	366,122
Public Works	183,947	-	183,947	191,126
Parks, Recreation and Other	141,396	-	141,396	124,912
Capital Outlay	298,165	675	298,840	486,973
Debt Service	25,990	-	25,990	30,994
TOTAL EXPENDITURES	1,285,124	675	1,285,799	1,517,065
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	170,305	2,777	173,082	(64,053)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	-	225,000
NET CHANGE IN FUND BALANCE - GAAP BASIS	170,305	2,777	173,082	160,947
FUND BALANCE, BEGINNING	510,094	14,485	524,579	363,632
FUND BALANCE, ENDING	\$ 680,399	\$ 17,262	\$ 697,661	\$ 524,579

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

TOWN OF FAIRPLAY, COLORADO

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

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

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

	Business-type Activities		Govt Activities	
	Water	Internal Service	Total	
	Fund	Funds	2017	2016
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 284,445	\$ 150,891	\$ 435,336	\$ 386,745
Investments	433,626	-	433,626	131,478
Restricted Cash and Investments	-	-	-	79,491
Receivables				
Utility Receivable	36,446	-	36,446	35,613
Accounts Receivable	965	-	965	-
Total Current Assets	755,482	150,891	906,373	633,327
Noncurrent Assets				
Capital Assets not being depreciated	139,922	-	139,922	105,560
Capital Assets being depreciated	3,178,173	147,468	4,035,643	4,035,643
Accumulated Depreciation	(2,878,605)	(20,364)	(2,098,969)	(1,993,775)
Total Noncurrent Assets	1,949,492	127,104	2,076,596	2,147,428
TOTAL ASSETS	2,704,974	277,995	2,982,969	2,780,755
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,719	\$ -	\$ 1,719	\$ 2,348
Accrued Liabilities	618,974	-	203,974	51,700
Accrued Salaries and Benefits	7,652	-	7,652	7,107
Accrued Interest Payable	-	-	-	2,032
Total Current Liabilities	213,345	-	213,345	63,187
Noncurrent Liabilities				
Due within one year	-	-	-	10,594
Due in more than one year	10,386	-	10,386	98,861
TOTAL LIABILITIES	223,731	-	223,731	172,642
NET POSITION				
Net Investment in Capital Assets	1,949,492	127,104	2,076,596	2,046,138
Restricted Net Position	-	-	-	79,491
Unrestricted Net Position	531,751	150,891	682,642	482,484
TOTAL NET POSITION	2,481,243	277,995	2,759,238	2,608,113
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 2,704,974	\$ 277,995	\$ 2,982,969	\$ 2,780,755

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The accompanying notes are an integral part of these financial statements

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

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

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

TOWN OF FAIRPLAY

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Business-type		Govt	
	Activities		Activities	
	Water	Internal Service	Total	
Fund	Funds	2017	2016	
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 549,953	\$ -	\$ 549,953	\$ 537,605
Cash Received from Interfund Services Provided	-	42,700	42,700	39,750
Cash Paid to Suppliers	(158,598)	-	(158,598)	(236,915)
Cash Paid to Employees	(97,769)	-	(97,769)	(189,752)
Net Cash Provided by Operating Activities	293,586	42,700	336,286	150,688
Cash Flows From Capital and Related Financing Activities:				
Debt Principal Payments	(101,290)	-	(101,290)	(21,351)
Interest Payments	(5,290)	-	(5,290)	(5,534)
Proceeds of Capital Asset Sales	-	-	-	384,383
Acquisition of Capital Assets	(34,362)	-	(34,362)	(422,454)
Cash Flows Used by Capital and Related Financing Activities	(140,942)	-	(140,942)	(64,956)
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	73,500	-	73,500	-
Cash Flows (Uses) From Investing Activities:				
Interest Received	2,404	-	2,404	291
Net Increase (Decrease) In Cash	2,548	42,700	271,248	86,023
Cash - Beginning	489,523	108,191	597,714	511,691
Cash - Ending	\$ 492,071	\$ 150,891	\$ 868,962	\$ 597,714
Cash				
Investments	433,626	-	433,626	131,478
Restricted Cash and Investments	-	-	-	79,491
Total	\$ 718,071	\$ 150,891	\$ 868,962	\$ 597,714
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Activities:				
Operating Income (Loss)	\$ 44,730	\$ 33,749	\$ 78,479	\$ 11,863
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	96,243	8,951	105,194	106,296
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(833)	-	(833)	4,780
Accounts Receivable	(965)	-	(965)	-
(Increase) Decrease in:				
Accounts Payable	(630)	-	(630)	(3,842)
Accrued Liabilities	152,274	-	152,274	51,550
Accrued Salaries and Benefits	545	-	545	1,214
Unearned Revenue	-	-	-	(21,941)
Accrued Compensated Absences	2,222	-	2,222	768
Total Adjustments	248,856	8,951	257,807	138,825
Net Cash Used for Operating Activities	\$ 293,586	\$ 42,700	\$ 336,286	\$ 150,688

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

REPORTING ENTITY

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

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

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

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

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

General Fund

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

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

Special Revenue Fund

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

Conservation Trust Fund

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 funds:

Enterprise Funds - Water Fund

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

Internal Service Funds – Internal Service Fund

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (Continued)

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

Cash and Equivalents

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

Allowance for Doubtful Accounts

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

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

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

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

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

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

Accumulated Unused Leave/Compensated Absences

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

Deferred Outflows and Inflows of Resources

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reports deferred outflows related to pension liabilities as further described in Note 5.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and governmental balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports several items, one of which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows related to property taxes and prepaid sales tax licenses, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. Sales tax licenses will be reported as revenue in the subsequent year to match the period the license is for. In addition, the Town reports deferred inflows related to pension liabilities as further described in Note 5.

