

TOWN OF FAIRPLAY, COLORADO

FINANCIAL STATEMENTS

December 31, 2011

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INTRODUCTORY SECTION

**TOWN OF FAIRPLAY, COLORADO
BOARD OF TRUSTEES
December 31, 2011**

Board of Trustees

Fred Boyce, Mayor
Greg Johnson, Mayor Pro-tem
John Deagan, Trustee
Frank Just, Trustee
Gabby Lane, Trustee

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FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Board of Trustees
Town of Fairplay
Fairplay, Colorado

INDEPENDENT AUDITORS' REPORT

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, as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town of Fairplay's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fairplay's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairplay, as of December 31, 2011, and the respective change in financial position, and, where applicable, cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit the management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fairplay's basic financial statements, taken as a whole. The required and other supplementary information listed in the table of contents, and the state compliance information, is presented for purposes of additional analysis or legal compliance and are not required parts of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
June 12, 2012

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, 2011.

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TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET ASSETS

December 31, 2011

	2011		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash and Investments	\$ 320,335	\$ 185,011	\$ 505,346
Cash with Fiscal Agent	1,662	386	2,048
Restricted Cash	15,500	85,216	100,716
Accounts Receivable	64,110	45,395	109,505
Property Tax Receivable	173,413	-	173,413
Total Current Assets	575,020	316,008	891,028
Non-current assets			
Capital assets (net of accumulated depreciation)	817,111	2,509,014	3,326,125
TOTAL ASSETS	1,392,131	2,825,022	4,217,153
LIABILITIES			
Current Liabilities			
Accounts Payable	19,967	8,737	28,704
Accrued Wages and Taxes Payable	26,331	-	26,331
Escrow Deposits	15,500	-	15,500
Unearned Revenue	173,413	-	173,413
Current Portion of Long-Term Debt	10,792	71,160	81,952
Total Current Liabilities	246,003	79,897	325,900
Non-Current Liabilities			
Accrued Compensated Absences	23,977	8,931	32,908
Notes Payable	-	225,531	225,531
Capital Leases Payable	15,017	47,713	62,730
Total Non-Current Liabilities	38,994	282,175	321,169
TOTAL LIABILITIES	284,997	362,072	647,069
NET ASSETS			
Invested in capital assets, net of related debt	791,302	2,164,610	2,955,912
Restricted	37,965	85,216	123,181
Unrestricted	277,867	213,124	490,991
TOTAL NET ASSETS	\$ 1,107,134	\$ 2,462,950	\$ 3,570,084

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

<u>FUNCTIONS / PROGRAMS</u>	<u>EXPENSES</u>	PROGRAM REVENUES		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS & CONTRIBUTIONS</u>	<u>CAPITAL GRANTS & CONTRIBUTIONS</u>
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 244,867	\$ 21,871	\$ 172,585	\$ 70,000
Community Development	75,701	-	-	-
Municipal Court	27,913	-	-	-
Public Safety	269,355	29,825	-	-
Public Works	170,350	-	38,474	-
Parks and Recreation	153,820	51	2,924	-
Total Governmental Activities	942,006	51,747	213,983	70,000
BUSINESS-TYPE ACTIVITIES:				
Water	402,386	407,011	-	22,500
Total Government-wide	\$ 1,344,392	\$ 458,758	\$ 213,983	\$ 92,500

GENERAL REVENUES:

- Property Taxes
- Sales Taxes
- Franchise Taxes
- Cigarette Taxes
- Interest earnings
- Gain on sale of capital assets
- Other
- Total General Revenues

Change in Net Assets

Net Assets - Beginning

Prior Period Restatement (Note 3)

Net Assets - Beginning (As Restated)

Net Assets - Ending

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

<u>NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS</u>		
<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	
<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>
\$ 19,589	\$ -	\$ 19,589
(75,701)	-	(75,701)
(27,913)	-	(27,913)
(239,530)	-	(239,530)
(131,876)	-	(131,876)
<u>(150,845)</u>	<u>-</u>	<u>(150,845)</u>
(606,276)	-	(606,276)
-	27,125	27,125
<u>(606,276)</u>	<u>27,125</u>	<u>(579,151)</u>
232,184	61,117	293,301
437,069	-	437,069
25,028	-	25,028
1,988	-	1,988
72	108	180
100	-	100
24,570	-	24,570
<u>721,011</u>	<u>61,225</u>	<u>782,236</u>
114,735	88,350	203,085
956,674	2,374,600	3,331,274
35,725	-	35,725
<u>992,399</u>	<u>2,374,600</u>	<u>3,366,999</u>
<u>\$ 1,107,134</u>	<u>\$ 2,462,950</u>	<u>\$ 3,570,084</u>

TOWN OF FAIRPLAY, COLORADO

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

December 31, 2011

(With Comparative Totals for December 31, 2010)

	<u>GENERAL</u>	<u>NON-MAJOR CONSERVATION TRUST</u>	<u>TOTAL 2011</u>	<u>TOTAL 2010</u>
ASSETS				
Cash and Investments	\$ 314,359	\$ 5,976	\$ 320,335	\$ 280,334
Cash with Fiscal Agent	1,662	-	1,662	1,975
Restricted Cash	15,500	-	15,500	6,500
Accounts Receivable	64,110	-	64,110	82,441
Property Tax Receivable	173,413	-	173,413	206,369
TOTAL ASSETS	\$ 569,044	\$ 5,976	\$ 575,020	\$ 577,619
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 19,956	\$ 11	\$ 19,967	\$ 13,773
Accrued Wages and Taxes Payable	26,331	-	26,331	10,287
Escrow Deposits	15,500	-	15,500	6,500
Unearned Revenue	173,413	-	173,413	206,369
TOTAL LIABILITIES	235,200	11	235,211	236,929
FUND EQUITY				
Restricted Fund Balance				
Restricted for TABOR Emergencies	32,000	-	32,000	25,000
Restricted for Parks and Recreation	-	5,965	5,965	7,712
Unassigned Fund Balance	301,844	-	301,844	307,978
TOTAL FUND EQUITY	333,844	5,965	339,809	340,690
TOTAL LIABILITIES AND FUND EQUITY	\$ 569,044	\$ 5,976	\$ 575,020	\$ 577,619
Total Fund Balances - All Governmental Funds			\$ 339,809	
Differences between fund balance and net assets:				
Long-term obligations are not due and payable in the current period and are therefore not reported in the funds:				
Capital Leases Payable			(25,809)	
Accrued Compensated Absences			(23,977)	
Capital assets are not current resources and are therefore not reported in the funds:				
Capitalized assets			1,552,720	
Accumulated Depreciation			(735,609)	
Net Assets - Governmental Activities			\$ 1,107,134	

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

TOWN OF FAIRPLAY, COLORADO

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

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	GENERAL	NON-MAJOR CONSERVATION TRUST	TOTAL 2011	TOTAL 2010
REVENUES				
Taxes	\$ 694,281	\$ -	\$ 694,281	\$ 684,526
Licenses and Permits	7,265	-	7,265	8,382
Planning and Development	14,601	-	14,601	17,525
Intergovernmental	213,047	2,924	215,971	64,095
Fines and Forfeits	29,825	-	29,825	35,365
Other	94,797	1	94,798	22,742
	<u>1,053,816</u>	<u>2,925</u>	<u>1,056,741</u>	<u>832,635</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General Government	199,843	-	199,843	203,220
Community Development	75,701	-	75,701	70,753
Municipal Court	27,913	-	27,913	30,829
Public Safety	257,838	-	257,838	225,458
Public Works	156,533	-	156,533	143,909
Parks and Recreation	142,108	161	142,269	19,888
General Overhead	28,842	-	28,842	28,467
Capital Outlay	149,478	4,511	153,989	27,440
Debt Service	14,694	-	14,694	17,862
	<u>1,052,950</u>	<u>4,672</u>	<u>1,057,622</u>	<u>767,826</u>
TOTAL EXPENDITURES				
CHANGE IN FUND BALANCE	866	(1,747)	(881)	64,809
FUND BALANCES, Beginning	<u>332,978</u>	<u>7,712</u>	<u>340,690</u>	<u>275,881</u>
FUND BALANCES, Ending	<u>\$ 333,844</u>	<u>\$ 5,965</u>	<u>\$ 339,809</u>	<u>\$ 340,690</u>
Total Change in Fund Balances - All Governmental Funds			\$ (881)	
Differences between change in fund balance and change in net assets:				
Changes in long term obligations are reported as revenues and expenses in the funds:				
Principal Payments on Outstanding Debt			12,705	
(Increase) Decrease in Accrued Compensated Absences			(5,402)	
Acquisitions of capital assets are expensed in the funds and capitalized for the statement of activities presentation:				
Purchases of capital assets			156,478	
Depreciation expense			<u>(48,165)</u>	
Change in Net Assets - Governmental Activities			<u>\$ 114,735</u>	

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET ASSETS

PROPRIETARY FUND

December 31, 2011

(With Comparative Totals for December 31, 2010)

	WATER FUND	
	2011	2010
ASSETS		
Cash and Investments	\$ 185,011	\$ 164,531
Cash with Fiscal Agent	386	490
Restricted Cash	85,216	86,026
Accounts Receivable	45,395	43,583
Property Tax Receivable	-	53,808
Capital Assets - Net	2,509,014	2,610,016
Bond Issuance Costs - Net	-	3,571
	<u>2,825,022</u>	<u>2,962,025</u>
TOTAL ASSETS		
LIABILITIES		
Accounts Payable	8,737	14,295
Accrued Wages and Taxes Payable	-	2,388
Unearned Revenue	-	53,808
Current Portion of Long-Term Debt	71,160	115,087
Accrued Compensated Absences	8,931	7,381
Bonds Payable	-	50,000
Notes Payable	225,531	259,900
Capital Leases Payable	47,713	84,566
	<u>362,072</u>	<u>587,425</u>
TOTAL LIABILITIES		
NET ASSETS		
Invested in Capital Assets net of Related Debt	2,164,610	2,100,463
Restricted for Debt Service and O&M Reserves	85,216	86,026
Unrestricted	213,124	188,111
	<u>2,462,950</u>	<u>2,374,600</u>
TOTAL NET ASSETS		