Net Position/Fund Equity

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Equity (Continued)

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

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

Net Position/Fund Equity Flow Assumptions

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

REVENUES AND EXPENDITURES

Program Revenues

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

Property Taxes

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES AND EXPENDITURES/EXPENSES

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

COMPARATIVE DATA

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments is as follows:

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

These funds are allocated in the financial statements as follows:

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits

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

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

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 limits 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 depository. If such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

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

Investments

Credit Risk

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

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

TOWN OF FAIRPLAY, COLORADO

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

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

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

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

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

Credit Risk (Continued)

During the year ended December 31, 2017, the Town invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colorado Trust. All 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-liquidity money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

Interest Rate Risk

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

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.
Custodial Credit Risk – Investments

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Restricted Cash and Investments

The Town has restricted cash and investments as follows:

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

NOTE 3: CAPITAL ASSETS

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

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

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

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

BUSINESS-TYPE ACTIVITIES

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

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

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

TOWN OF FAIRPLAY, COLORADO

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

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

BUSINESS-TYPE ACTIVITIES (Continued)

Note Payable - Colorado Resource & Power Development Authority - 1997

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

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

Notes Payable - Department of Local Affairs - 1998

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

Water Revenue Bonds, Series 1998

Bonds of this issue are dated August 22, 1998. The bonds bear interest at the rate of 4.75% for bonds maturing from January 1, 1999 to the final redemption date of July 1, 2038. These Bonds have not been fully drawn upon as of December 31, 2000 since the proceeds of these Bonds are to be used for improvements to the municipal water system of the Town for which the improvements have not been accepted as of December 31, 2000. This note was fully paid off during the 2017 fiscal year.

GOVERNMENTAL ACTIVITIES

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

Governmental Activities:	Balance			Balance 12/31/17	Current Portion	Interest Expense
	12/31/16	Additions	Deletions			
Capital Leases Payable	\$ 232,049	\$ -	\$ 23,043	\$ 209,006	\$ 23,616	\$ 6,496
2012 Certificates of Participation	349,195	-	15,234	333,961	15,937	17,012
Accrued Compensated Absences	18,751	-	373	18,378	-	-
Total	\$ 599,995	\$ -	\$ 38,650	\$ 561,345	\$ 39,553	\$ 23,508

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

GOVERNMENTAL ACTIVITIES (Continued)

Certificates of Participation

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

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

Year	Principal	Interest	Total
2017	\$ 15,234	15,760	\$ 30,994
2018	16,000	15,057	30,994
2019	16,800	14,321	30,994
2020	17,404	13,590	30,994
2021	18,015	12,749	30,994
2022-2026	104,628	50,340	154,968
2027-2031	131,113	23,855	154,968
2032	29,962	1,032	30,994
Total	349,196	\$ 146,704	\$ 495,900

Capital Leases Payable

In 2014, the Town entered into a capital lease agreement for the purchase of a copier. The lease was for \$7,050, and requires 60 monthly payments of \$284. The lease bears interest at 2.8%. All payments related to this lease will be made by the General Fund and are included along with monthly maintenance charges in equipment rentals in the financial statements. The Town has capitalized assets with a remaining basis of \$3,089 related to the lease.

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

Year	Copier
2017	\$ 3,402
2018	3,402
2019	851
Future Min. Lease Pmt	7,655
Imputed Interest	(605)
Present Value FMLP	<u>\$ 7,050</u>

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

GOVERNMENTAL ACTIVITIES (Continued)

Capital Leases Payable (Continued)

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

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

Equipment Lease/ Purchase Agreement			
Year	Principal	Interest	Total
2018	20,308	1,682	25,990
2019	20,888	5,102	25,990
2020	21,486	4,504	25,990
2021	22,100	3,890	25,990
2022	22,732	3,258	25,990
2023-2029	91,132	6,341	103,961
Total	\$ 205,644	\$ 28,777	\$ 233,911

NOTE 5: **EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan

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

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

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

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

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

General Information about the Pension Plan

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

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

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 9,366	\$ (533)
Changes of assumptions or other inputs	\$ 7,165	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 28,355	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan basis	(1,360)	\$ (1,571)
Contributions subsequent to the measurement date	\$ 8,932	\$ -
Total	\$ 52,418	\$ (2,104)

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

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

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

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

DEFINED CONTRIBUTION PLAN

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

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

DEFERRED COMPENSATION PLAN

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Sec. 457. The plan is administered by ICMA-RC. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years. Employees contributed \$2,519 to this plan for the fiscal year. There were no employer contributions.

NOTE 6: COMMITMENTS AND CONTINGENCIES

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: FUND BALANCE/NET POSITION APPROPRIATIONS AND RESTRICTIONS

Tax Spending and Debt Limitations

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

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

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

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

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

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

The Town has also restricted the fund balance in its Conservation Trust Fund as its use is limited by statute and funds in its Water Fund as required by its loan covenants.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 8: RISK MANAGEMENT

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

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

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

NOTE 9: FAIRPLAY SANITATION DISTRICT

Effective December 1, 2014, the Town took over management of the Fairplay Sanitation District (the "District"). The District board retains responsibility for all activities. The Town is jointly billing for all water and sewer services, performs all accounting and collection functions, and is operating the District's treatment plant.

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**REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)**

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TOWN OF FAIRPLAY

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)

FPPA Pension Plan

Last 10 Fiscal Years ⁽¹⁾

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
District's proportion of the net pension asset (liability)	0.029031%	0.029132%	0.027496%	0.032846%
District's proportionate share of the net pension asset (liability)	\$ (10,490)	\$ 514	\$ 31,031	\$ 29,370
District's covered-employee payroll	\$ 148,575	\$ 141,225	\$ 123,650	\$ 142,663
District's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	7.06%	0.36%	25.10%	20.59%
Plan fiduciary net position as a percentage of the total pension liability	98.21%	100.10%	106.83%	105.83%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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TOWN OF FAIRPLAY

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FPPA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 11,886	\$ 11,298	\$ 9,892	\$ 11,413
Actual contributions	<u>(11,886)</u>	<u>(11,298)</u>	<u>(9,892)</u>	<u>(11,413)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 148,575	\$ 141,225	\$ 123,650	\$ 142,663
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