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

TOWN OF FAIRPLAY, COLORADO

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

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for Services	\$ 398,454	\$ 338,278
Other Operating Revenues and Fees	8,557	11,015
TOTAL OPERATING REVENUES	<u>407,011</u>	<u>349,293</u>
OPERATING EXPENSES		
Salaries	130,596	123,568
Payroll Taxes	10,566	9,660
Benefits	44,868	43,280
Education	633	1,151
Chemicals	366	374
Water Testing	260	15,471
System Repairs	8,313	2,937
Tools, Maintenance and Supplies	2,605	22,148
Repairs and Maintenance	8,421	2,578
Fuel and Oil	4,800	4,761
Utilities	24,698	15,912
Engineering Fees	878	4,999
Legal	5,374	5,967
Insurance	10,400	10,160
Membership Dues	941	442
Office and Postage	11,300	21,017
Telephone	1,603	1,198
Publishing	14	-
Water Meters	2,051	583
Depreciation Expense	111,083	118,838
Other	1,117	2,238
Small Tools and Equipment	<u>5,282</u>	<u>8,565</u>
TOTAL OPERATING EXPENSES	<u>386,169</u>	<u>415,847</u>
OPERATING INCOME (LOSS)	<u>20,842</u>	<u>(66,554)</u>
NON-OPERATING REVENUE (EXPENSE)		
Property Taxes	53,814	52,777
Specific Ownership Taxes	5,256	5,469
Other Taxes	2,047	4,489
Grant Proceeds	-	(143,528)
Interest Income	108	26
Tap Fees	22,500	-
Debt Proceeds	-	143,528
Gain (Loss) on Disposal of Assets	-	(439)
Interest Expense	<u>(16,217)</u>	<u>(23,060)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>67,508</u>	<u>39,262</u>
NET INCOME	88,350	(27,292)
NET ASSETS, Beginning	<u>2,374,600</u>	<u>2,401,892</u>
NET ASSETS, Ending	<u>\$ 2,462,950</u>	<u>\$ 2,374,600</u>

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	2011	2010
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 405,198	\$ 379,294
Cash Paid to Suppliers and Employees	(281,480)	(261,048)
Net Cash Provided by Operating Activities	123,718	118,246
Cash Flows From Capital and Related Financing Activities:		
Tap Fees Received	22,500	-
Grant Proceeds	-	(143,528)
Loan Proceeds	-	143,528
Tax Receipts	61,221	62,666
Debt Principal Payments	(165,150)	(107,981)
Interest Payments	(16,217)	(23,060)
Acquisition of Capital Assets	(6,510)	(2,956)
Net Cash Used by Capital and Related Financing Activities	(104,156)	(71,331)
Cash Flows From Investing Activities:		
Interest Received	108	26
Net Increase (Decrease) in Cash	19,670	46,941
Cash and Cash Equivalents - Beginning	250,557	203,616
Cash and Cash Equivalents - Ending	\$ 270,227	\$ 250,557
Cash and Investments	\$ 185,011	\$ 164,531
Restricted Cash and Investments	85,216	86,026
Total	\$ 270,227	\$ 250,557
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 20,842	\$ (66,554)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expense	111,083	118,838
Changes in Assets and Liabilities Related to Operations:		
(Increase) Decrease in Accounts Receivable	(1,813)	30,001
(Increase) Decrease in Inventories	-	20,479
Increase (Decrease) in Accounts Payable	(5,556)	12,239
Increase (Decrease) in Accrued Liabilities	(2,388)	(4,138)
Increase (Decrease) in Accrued Compensated Absences	1,550	7,381
Total Adjustments	102,876	184,800
Net Cash Provided by Operating Activities	\$ 123,718	\$ 118,246

Schedule of Non-Cash Activity:

In 2010, the Town purchased capital assets in the amount of \$143,528 funded by capital lease proceeds.

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

HISTORY AND FUNCTION OF ORGANIZATION

The Town of Fairplay, Colorado 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.

REPORTING ENTITY

In evaluating how to define the government, for financial reporting purposes, the Town's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity".

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the 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 modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include:

- (1) principal and interest on general long-term debt which is recognized when due and
- (2) compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, and grants. Other revenues are not susceptible to accrual as they generally are not measurable until received in cash.

The accrual basis of accounting is used by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants 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. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. 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.

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

General Fund

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

Special Revenue Funds

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

Conservation Trust Fund

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

Proprietary Fund

The Town also reports the following major proprietary fund:

Water Fund

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

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.

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

ACCUMULATED UNPAID 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.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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.

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.

UNEARNED REVENUE

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

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 has elected to not retroactively report infrastructure.

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

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

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

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

FUND EQUITY/NET ASSETS

Net Assets/Fund Balances - In the government-wide financial statements and for the proprietary fund statements, net assets are either shown as invested in capital assets net of related debt, with these assets essentially being nonexpendable; restricted when constraints placed on the net assets 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. The Town currently does not have any nonspendable fund balances.

Fund balance should be 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, should be 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. The Town currently does not have any committed fund balances.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be 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. The Town currently does not have any assigned fund balances.

For the classification of fund and net asset balances, the Town considers an expenditure to be made from the most restrictive classification first, when more than one classification is available.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments is as follows:

Governmental Activities - Unrestricted	\$ 320,335
Governmental Activities - Restricted	15,500
Business-type Activities - Unrestricted	185,011
Business-type Activities - Restricted	85,216
Total Cash and Investments	<u>\$ 606,062</u>

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

Cash Deposits	\$ 492,247
Cash on Hand	200
Investments	113,615
Total Cash and Investments	<u>\$ 606,062</u>

Deposits

Custodial Credit Risk - Deposits

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

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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

At December 31, 2011, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Carrying Balance
FDIC Insured	\$ 260,012	\$ 260,012
PDPA Collateralized	252,349	232,235
Petty Cash	-	200
Total	<u>\$ 512,361</u>	<u>\$ 492,447</u>

Investments

Credit Risk

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

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

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

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

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

As of December 31, 2011, the Town's investments consisted of the following:

	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity (Yrs)</u>
Local Govt Pool - Colotrust	AAAm	\$ 88,771	-
Local Govt Pool - CSAFE	AAAm	24,844	-
Total Investments		<u>\$ 113,615</u>	<u>-</u>

During the year ended December 31, 2011, the Town invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrust. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2011, the Town did not have any securities requiring safekeeping.

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

The Town has restricted cash and investments as follows:

Restricted - Escrow Deposits	\$ 15,500
Restricted - O & M Reserve	77,334
Restricted - Debt Service Reserve	7,882
Total Restricted Cash	100,716
Unrestricted	391,731
Total Cash	\$ 492,447

NOTE 3: CAPITAL ASSETS

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

	Restated Balance 1/1/11	Additions	Deletions	Balance 12/31/11
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 128,470	\$ 80,218	\$ -	\$ 208,688
Construction in progress	-	54,070	-	54,070
Total capital assets not being depreciated	128,470	134,288	-	262,758
Capital assets being depreciated:				
Buildings and Improvements	365,735	15,190	-	380,925
Infrastructure	293,625	-	-	293,625
Streets Vehicles and Equipment	198,251	-	-	198,251
Police Vehicles and Equipment	101,493	-	-	101,493
Office Equipment & Software	10,710	-	-	10,710
Other General Assets	10,350	-	-	10,350
Improvements - Parks	165,857	7,000	-	172,857
Equipment - Parks and Recreation	121,751	-	-	121,751
Total capital assets being depreciated	1,267,772	22,190	-	1,289,962
Less accumulated depreciation for:				
Buildings and Improvements	(93,170)	(10,779)	-	(103,949)
Infrastructure	(218,875)	(5,750)	-	(224,625)
Streets Vehicles and Equipment	(160,264)	(7,956)	-	(168,220)
Police Vehicles and Equipment	(44,642)	(9,639)	-	(54,281)
Office Equipment & Software	(10,710)	-	-	(10,710)
Other General Assets	(10,350)	-	-	(10,350)
Improvements - Parks	(49,891)	(6,637)	-	(56,528)
Equipment - Parks and Recreation	(99,542)	(7,403)	-	(106,945)
Total Accumulated Depreciation	(687,444)	(48,165)	-	(735,609)
Governmental activities capital assets, net	\$ 708,798	\$ 108,313	\$ -	\$ 817,111

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 3: CAPITAL ASSETS (Continued)

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

General Government	\$ 10,780
Public Safety	9,639
Public Works	13,706
Parks and Recreation	<u>14,040</u>
Total Governmental Activity Depreciation	<u><u>\$ 48,165</u></u>

The above beginning balances have been restated to reflect excess depreciation charged against infrastructure improvements in prior years. This restatement increases the beginning capital assets and net assets by \$35,725.

A summary of business-type activities capital assets at December 31, 2011 is as follows:

	Balance 1/1/11	Additions	Deletions	Balance 12/31/11
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 75,740	\$ -	\$ -	\$ 75,740
Construction in progress	<u>146,484</u>	-	<u>146,484</u>	-
Total capital assets not being depreciated	<u>222,224</u>	-	<u>146,484</u>	<u>75,740</u>
Capital assets being depreciated:				
Buildings	141,450	6,510	-	147,960
Machinery & Equipment	101,732	-	-	101,732
Software and Meter Reading System	11,483	146,484	-	157,967
Transmission System & Lines	2,307,114	-	-	2,307,114
Water Treatment Plant	501,974	-	-	501,974
Galley System	604,409	-	-	604,409
Ditch/Drainage System	52,822	-	-	52,822
Fire Hydrants	<u>20,707</u>	-	-	<u>20,707</u>
Total capital assets being depreciated	<u>3,741,691</u>	<u>152,994</u>	-	<u>3,894,685</u>
Less accumulated depreciation for:				
Buildings	(44,393)	(3,664)	-	(48,057)
Machinery & Equipment	(75,614)	(4,979)	-	(80,593)
Software and Meter Reading System	(11,483)	(14,648)	-	(26,131)
Transmission System & Lines	(692,598)	(45,102)	-	(737,700)
Water Treatment Plant	(118,847)	(19,341)	-	(138,189)
Galley System	(391,955)	(18,081)	-	(410,036)
Ditch/Drainage System	(7,791)	(1,218)	-	(9,009)
Fire Hydrants	<u>(11,219)</u>	<u>(477)</u>	-	<u>(11,696)</u>
Total Accumulated Depreciation	<u>(1,353,900)</u>	<u>(107,510)</u>	-	<u>(1,461,411)</u>
Business-type activities capital assets, net	<u>\$ 2,610,015</u>	<u>\$ 45,484</u>	<u>\$ 146,484</u>	<u>\$ 2,509,014</u>