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TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2016 Actual
REVENUES					
Taxes					
Property Taxes	\$ 180,708	\$ 180,708	\$ 179,865	\$ (843)	\$ 178,027
Specific Ownership Taxes	20,000	21,500	26,336	4,836	21,791
Sales Taxes	746,722	784,000	830,091	46,091	728,325
Franchise Taxes	50,000	50,000	49,270	(730)	50,248
Other Taxes	39,000	38,500	42,143	3,643	38,796
Total Tax Revenue	<u>1,036,430</u>	<u>1,074,708</u>	<u>1,127,705</u>	<u>52,997</u>	<u>1,017,187</u>
Intergovernmental Revenues					
Cigarette Taxes	2,200	2,300	2,315	15	2,335
Highway Users	32,963	32,000	32,249	249	31,723
Road and Bridge	5,600	5,600	7,085	1,485	5,658
Clerk/Motor Vehicle Fees	300	3,600	3,760	160	3,774
Mineral Lease	1,000	931	931	-	812
Severance Tax	2,500	4,657	4,657	-	2,202
State Grants	38,125	3,850	3,850	-	194,596
Total Intergovernmental Revenue	<u>75,788</u>	<u>52,938</u>	<u>54,847</u>	<u>1,909</u>	<u>241,100</u>
Licenses and Permits					
Liquor Licenses	1,500	2,898	2,901	3	1,876
Building Permits	8,240	26,643	29,233	2,590	3,059
Annexation/Other P&Z Fees	2,000	3,200	4,202	1,002	2,546
Animal Licenses	125	70	70	-	105
Business Licenses	5,600	6,625	6,675	50	5,775
Other Licenses	7,860	13,575	13,830	255	9,466
Total Licenses and Permits	<u>20,325</u>	<u>53,011</u>	<u>56,911</u>	<u>3,900</u>	<u>22,827</u>
Fines and Forfeits					
	<u>29,400</u>	<u>17,670</u>	<u>16,477</u>	<u>(1,193)</u>	<u>24,708</u>
Charges for Services					
Utility Charges	10,800	10,000	10,686	686	10,553
Recreation/Special Event Charges	20,500	26,483	53,067	26,584	24,654
Rents	15,897	15,297	15,431	134	15,514
Other Charges for Services	73,950	104,747	82,372	(22,375)	76,277
Total Charges for Services	<u>121,147</u>	<u>156,527</u>	<u>161,556</u>	<u>5,029</u>	<u>126,998</u>
Investment Earnings					
	<u>1,488</u>	<u>3,285</u>	<u>3,294</u>	<u>9</u>	<u>1,597</u>
Other Revenues					
Donations	7,625	10,562	10,562	-	7,559
Sale of Capital Assets	-	-	-	-	501
Other Miscellaneous Revenue	6,000	6,500	24,077	17,577	6,707
Total Other Revenue	<u>13,625</u>	<u>17,062</u>	<u>34,639</u>	<u>17,577</u>	<u>14,767</u>
TOTAL REVENUES	<u>1,298,403</u>	<u>1,375,201</u>	<u>1,455,429</u>	<u>80,228</u>	<u>1,449,184</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			Variance With Final Budget	2016 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
General Government					
Personnel Services	170,313	171,951	176,263	4,312	179,887
Equipment Rentals	5,300	5,500	5,234	266	5,083
Fuel and Automotive	3,600	3,600	3,600		3,620
Insurance	14,777	14,916	14,917	(1)	12,716
Professional Fees	31,240	35,700	30,259	5,481	30,132
Repairs and Maintenance	7,500	7,250	17,915	1,235	10,768
Supplies	3,700	7,250	5,813	1,387	3,580
Telephone and Utilities	15,200	15,200	14,401	799	15,042
Travel and Training	8,000	8,000	7,266	734	6,164
Other Expenses	75,000	78,507	74,692	3,815	49,946
Total General Government	334,200	359,764	350,360	18,028	316,938
Public Safety					
Personnel Services	285,040	229,944	230,203	(259)	297,453
Fuel and Automotive	26,500	18,861	18,637	224	18,065
Professional Fees	3,500	3,506	2,449	1,057	1,408
Repairs and Maintenance	6,500	6,086	5,559	527	10,027
Supplies	10,000	9,579	9,512	67	5,223
Telephone and Utilities	3,300	3,300	2,805	495	3,341
Travel and Training	5,000	1,200	1,086	114	6,785
Other Expenses	8,250	19,872	15,015	4,857	23,820
Total Public Safety	341,451	292,348	285,266	7,082	366,122
Public Works					
Personnel Services	128,232	132,357	138,569	(6,212)	139,637
Equipment Rentals	16,703	16,703	16,703	-	16,703
Fuel and Automotive	5,000	3,000	3,247	(247)	3,304
Repairs and Maintenance	13,500	13,000	10,616	2,384	15,291
Supplies	14,500	13,500	11,865	1,635	14,146
Telephone and Utilities	1,500	1,900	1,798	102	1,551
Travel and Training	500	1,400	1,149	251	494
Total Public Works/Comm Devel	179,935	181,860	183,947	(2,087)	191,126
Parks, Recreation and Other					
Special Events	94,400	122,251	122,839	588	112,154
Repairs and Maintenance	8,500	11,804	11,732	72	11,981
Supplies	3,000	6,500	6,162	338	248
Telephone and Utilities	550	550	496	54	498
Other Expenses	500	250	167	83	31
Total Parks, Recreation & Other	106,950	141,355	141,396	1,135	124,912

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			Variance With Final Budget	2016 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
Capital Outlay					
General Government Capital Outlay	30,994	74,497	74,497	-	229,949
Public Works Capital Outlay	140,000	228,000	223,668	4,332	32,024
Parks, Recreation and Other Capital Outlay	50,500	-	-	-	-
Total Capital Outlay	221,494	302,497	298,165	4,332	261,973
Debt Service					
Principal and Interest	25,990	25,990	25,990	-	30,994
TOTAL EXPENDITURES	1,210,750	1,300,114	1,285,124	28,490	1,292,065
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ 87,653	\$ 71,380	170,305	\$ 108,718	157,119
Budget to GAAP Basis Reconciliation					
Debt Proceeds			-		(225,000)
Capital Outlay			-		225,000
NET CHANGE IN FUND BALANCE - GAAP BASIS			170,305		157,119
FUND BALANCE, BEGINNING			510,094		352,975
FUND BALANCE, ENDING			\$ 680,399		\$ 510,094

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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TOWN OF FAIRPLAY, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

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

See accompanying Independent Auditors' Report

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TOWN OF FAIRPLAY, COLORADO

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

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

See accompanying Independent Auditors' Report.

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TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

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

See accompanying Independent Auditors' Report.