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

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, 2011:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11	Current Portion	Interest Expense
1992 G.O. Water Bonds	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -	\$ 2,969
1995 CWRPDA Loan	77,675	-	15,931	61,744	16,660	3,228
1997 CWRPA Loan	90,948	-	11,315	79,633	11,833	3,904
1998 Rural Development Bond	85,300	-	1,600	83,700	1,600	4,061
1998 EIAF Loan	38,897	-	4,073	34,824	4,277	1,945
Equipment Capital Lease	3,034	-	2,589	445	445	110
Water Meter Lease	118,700	-	34,642	84,058	36,345	5,101
Accrued Compensated Absences	7,381	1,550	-	8,931	-	-
Total	<u>\$ 516,935</u>	<u>\$ 1,550</u>	<u>\$ 165,150</u>	<u>\$ 353,335</u>	<u>\$ 71,160</u>	<u>\$ 21,318</u>

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

G.O. Refunding and Improvement Bonds, Series 1992

These bonds are dated August 1, 1992. The bonds bear interest at the rate of 3.5% for bonds maturing from October 1, 1992 and increases thereafter to 4% for bonds maturing October 1, 1993 until the rate reaches 6.25% for bonds maturing from the year 2001 to the final redemption date of October 1, 2012; however, these bonds were paid in full in 2011.

Bonds maturing on or after October 1, 2002 are subject to redemption prior to maturity, at the option of the Town, as a whole or in increments of \$5,000, in any order of maturity and on any interest payment date thereafter, upon payment of par and accrued interest, without redemption premium.

Bonds maturing on October 1, 2012 are also subject to mandatory sinking fund redemption, in part, by lot, on each October 1, thereafter prior to the maturity date of such bonds, upon payment of par and accrued interest, without redemption premium.

Note Payable - Colorado Resource & Power Development Authority - 1995

The Town entered into this loan on August 1, 1995 in the amount of \$250,000 to assist in financing a capital project in the water fund. The initial payment began June 1, 1996 in the amount of \$14,612 including interest at 4.5%. Subsequent payments are due quarterly in the amount of \$4,790 including interest at 4.5%. The note's maturity date is June 1, 2015. The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three month operation and maintenance reserve. As of December 31, 2011, the Town had funded the required reserve (Note 2).

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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, 2011, the Town had funded the required reserve (Note 2).

Notes Payable - Department of Local Affairs - 1998

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

Water Revenue Bonds, Series 1998

Bonds of this issue are dated August 27, 1998. The bonds bear interest at the rate of 4.75% for bonds maturing from January 1, 1999 to the final redemption date of July 1, 2038. These Bonds have not been fully drawn upon as of December 31, 2000 since the proceeds of these Bonds are to be used for improvements to the municipal water system of the Town for which the improvements have not been accepted as of December 31, 2000. The total bond issuance will be \$100,000. The Town drew the remaining \$27,000 during 2001. The Town is required to establish a reserve account by placing \$563 annually for the term of the bond. As of December 31, 2011, the Town had funded the required reserve (Note 2).

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

Year	Principal	Interest	Total
2012	\$ 34,370	\$ 11,397	\$ 45,767
2013	35,788	9,707	45,495
2014	37,876	7,940	45,816
2015	29,824	6,432	36,256
2016	21,351	5,337	26,688
2017-2021	37,292	17,097	54,389
2022-2026	14,500	12,974	27,474
2027-2031	18,100	9,265	27,365
2032-2036	23,000	4,804	27,804
2037-2038	7,800	389	8,189
Total	\$ 259,901	\$ 85,342	\$ 345,243

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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

BUSINESS-TYPE ACTIVITIES (Continued)

Capital Leases Payable

Equipment Capital Lease

The Town has entered into a capital lease agreement for the purchase of a vehicle to be utilized by the Street and Water Departments. The lease was for \$23,516, required no down payment, and requires 60 monthly payments of \$448. The lease bears interest at 5.4%. Payments will be split equally between the General and Water Funds. The Town has capitalized the cost of the underlying asset.

The following is a schedule of fifty percent of the future minimum lease payments required under the capital lease, and the present value of the remaining payments as of December 31, 2011:

<u>Year</u>	<u>Payments</u>
2012	\$ 448
Less: Interest at 5.40%	(3)
Present Value of Future Minimum Lease Payments	<u>\$ 445</u>

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

The following is a schedule of the present value of the remaining payments as of December 31, 2011:

<u>Year</u>	<u>Payments</u>
2012	\$ 39,719
2013	39,719
2014	<u>9,591</u>
Total Payments	89,029
Less: Interest at 4.99%	<u>(4,971)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 84,058</u>

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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

GOVERNMENTAL ACTIVITIES

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

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/11</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
Capital Leases Payable	\$ 38,514	\$ -	\$ 12,705	\$ 25,809	\$ 10,792	\$ 1,989
Accrued Compensated Absences	<u>18,575</u>	<u>5,401</u>	<u>-</u>	<u>23,977</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 57,089</u>	<u>\$ 5,401</u>	<u>\$ 12,705</u>	<u>\$ 49,786</u>	<u>\$ 10,792</u>	<u>\$ 1,989</u>

Capital Leases Payable

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

The following is a schedule of the future minimum lease payments required under the capital lease, and the present value of the remaining payments as of December 31, 2011:

<u>Year</u>	<u>Payments</u>
2012	\$ 6,472
2013	<u>1,078</u>
Total Payments	7,550
Less: Interest at 3.41%	<u>(206)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 7,344</u>

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

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

GOVERNMENTAL ACTIVITIES (Continued)