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TOWN OF FAIRPLAY, COLORADO

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

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 400,000	\$ 386,486	\$ (13,514)	\$ 407,344
Other Charges for Services	160,042	165,265	5,223	147,422
Total Revenues	<u>560,042</u>	<u>551,751</u>	<u>(8,291)</u>	<u>554,766</u>
Operating Expenses				
Personnel Services	280,549	290,200	(9,651)	264,279
Administrative/Office Expenses	55,807	53,504	2,303	35,539
Operating Supplies	8,961	9,256	(295)	6,459
Professional Fees	15,000	13,004	1,656	11,467
Repairs and Maintenance	7,000	3,348	3,655	88,634
Treatment	1,200	1,059	141	1,438
Telephone and Utilities	19,000	16,465	3,035	19,099
Other Operating Expenses	8,352	8,352	-	8,352
Other Capital Outlay	50,621	49,455	1,166	70,910
Total Expenditures	<u>447,156</u>	<u>445,140</u>	<u>2,010</u>	<u>506,177</u>
Operating Income (Loss)	<u>112,886</u>	<u>106,611</u>	<u>(6,275)</u>	<u>48,589</u>
Other Income (Expense)				
Investment Earnings	1,600	2,404	804	291
Other Revenue	73,500	73,500	-	-
Debt Service	(106,580)	(104,548)	2,032	(26,702)
Total Other Income (Expense)	<u>(31,480)</u>	<u>(28,644)</u>	<u>2,836</u>	<u>(26,411)</u>
Change in Net Position (Budget Basis)	<u>\$ 81,406</u>	<u>77,967</u>	<u>\$ (3,439)</u>	<u>22,178</u>
Budget to GAAP Reconciliation				
Principal Paid		101,290		21,351
Depreciation Expense		(96,243)		(97,870)
Capital Outlay		34,362		29,820
Change in Net Position - GAAP Basis		117,376		(24,521)
Net Position, Beginning		<u>2,363,867</u>		<u>2,388,388</u>
Net Position, Ending		<u>\$ 2,481,243</u>		<u>\$ 2,363,867</u>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Internal Service Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

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

See accompanying Independent Auditors' Report

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STATE COMPLIANCE SECTION

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Steps for printing your content and returning to 'Edit Mode

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

ANNUAL HIGHWAY FINANCE REPORT - CY17

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

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

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

SubTotal: \$ 384,482.00

B. Private Contributions \$ 0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments \$ 0.00

b. Other Local Imposts

1. Sales Taxes:	\$ 222,501.00
2. Infrastructure and Impact Fees:	\$ 0.00
3. Liens:	\$ 0.00
4. Licenses:	\$ 0.00
5. Specific Ownership and/or Other:	\$ 26,336.00

Total: (a + b) carried to 'Other local imposts' above \$ 248,837.00

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$ 0.00
b. Traffic fines & Penalties:	\$ 16,476.00
c. Parking Garage Fees:	\$ 0.00
d. Parking Meter Fees:	\$ 0.00
e. Sale of Surplus Property:	\$ 0.00
f. Charges for Services:	\$ 0.00
g. Other Misc. Receipts:	\$ 0.00
h. Other:	\$ 0.00

Total: (a through h) carried to 'Misc local receipts' above \$ 16,476.00

C. Receipts from State Government

Please no commas or dollar signs for the input

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

Total: (1+3c,d,e) \$ 36,009.00

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies

a. Forest Service:	\$ 0.00
b. FEMA:	\$ 0.00

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

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

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

Please no commas or dollar signs for the input

B. Debt service on local obligations

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

Please no commas or dollar signs for the input

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

Total Disbursements: (A+B+C+D) \$ 420,491.00

Please no commas or dollar signs for the input

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

Please no commas or dollar signs for the input

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

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

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

B. Notes (Total): \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.0

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliati
\$ 0.00	\$ 420,491.00	\$ 420,491.00	\$ 0.00	\$ 0.0

Notes & Comments:
undefined

Please enter your name: Kim Wittbrodt
Please provide a telephone number where you may be reached: 719-836-2622

Save Mode Edit Mode

Please click on the Save button before viewing the data in a print format.

**FAIRPLAY SANITATION DISTRICT
FAIRPLAY, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
DECEMBER 31, 2017**

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TABLE OF CONTENTS

INTRODUCTORY SECTION	PAGE
Title Page	
Table of Contents	
FINANCIAL SECTION	
Management's Discussion and Analysis	M1- M5
Independent Auditors' Report	1 - 2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Fund Net Position	4
Statement of Cash Flows - Proprietary Fund	5
Notes to Financial Statements	6 - 16
OTHER SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual- Debt Service Department	17
Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual- Operations Department	18

FINANCIAL SECTION

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FAIRPLAY SANITATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) December 31, 2017

The discussion and analysis of the Fairplay Sanitation District's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District'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 District's financial performance.

Financial Highlights

The District offers sanitary sewer services to the Town of Fairplay and surrounding areas. The District's assets exceeded its liabilities and deferred inflows at the close of 2017 by \$2,776,381 (*net position*), which is an increase of \$132,822 from the prior year. Of the net position amount of \$2,776,381, \$1,298,971 (*unrestricted net position*) may be used for any purpose.

The District had total revenues of \$855,678 in 2017, versus 2016 revenues of \$853,053. The total increase in revenues was \$2,625. Charges for services decreased \$1,014, while overall tax collections increased \$3,741. The District did receive no fees during 2017 in the amount of \$113,574.

Using the Basic Financial Statements

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

The first statement, the Statement of Net Position is a government wide financial state. It provides long and short-term information about the District's overall financial status. It also presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. These statements tell how general District services were financed in the short term as well as what remains for future spending.

The District operates as a proprietary fund. Proprietary Fund statements offer short and long-term financial information about the activities that the District operates as a business enterprise.

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

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private businesses. The Statement of Net Position includes all of the government's assets and liabilities.

The government-wide statement reports the District's net position and how it may have changed. The change in net position is important because it shows the reader whether, for the District as a whole, the financial position of the District 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 required programs.

In the Statement of Net Position, the District's proprietary fund is shown as a business-type activity.

Business-Type Activities:

The District's business-type activities consist of its sewer operations. The District provides sanitary sewer services using owned facilities throughout its service area. The District's sewer operations are supported primarily by charges for sewer services and by system expansion and plant investment fees.

Financial Analysis of the District as a Whole

Net Position increased in 2017 by \$132,822 to \$2,776,381 from \$2,643,559 in 2016.

Cash and investments of the District at December 31, 2017 totaled \$1,522,540, or 21% of the District's total assets. At December 31, 2016, cash and investments totaled \$1,506,949, or 21% of the District's total assets. Of these amounts, approximately \$426,093 and \$416,000 of the available cash was restricted as of December 31, 2017, and 2016 respectively.

Capital assets, net of accumulated depreciation, of the District at December 31, 2017 totaled \$5,141,941 and at December 31, 2016 totaled \$5,393,497, with the difference primarily the result of annual depreciation charges.

Net Position

A summary of District's net position at December 31, 2017 is as follows:

CONDENSED STATEMENT OF NET POSITION		
	<u>2017</u>	<u>2016</u>
ASSETS		
Current and Other Assets	\$ 1,916,915	\$ 1,757,768
Capital Assets	5,141,941	5,393,497
Total Assets	<u>7,058,856</u>	<u>7,151,265</u>
LIABILITIES		
Current Liabilities	14,418	20,099
Noncurrent Liabilities	4,090,624	4,304,230
Total Liabilities	<u>4,105,042</u>	<u>4,324,329</u>
DEFERRED INFOWS	<u>77,433</u>	<u>183,377</u>
NET POSITION		
Net Investment in Capital Assets	1,059,817	1,089,267
Restricted	426,000	415,941
Unrestricted	1,298,971	1,138,351
Total Net Position	<u>\$ 2,776,381</u>	<u>\$ 2,643,559</u>

The following summarizes the District's change in net position during the year:

CONDENSED STATEMENT OF ACTIVITIES		
	<u>2017</u>	<u>2016</u>
PROGRAM REVENUES		
Operating Revenues	\$ 694,543	\$ 702,269
Operating Expenses	637,282	605,217
Operating Income	57,261	97,052
Non-Operating Revenue (Expense)	(38,013)	(57,465)
Contributed Capital - Plant Investment Fees	113,574	-
Change in Net Position	<u>132,822</u>	<u>39,587</u>
Net Position - Beginning	2,643,559	2,603,972
Net Position - Ending	<u>\$ 2,776,381</u>	<u>\$ 2,643,559</u>

Budget and Actual Comparisons

Actual revenues were more than the budgeted revenues by \$643 in 2017.

Actual expenditures were approximately \$36 less than budgeted in 2017.

Capital Assets

The following is a summary of capital asset activity:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Capital Assets:				
Land - Nondepreciable	\$ 62,373	\$ -	\$ -	\$ 62,373
Being Depreciated:				
Line and Land Improvements	1,390,717	-	-	1,390,717
Buildings	210,214	-	-	210,214
Equipment and plant	6,129,867	29,200	-	6,159,067
Total Capital Assets	7,730,798	29,200	-	7,759,998
Accumulated Depreciation:				
Improvements	(307,168)	(30,240)	-	(337,408)
Buildings	(89,350)	(6,984)	-	(96,314)
Equipment and plant	(2,003,156)	(28,553)	-	(2,246,709)
Total Accumulated Depreciation	(2,399,674)	(280,757)	-	(2,680,431)
Net Assets being depreciated	5,331,124	251,447	-	5,079,567
Total Capital Assets, net	2,400,674	#####	\$ -	\$5,141,940

Long-Term Debt

	Balance 12/31/16	Additions	Repayments	Balance 12/31/17	Current Portion	Interest Expense
Business-type Activities:						
2006 Revenue Bonds	\$ 2,935,000	\$ -	\$ 120,000	\$ 2,815,000	\$ 125,000	\$ 152,583
2008 CWRPDA Note	1,199,230	-	93,606	1,275,624	93,606	46,565
Total Long-Term Debt	\$ 4,134,230	\$ -	\$ 213,606	\$ 4,090,624	\$ 218,606	\$ 199,148

The Future of the District

The Fairplay Sanitation District has entered into an Intergovernmental Agreement with the Town of Fairplay to manage and operate the sewer facility effective December 1, 2014. This should result in a substantial cost savings for the operational and administrative budget of the District.

Upgrades and maintenance & repairs that were scheduled for the Fairplay Sanitation District for 2017 have been completed. There will be additional upgrades in 2018.

The Fairplay Sanitation District has lowered the EQR rate effective January 1, 2018.

Request for Information

Questions concerning this or any additional information should be addressed to Fairplay Sanitation District, PO Box 267, Fairplay, Colorado 80440

Long-Term Debt

	<u>Balance</u> <u>12/31/16</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/17</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Business-type Activities:						
2006 Revenue Bonds	\$ 2,935,000	\$ -	\$ 120,000	\$ 2,815,000	\$ 125,000	\$ 152,583
2008 CWRPDA Note	<u>1,369,230</u>	<u>-</u>	<u>93,606</u>	<u>1,275,624</u>	<u>93,606</u>	<u>46,565</u>
Total Long-Term Debt	<u>\$ 4,304,230</u>	<u>\$ -</u>	<u>\$ 213,606</u>	<u>\$ 4,090,624</u>	<u>\$ 218,606</u>	<u>\$ 199,148</u>

The Future of the District

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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 Directors
Fairplay Sanitation District
Fairplay, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Fairplay Sanitation District as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the District, as listed in the table of contents.

Management's Responsibility for the Financial Statement

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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fairplay Sanitation District as of December 31, 2017, and the respective changes in financial position 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 Fairplay Sanitation District's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule listed as other supplementary information 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.

Holscher, Mayberry & Associates, LLC

Englewood, Colorado
May 14, 2018

BASIC FINANCIAL STATEMENT

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FAIRPLAY SANITATION DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

	<u>Total</u>	
	<u>2017</u>	<u>2016</u>
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	\$ 141,475	\$ 141,334
Investments	963,803	948,459
Restricted Cash and Investments	415,941	415,941
Receivables		
Property Tax Receivable	125,717	125,716
Intergovernmental Receivables	203,975	51,699
Utility Receivable	60,060	68,819
Cash with Fiscal Agent	1,321	1,215
Prepaid Expenses	4,623	4,585
Total Current Assets	<u>1,916,915</u>	<u>1,757,768</u>
Noncurrent Assets		
Capital Assets not being depreciated	62,373	62,373
Capital Assets being depreciated	7,759,998	7,730,798
Accumulated Depreciation	<u>(2,680,430)</u>	<u>(2,399,674)</u>
Total Noncurrent Assets	<u>5,141,941</u>	<u>5,393,497</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 7,058,856</u>	<u>\$ 7,151,265</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 864	\$ 5,744
Accrued Interest Payable	13,554	14,355
Total Current Liabilities	<u>14,418</u>	<u>20,099</u>
Noncurrent Liabilities		
Due within one year	218,606	210,414
Due in more than one year	3,872,018	4,093,816
Total Noncurrent Liabilities	<u>4,090,624</u>	<u>4,304,230</u>
TOTAL LIABILITIES	<u>4,105,042</u>	<u>4,324,329</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Property Taxes	125,717	125,716
Other Deferred Inflows	51,716	57,661
TOTAL DEFERRED INFLOWS	<u>177,433</u>	<u>183,377</u>
NET POSITION		
Net Investment in Capital Assets	1,051,317	1,089,267
Restricted Net Position	426,093	419,941
Unrestricted Net Position	<u>1,298,971</u>	<u>1,134,351</u>
TOTAL NET POSITION	<u>2,776,381</u>	<u>2,643,559</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 7,058,856</u>	<u>\$ 7,151,265</u>