Capital Leases Payable (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease, and the present value of the remaining payments as of December 31, 2011:

<u>Year</u>	<u>Payments</u>
2012	\$ 5,012
2013	5,012
2014	5,012
2015	<u>5,012</u>
Total Payments	20,048
Less: Interest at 4.4%	<u>(2,028)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 18,020</u>

The Town has entered into a capital lease agreement for the purchase of a vehicle to be utilized by the Street and Water Departments. The lease was for \$23,516, required no down payment, and requires 60 annual payments of \$448. The lease bears interest at 5.4%. Payments will be split equally between the General and Water Funds. The Town has capitalized the cost of the underlying asset. The lease was not recorded as of December 31, 2007. The beginning debt and capital asset schedules have been restated to reflect an increase in the equipment and lease balances of \$10,011 from the December 31, 2007 balances originally reported.

The following is a schedule of fifty percent of the future minimum lease payments required under the capital lease, and the present value of the remaining payments as of December 31, 2011:

<u>Year</u>	<u>Payments</u>
2012	\$ 448
Less: Interest at 5.40%	<u>(3)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 445</u>

TOWN OF FAIRPLAY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011**

NOTE 5: DEFINED CONTRIBUTION PENSION PLAN

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

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

Funding Policy: Plan members and the Town of Fairplay are required to contribute at a rate set by statute. The contribution requirements of plan members and the Town of Fairplay, Colorado are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8.0% of covered salary and for the Town of Fairplay is 8.0% of covered salary. The Town's contribution to the Statewide Defined Benefit Plan for the years ending December 31, 2011, 2010, and 2009, were \$14,817, \$13,455, and \$11,996, respectively, equal to their required contribution.

NOTE 6: COMMITMENTS AND CONTINGENCIES

The Town receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the Town, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2011.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 7: FUND BALANCE/NET ASSET 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, 2011 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the Town's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

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

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

The Article requires an emergency reserve be set aside for 2011 in the amount of 3% or more of its fiscal year spending. At December 31, 2011, the Town has reserved the following for emergencies:

General Fund	<u>\$ 32,000</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, 2011**

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, 2011.

NOTE 9: RATE MAINTENANCE

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

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

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

TOWN OF FAIRPLAY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 10: RATE MAINTENANCE (Continued)

Gross operating revenue	\$ 398,454
Other revenue	8,557
Total revenue	407,011
Operations and maintenance expense	302,607
Less: Capital Outlay	(32,803)
Adjusted O&M	269,804
Net revenue	\$ 137,207
Total debt service	
1995 CWRPDA	19,159
1997 CWRPDA	15,219
1998 USDA	5,661
1998 DOLA	6,018
	46,057
Required rate	120.00%
Net revenue required	55,269
Excess (deficit)	\$ 81,938

BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	2011			VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes:					
Property Taxes	\$ 203,881	\$ 203,881	\$ 205,337	\$ 1,456	\$ 201,378
Specific Ownership Taxes	20,000	20,000	19,155	(845)	20,021
Sales Taxes	381,200	412,339	410,751	(1,588)	389,166
Franchise Taxes	22,000	22,000	25,028	3,028	36,850
Lodging Taxes	22,000	25,000	26,318	1,318	21,316
Other Taxes	600	7,500	7,692	192	15,795
Total Taxes	<u>649,681</u>	<u>690,720</u>	<u>694,281</u>	<u>3,561</u>	<u>684,526</u>
Licenses and Permits:					
Liquor Licenses	700	1,011	1,010	(1)	1,877
Gold Panning Permits	500	630	630	-	640
Other	5,550	5,635	5,625	(10)	5,865
Total Licenses and Permits	<u>6,750</u>	<u>7,276</u>	<u>7,265</u>	<u>(11)</u>	<u>8,382</u>
Planning and Development:					
Building Permits	9,675	13,982	5,082	(8,900)	12,339
Planning Commission Fees	-	-	-	-	(49)
Planning and Development Fees	5,000	9,019	9,019	-	4,220
Other Charges	900	490	500	10	1,015
Total Planning and Development	<u>15,575</u>	<u>23,491</u>	<u>14,601</u>	<u>(8,890)</u>	<u>17,525</u>
Intergovernmental:					
Road and Bridge	3,800	3,844	4,022	178	4,478
Additional Motor Vehicle	3,800	3,800	3,372	(428)	3,360
Highway User's	32,907	33,084	31,080	(2,004)	30,830
Cigarette Taxes	2,000	2,000	1,988	(12)	1,779
Severance Taxes	-	1,298	1,298	-	1,665
State Grants	3,000	37,609	27,609	(10,000)	2,395
Other	154,440	143,678	143,678	-	16,540
Total Intergovernmental	<u>199,947</u>	<u>225,313</u>	<u>213,047</u>	<u>(12,266)</u>	<u>61,047</u>
Fines and Forefeits:	<u>42,008</u>	<u>37,760</u>	<u>29,825</u>	<u>(7,935)</u>	<u>35,365</u>
Miscellaneous:					
Interest	175	175	71	(104)	340
Copies and Faxes	25	25	5	(20)	35
Sale of Fixed Assets	-	100	100	-	-
Summer Recreation Fees	200	51	51	-	10
Donations	-	70,000	70,000	-	801
Other	11,800	26,524	24,570	(1,954)	21,547
Total Miscellaneous	<u>12,200</u>	<u>96,875</u>	<u>94,797</u>	<u>(2,078)</u>	<u>22,733</u>
TOTAL REVENUES	<u>926,161</u>	<u>1,081,435</u>	<u>1,053,816</u>	<u>(27,619)</u>	<u>829,578</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	2011			VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
General Government:					
Salaries and Benefits	90,885	93,595	94,789	(1,194)	100,220
Operating Supplies	1,000	1,500	1,371	129	651
Office Supplies and Postage	6,500	5,500	5,284	216	5,502
Building Repairs	28,000	28,000	13,700	14,300	4,294
Utilities	13,000	14,500	15,698	(1,198)	13,623
Legal and Professional	30,000	30,000	23,809	6,191	25,311
Travel and Training	3,000	3,000	2,818	182	4,416
Other	35,062	52,186	42,374	9,812	49,203
Total General Government	<u>207,447</u>	<u>228,281</u>	<u>199,843</u>	<u>28,438</u>	<u>203,220</u>
Community Development:					
Professional Fees	7,000	7,500	7,902	(402)	7,041
Advertising and Posting	25,000	7,000	7,059	(59)	24,752
Travel and Training	5,000	19,665	20,027	(362)	5,466
Dues and Memberships	500	500	310	190	305
Other	18,975	44,481	40,403	4,078	33,189
Total Community Development	<u>56,475</u>	<u>79,146</u>	<u>75,701</u>	<u>3,445</u>	<u>70,753</u>
Municipal Court:					
Salaries and Benefits	22,166	23,317	22,630	687	23,454
Municipal Attorney	7,800	7,150	5,200	1,950	7,150
Travel and Training	-	-	-	-	195
Dues and Subscriptions	100	80	80	-	-
Other	50	3	3	-	30
Total Municipal Court	<u>30,116</u>	<u>30,550</u>	<u>27,913</u>	<u>2,637</u>	<u>30,829</u>
Public Safety:					
Salaries and Benefits	216,866	211,377	207,874	3,503	184,490
Pension Contribution	11,870	14,662	14,817	(155)	13,455
Uniforms	2,500	2,966	3,006	(40)	2,448
Telephone	3,000	3,000	3,662	(662)	2,104
Investigative Services	2,000	2,000	1,259	741	1,115
Other Repairs and Supplies	500	200	150	50	353
Automotive Repairs	8,000	8,000	7,175	825	6,478
Fuel and Oil	8,000	8,500	9,269	(769)	8,815
Operating Supplies	3,000	2,500	2,454	46	2,584
Traning, Ammunition and Supplies	4,000	4,356	4,462	(106)	2,237
Dues and Memberships	500	400	395	5	348
Sheriff's Office IGA	1,000	500	60	440	614
Other	1,500	2,987	3,255	(268)	417
Total Public Safety	<u>262,736</u>	<u>261,448</u>	<u>257,838</u>	<u>3,610</u>	<u>225,458</u>

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	2011				2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	
EXPENDITURES					
Public Works:					
Salaries and Benefits	93,775	97,370	97,081	289	86,563
Building Utilities	12,500	10,000	7,454	2,546	11,208
Equipment Maintenance	2,000	8,416	7,609	807	8,664
Vehicle Maintenance	500	-	-	-	376
Fuel and Oil	7,000	7,000	8,512	(1,512)	6,474
Tools, Materials and Supplies	3,000	3,000	3,094	(94)	2,669
Street Repairs	24,000	24,000	20,391	3,609	10,613
Street Lighting	12,500	12,500	11,371	1,129	12,177
Other	2,600	1,500	1,021	479	5,165
Total Public Works	<u>157,875</u>	<u>163,786</u>	<u>156,533</u>	<u>7,253</u>	<u>143,909</u>
Parks and Recreation:					
Tools, Materials and Supplies	2,400	650	520	130	1,860
Cemetery	1,000	500	252	248	944
Utilities	400	350	276	74	97
Other	155,231	141,060	141,060	-	16,774
Total Parks and Recreation	<u>159,031</u>	<u>142,560</u>	<u>142,108</u>	<u>452</u>	<u>19,675</u>
General Overhead:					
Insurance	15,885	15,553	15,553	-	13,740
Audit	3,500	3,500	3,500	-	3,500
Treasurer's Fees	4,000	8,000	6,463	1,537	8,619
Publishing	3,000	2,000	1,500	500	1,654
Dues and Memberships	800	855	1,640	(785)	954
Other	-	190	186	4	-
Total General Overhead	<u>27,185</u>	<u>30,098</u>	<u>28,842</u>	<u>1,256</u>	<u>28,467</u>
Capital Outlay	<u>3,000</u>	<u>135,218</u>	<u>149,478</u>	<u>(14,260)</u>	<u>26,179</u>
Debt Service	<u>14,695</u>	<u>14,695</u>	<u>14,694</u>	<u>1</u>	<u>17,862</u>
TOTAL EXPENDITURES	<u>918,560</u>	<u>1,085,782</u>	<u>1,052,950</u>	<u>32,832</u>	<u>766,352</u>
CHANGE IN FUND BALANCE	7,601	(4,347)	866	5,213	63,226
FUND BALANCE - Beginning	<u>274,217</u>	<u>274,217</u>	<u>332,978</u>	<u>58,761</u>	<u>269,752</u>
FUND BALANCE - Ending	<u>\$ 281,818</u>	<u>\$ 269,870</u>	<u>\$ 333,844</u>	<u>\$ 63,974</u>	<u>\$ 332,978</u>