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

FAIRPLAY SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	Total	
	2017	2016
Operating Revenues		
Utility Charges	\$ 686,555	\$ 693,267
Other Charges for Services	7,988	9,002
Total Revenues	<u>694,543</u>	<u>702,269</u>
Operating Expenses		
Personnel Services	148,515	-
Administrative/Office Expenses	7,791	8,088
Insurance	6,997	7,190
Operating Supplies	8,521	6,364
Professional Fees	9,682	148,791
Repairs and Maintenance	109,557	77,447
Travel and Training	1,008	350
Telephone and Utilities	60,342	57,477
Other Operating Expenses	4,113	4,151
Depreciation Expense	280,756	282,299
Other Capital Outlay	-	13,060
Total Expenditures	<u>637,282</u>	<u>605,217</u>
Operating Income (Loss)	<u>57,261</u>	<u>97,052</u>
Other Income (Expense)		
Tax Revenue	145,049	141,308
Investment Earnings	16,086	9,435
Other Revenue	-	40
Debt Service	(199,148)	(208,248)
Total Other Income (Expense)	<u>(38,013)</u>	<u>(57,465)</u>
Net Income (Loss)	<u>19,248</u>	<u>39,587</u>
Contributed Capital		
Plant Investment Fees	113,574	-
Change in Net Position	<u>132,822</u>	<u>39,587</u>
Net Position, Beginning	<u>2,643,559</u>	<u>2,603,972</u>
Net Position, Ending	<u>\$ 2,776,381</u>	<u>\$ 2,643,559</u>

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

FAIRPLAY SANITATION DISTRICT

STATEMENT OF CASH FLOWS -

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Total	
	2017	2016
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 545,082	\$ 654,553
Cash Paid to Suppliers	(361,444)	(323,346)
Net Cash Provided by Operating Activities	<u>183,638</u>	<u>331,207</u>
Cash Flows From Capital and Related Financing Activities:		
Tap Fees Received	113,574	-
Debt Principal Payments	(213,606)	(210,414)
Interest Payments	(199,950)	(209,022)
Acquisition of Capital Assets	(29,200)	(53,585)
Cash Flows Used by Capital and Related Financing Activities	<u>(329,182)</u>	<u>(473,021)</u>
Cash Flows (Uses) From Noncapital Financing Activities:		
Other Revenues (Expense)	-	40
Tax Revenue	144,943	141,290
Net Cash Provided (Used) by Noncapital Financing Activities	<u>144,943</u>	<u>141,330</u>
Cash Flows (Uses) From Investing Activities:		
Interest Received	16,086	9,435
Net Cash Used by Investing Activities	<u>16,086</u>	<u>9,435</u>
Net Increase (Decrease) in Cash	15,485	8,951
Cash - Beginning	1,505,734	1,496,783
Cash - Ending	<u>\$ 1,521,219</u>	<u>\$ 1,505,734</u>
Cash		
Investments	\$ 141,475	\$ 141,334
Restricted Cash and Investments	963,803	948,459
Total	<u>415,941</u>	<u>415,941</u>
Total		
	<u>\$ 1,521,219</u>	<u>\$ 1,505,734</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:		
Operating Income (Loss)	\$ 57,261	\$ 97,052
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	280,756	282,299
Changes in Assets and Liabilities Related to Operations:		
(Increase) Decrease in:		
Intergovernmental Receivables	(152,275)	(51,699)
Utility Receivable	8,759	3,982
Prepaid Expenses	(38)	112
(Increase) Decrease in:		
Accounts Payable	(4,880)	(351)
Accrued Liabilities	-	(188)
Other Deferred Inflows	(5,945)	-
Total Adjustments	<u>126,377</u>	<u>234,155</u>
Net Cash Used for Operating Activities	<u>\$ 183,638</u>	<u>\$ 331,207</u>

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

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Function of Organization

The Fairplay Sanitation District is a political subdivision of the State of Colorado governed by a five member board of directors. The District was established to provide sanitary sewer services to the Town of Fairplay and surrounding area. Fairplay Sanitation District (the District) is a Colorado governmental unit operating in accordance with Colorado statute. The District was established to provide sewer treatment services to properties located within its boundaries. The significant accounting policies utilized are detailed below.

Financial Reporting Entity

The District applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, the District has no includable component units. The District is also not included in the financial statements of any other entity.

Basic Financial Statement

As a special purpose government, basic financial statements are presented at the activity level.

Activity level financial statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position, the Statement of Change in Fund Net Position, and the Statement of Cash Flows.

As a special purpose government, the District has only one fund, an enterprise/proprietary fund which is also considered its business type activity. The District does not present any other fund or activity information.

Basis of Accounting

Enterprise fund accounting is utilized in accordance with accounting principles generally accepted in the United States of America. Enterprise funds recognize revenues and expenses on the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when incurred.

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and service. Operating expenses 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 non-operating revenues and expenses.

The District follows the provisions of Governmental Accounting Standards Board (GASB) *Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*. *Statement No. 34* establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section, a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as all bank and investment account balances with liquidity of three months or less.

Accumulated Unpaid Leave (Compensated Absences)

The District does not have any employees as of December 31, 2016, therefore no accrual for compensated absences has been recorded.

Receivables/Deferred Inflow

Receivables consist of all revenues earned at year-end and not yet received. At the end of the current year, these receivables consisted of uncollected service fees and property taxes levied in 2017 and due in 2018. Since the property taxes are not due or payable until 2017 and represent resources to support the 2018 operation, this revenue is deferred until collected and is reflected as a deferred inflow of financial resources.

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

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Assets are stated at cost or fair market value in case of donated assets. Depreciation is taken on these assets over their estimated remaining useful lives using the straight line method. These assets primarily represent property, plant and equipment depreciated over a period of 5 to 50 years. Depreciation begins in the year following completion for assets under construction.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 the statement of net position and reports 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, 2016. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Equity

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

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

It is the District's policy to fund operations through the most restricted available equity first.

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 District on a monthly basis.

**FAIRPLAY SANITATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of revenue are recorded at December 31, 2017. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Budgets and Budgetary Accounting

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 Directors 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.

The District does not utilize encumbrance accounting and all appropriations lapse at year end.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2: CASH AND INVESTMENTS

For the financial statement presentation, cash and investment balances are comprised of and allocated as follows:

Cash	\$ 141,475
Investments	<u>1,379,744</u>
Total Cash and Investments	<u>\$ 1,521,220</u>
Cash and Investments	\$ 1,095,127
Restricted Cash and Investments	<u>426,093</u>
Total Cash and Investments	<u>\$ 1,521,220</u>

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2: CASH AND INVESTMENTS (Continued)

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 District'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 (\$250,000) 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 Commission for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, all of the District's deposits as shown below were insured by federal depository insurance and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 141,475	\$ 141,475
PDPA Secured (Not in Entity's Name)	-	-
Petty Cash	-	-
Total Cash	<u>\$ 141,475</u>	<u>\$ 141,475</u>

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The District does not have an investment policy that would further limit its investment choices.

**FAIRPLAY SANITATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017**

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The District had \$1,379,744 invested in Colotrust, a local government investment pool. The pool operates similarly to a money market fund and each share is equal in value to \$1. The designated custodial bank provides safekeeping and depository services to the pool in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist primarily of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. As the underlying investments cannot be determined, this investment has not been categorized. The fund is rated AAAM by the Standard and Poor's Corporation.

	<u>Fair Value</u>	<u>Weighted Maturity</u>	<u>Rating</u>
Local Government Pool	\$ 1,379,744	-	AAAm

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Investment Pools - Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2017, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Concentration of Credit Risk

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

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District's investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the District's investments consisted of the investment pool.

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Restricted Cash and Investments

The District has entered into various loan agreements that require the establishment of reserve accounts to fund future operations as well as debt service payments. The District has restricted cash and investments as required by these agreements as described in Note 5.

NOTE 3: CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Capital Assets:				
Land - Nondepreciable	\$ 62,373	\$ -	\$ -	\$ 62,373
Being Depreciated:				
Line and Land Improvements	1,390,717	-	-	1,390,717
Buildings	210,214	-	-	210,214
Equipment and plant	6,129,867	29,200	-	6,159,067
Total Capital Assets	7,730,798	29,200	-	7,759,998
Accumulated Depreciation:				
Improvements	(307,168)	(30,240)	-	(337,408)
Buildings	(89,350)	(6,964)	-	(96,314)
Equipment and plant	(2,003,156)	(243,553)	-	(2,246,709)
Total Accumulated Depreciation	(2,399,674)	(280,757)	-	(2,680,431)
Net Assets being depreciated	5,331,124	(251,557)	-	5,079,567
Total Capital Assets, net	\$5,393,497	#####	\$ -	\$5,141,940

Depreciation expense for the year ended December 31, 2017 was \$251,557.

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4: LONG TERM DEBT

A summary of long term debt activity for the year ended December 31, 2017 is as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>	<u>Interest</u>
	<u>12/31/16</u>	<u>Advances</u>	<u>Repayments</u>	<u>12/31/17</u>	<u>Portion</u>	<u>Expense</u>
Business-type Activities:						
2006 Revenue Bonds	\$ 2,935,000	\$ -	\$ 120,000	\$ 2,815,000	\$ 125,000	\$ 152,583
2008 CWRPDA Note	<u>1,369,230</u>	<u>-</u>	<u>93,606</u>	<u>1,275,624</u>	<u>93,606</u>	<u>46,565</u>
Total Long-Term Debt	\$ 4,304,230	\$ -	\$ 213,606	\$ 4,090,624	\$ 218,606	\$ 199,148

Revenue Bonds

In December, 2006, the District issued \$3,435,000 of Wastewater Revenue Bonds. The bonds bear interest at rates ranging from 4.9% to 5.25%. Principal payments are due annually in December with interest payments due semiannually in June and December. The first payment was due June 15, 2007. The bonds contain a pledge of sewer revenues. The District has accrued interest of \$6,113 as of December 31, 2017 on these bonds. Payments will be due as follows:

Year	Revenue Bonds		Total
	Principal	Interest	
2018	25,000	146,718	271,718
2019	175,000	140,343	265,343
2020	180,000	133,968	263,968
2021	145,000	127,338	272,338
2022	155,000	119,798	274,798
2023-2027	900,000	469,508	1,369,508
2028-2031	<u>1,235,000</u>	<u>186,638</u>	<u>1,421,638</u>
Total	\$ 2,815,000	\$ 1,324,311	\$ 4,139,311

The District is required and has established a bond reserve account equal to the lesser of ten percent of the outstanding or parity lien bonds, the maximum annual debt service requirement of the outstanding or parity lien bonds, or 125% of the average annual debt service on the outstanding or parity lien bonds. Under the determination that the 2006 Revenue Bonds and the CWRPDA Note are not on parity, the reserve requirement was determined as follows:

	2006 Revenue Bonds
10% of Outstanding Balance	\$ 281,500
Maximum Annual Debt Service Requirement (FY 2031)	547,825
125% of Average Annual Debt Service	<u>393,942</u>
Lesser of the three calculations	\$ 281,500

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4: LONG TERM DEBT (Continued)

The District is required to maintain user rates at a limit that is sufficient to pay operations and maintenance expenses, as defined in the bond resolution, and create net revenues in an amount equal to 125% of currently due principal and interest on the outstanding bonds or parity lien debt.

Note Payable

During 2008, the District entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$2,000,000. The debt will be repaid through a general obligation pledge passed by the District's voters in 2006. The loan bears interest at 3.5% per annum and requires semi-annual principal and interest payment of \$70,358 on May 1 and November 1 of each year through November 2028. The District has accrued interest of \$7,441 on this note as of December 31, 2016.

Pursuant to the Exhibit F of the Colorado Water Resource and Power Development Authority loan agreement, the District "shall maintain an operations and maintenance reserve in an amount equal to three months of operations and maintenance expenses, excluding depreciation, of the System as set forth in the annual budget for the current fiscal year." The District has determined that the operations and maintenance reserve requirement as of December 31, 2017 should be as follows:

Total Expenses	\$ 730,091
Less: Debt Service	<u>(271,718)</u>
2018 Budgeted Operating Expenses	<u>\$ 458,374</u>
Three Month Reserve Requirement	<u>\$ 114,593</u>

Payments will be due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	96,911	43,806	140,717
2019	100,333	40,385	140,718
2020	103,875	36,842	140,717
2021	107,543	33,175	140,718
2022	111,340	29,378	140,718
2023-2027	618,514	85,074	703,588
2028	<u>137,108</u>	<u>3,610</u>	<u>140,718</u>
Total	<u>\$ 1,275,624</u>	<u>\$ 272,270</u>	<u>\$ 1,547,894</u>

**FAIRPLAY SANITATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2017**

NOTE 5: NET POSITION RESTRICTIONS

Tax Spending and Debt Limitations

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds 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 District's financial activity for the year ended December 31, 2017 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At a May 2, 2000 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues from all sources during 2000, 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 District's management believes it is in compliance with the TABOR Amendment.

The Article requires an emergency reserve be set aside for 2017 in the amount of 3% or more of its fiscal year spending. At December 31, 2017, the District has reserved \$30,000 for emergencies.

Reconciliation of Restricted Balances

The District is required to maintain various reserves and/or restricted equity balances to insure compliance with various loan and Colorado statute requirements. The following is a summary of the reserve requirements, and how they are presented in the financial statements:

	<u>Restricted Cash/Equity</u>
2006 Revenue Bond Debt Service Reserve	\$ 281,500
2008 CWRPDA Operations and Maintenance Reserve	114,593
TABOR Emergency Reserve	30,000
Total Restricted Balances	<u>\$ 426,093</u>

**FAIRPLAY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6: RISK MANAGEMENT

The District 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 District carries liability, property and bond coverage through commercial insurance carriers. Risk of loss is transferred to these carriers.

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

NOTE 7: RATE MAINTENANCE COVERAGE

Pursuant to the 2006 Revenue Bond agreement, the District has agreed to "establish, maintain, enforce, and collect rates, fees, plant investment fees, availability fees, tolls, and charges for services furnished by or the use of the System to create Gross Revenue (excluding plant investment fees) for each Fiscal Year sufficient to pay Operation and Maintenance Expenses and to create Net Revenue in an amount: (a) equal to not less than 125% of the amount necessary to pay when due the principal of and interest on the Bonds and any Parity Lien Bonds coming due during such Fiscal Year; (b) sufficient to make up any deficiencies in the Reserve Account and any reserve account established for Parity Lien Bonds and (c) sufficient to make any required reimbursements under a Reserve Account Contract.

The following is the computation regarding compliance:

Operating Revenues	\$ 694,541
Interest Earned	15,486
Total Revenues	<u>710,027</u>
Operating Expenses	637,280
Less: Depreciation	<u>(280,756)</u>
Net Operating Expenses	<u>356,524</u>
Net Revenues	<u>353,503</u>
2017 Debt Service Requirement:	
2006 Revenue Bonds	272,838
Required rate	<u>125%</u>
2006 Bond Requirement	<u>341,048</u>
Net Revenue Excess (Shortfall)	<u>\$ 12,455</u>

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OTHER SUPPLEMENTARY INFORMATION

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FAIRPLAY SANITATION DISTRICT

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

Debt Service Department

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
Other Income (Expense)				
Tax Revenue	\$ 140,716	\$ 145,049	\$ 4,333	\$ 141,308
Investment Earnings		600	600	484
Debt Service	(140,716)	(140,171)	545	(140,189)
Change in Net Position (Budget Basis)	\$ -	5,478	\$ 5,478	1,603
Budget to GAAP Reconciliation				
Principal Paid		93,606		90,414
Change in Net Position - GAAP Basis		99,084		92,017
Net Position, Beginning		(1,375,856)		(1,467,873)
Net Position, Ending		\$ (1,276,772)		\$ (1,375,856)

See accompanying Independent Auditors' Report.

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FAIRPLAY SANITATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Operations Department

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016	
	Final Budget	Actual		Budget	Actual
Operating Revenues					
Utility Charges	\$ 687,350	\$ 686,555	\$ (795)	\$ 693,268	
Other Charges for Services	6,550	7,988	1,438	9,002	
Total Revenues	<u>693,900</u>	<u>694,543</u>	<u>643</u>	<u>702,270</u>	
Operating Expenses					
Personnel Services	141,178	148,515	(7,337)	-	
Administrative/Office Expenses	8,600	7,791	809	8,088	
Insurance	7,100	6,997	103	7,190	
Operating Supplies	7,800	8,521	(1,521)	6,364	
Professional Fees	20,450	9,682	10,768	148,791	
Repairs and Maintenance	119,284	109,557	9,727	77,447	
Travel and Training	1,150	808	142	350	
Telephone and Utilities	52,800	60,342	(8,242)	57,477	
Other Operating Expenses	4,900	4,113	787	4,152	
Other Capital Outlay	-	29,200	(29,200)	13,060	
Contingency Reserve	2,800	-	24,000	-	
Total Expenditures	<u>385,762</u>	<u>385,726</u>	<u>36</u>	<u>322,919</u>	
Operating Income (Loss)	<u>308,138</u>	<u>308,817</u>	<u>679</u>	<u>379,351</u>	
Other Income (Expense)					
Investment Earnings	7,500	15,486	7,986	8,951	
Other Revenue	2,000	-	(2,000)	40	
Debt Service	(272,838)	(272,583)	255	(278,473)	
Total Other Income (Expense)	<u>(263,338)</u>	<u>(257,097)</u>	<u>6,241</u>	<u>(269,482)</u>	
Net Income (Loss), Budget Basis	<u>44,800</u>	<u>51,720</u>	<u>6,920</u>	<u>109,869</u>	
Contributed Capital					
Plant Investment Fees	-	113,574	113,574	-	
Change in Net Position (Budget Basis)	<u>\$ 44,800</u>	<u>165,294</u>	<u>\$ 120,494</u>	<u>109,869</u>	
Budget to GAAP Reconciliation					
Principal Paid		120,000		120,000	
Depreciation Expense		(280,756)		(282,299)	
Capital Outlay		29,200		-	
Change in Net Position - GAAP Basis		<u>33,738</u>		<u>(52,430)</u>	
Net Position, Beginning		<u>4,019,415</u>		<u>4,071,845</u>	
Net Position, Ending		<u>\$ 4,053,153</u>		<u>\$ 4,019,415</u>	

See accompanying Independent Auditors' Report.