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE -
CONSERVATION TRUST FUND

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 3,000	\$ 2,924	\$ (76)	\$ 3,048
Other	5	1	(4)	9
TOTAL REVENUES	<u>3,005</u>	<u>2,925</u>	<u>(80)</u>	<u>3,057</u>
EXPENDITURES				
Current:				
Parks and Recreation	200	160	40	213
Capital Outlay	<u>4,512</u>	<u>4,512</u>	<u>-</u>	<u>1,261</u>
TOTAL EXPENDITURES	<u>4,712</u>	<u>4,672</u>	<u>40</u>	<u>1,474</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,707)	(1,747)	(40)	1,583
FUND BALANCES, Beginning	<u>7,317</u>	<u>7,712</u>	<u>395</u>	<u>6,129</u>
FUND BALANCES, Ending	<u>\$ 5,610</u>	<u>\$ 5,965</u>	<u>\$ 355</u>	<u>\$ 7,712</u>

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

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

For the Year Ended December 31, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 375,000	\$ 398,454	\$ 23,454	\$ 338,278
Other Operating Revenues and Fees	10,100	8,557	(1,543)	11,015
TOTAL OPERATING REVENUES	385,100	407,011	21,911	349,293
EXPENDITURES				
Salaries	131,408	130,596	812	123,568
Payroll Taxes	10,338	10,566	(228)	9,660
Benefits	44,828	44,868	(40)	43,280
Education	467	633	(166)	1,151
Chemicals	400	366	34	374
Water Testing	-	260	(260)	15,471
System Repairs	3,000	8,313	(5,313)	2,937
Tools, Maintenance and Supplies	3,000	2,605	395	22,148
Repairs and Maintenance	16,000	8,421	7,579	2,578
Fuel and Oil	4,800	4,800	-	4,761
Utilities	25,800	24,698	1,102	15,912
Engineering Fees	6,000	878	5,122	4,999
Legal	6,000	5,374	626	5,967
Insurance	10,400	10,400	-	10,160
Membership Dues	1,200	941	259	442
Office and Postage	11,250	11,300	(50)	21,017
Telephone	1,800	1,603	197	1,198
Publishing	100	14	86	-
Water Meters	2,051	2,051	-	583
Other	4,300	1,117	3,183	2,238
Capital Outlay	39,920	11,792	28,128	155,049
TOTAL EXPENDITURES	323,062	281,596	41,466	443,493
OPERATING INCOME (LOSS)	62,038	125,415	63,377	(94,200)

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

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

For the Year Ended December 31, 2011
 (With Comparative Totals for the Year Ended December 31, 2010)

	2011		VARIANCE- FAVORABLE (UNFAVORABLE)	2010 ACTUAL
	FINAL BUDGET	ACTUAL		
Other Revenues (Expenses)				
Property Taxes	54,087	53,814	(273)	52,777
Specific Ownership Taxes	5,000	5,256	256	5,469
Other Taxes	2,405	2,047	(358)	4,489
Interest Income	102	108	6	26
Tap Fees	22,500	22,500	-	-
Debt Proceeds	-	-	-	143,528
Gain (Loss) on Disposal of Assets	-	-	-	(439)
Debt Service	<u>(146,726)</u>	<u>(181,367)</u>	<u>(34,641)</u>	<u>(131,041)</u>
Total Other Revenues (Expenses)	<u>(62,632)</u>	<u>(97,642)</u>	<u>(35,010)</u>	<u>74,809</u>
NET INCOME - BUDGET BASIS	<u>\$ (594)</u>	<u>27,773</u>	<u>\$ 28,367</u>	<u>(19,391)</u>
GAAP BASIS ADJUSTMENTS				
Capital Lease Proceeds		-		(143,528)
Capitalized Assets		6,510		146,484
Debt Service - Principal		165,150		107,981
Depreciation and Amortization		<u>(111,083)</u>		<u>(118,838)</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>60,577</u>		<u>(7,901)</u>
NET INCOME - GAAP BASIS		88,350		(27,292)
NET ASSETS, Beginning		<u>2,374,600</u>		<u>2,401,892</u>
NET ASSETS, Ending		<u>\$ 2,462,950</u>		<u>\$ 2,374,600</u>

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE SECTION

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Fairplay
		YEAR ENDING : December 2011
This Information From The Records Of (example - City of _ or County of Town of Fairplay)	Prepared By: Phone:	Kim Wittbrodt 719-836-2622 x103

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	143,741
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	24,263
2. General fund appropriations	14,074	b. Snow and ice removal	1,421
3. Other local imposts (from page 2)	102,687	c. Other	
4. Miscellaneous local receipts (from page 2)	23,589	d. Total (a. through c.)	25,684
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	169,425
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	140,350	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	34,452	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	201
E. Total receipts (A.7 + B + C + D)	174,802	b. Redemption	5,176
		c. Total (a. + b.)	5,377
		3. Total (1.c + 2.c)	5,377
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	174,802

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	6,269		5,377	892

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		174,802	174,802		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	23,589
1. Sales Taxes	102,687	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	102,687	h. Other	
c. Total (a. + b.)	102,687	i. Total (a. through h.)	23,589
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	31,080	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,372	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,372	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	34,452	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: