

TOWN OF FAIRPLAY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
December 31, 2021

**TOWN OF FAIRPLAY, COLORADO
BOARD OF TRUSTEES
December 31, 2021**

Board of Trustees

Frank Just, Mayor
Scott Dodge, Trustee
Peter Lynn, Trustee
Josh Voorhis, Trustee
Eve Stapp, Trustee

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INTRODUCTORY SECTION

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FINANCIAL SECTION

The discussion and analysis of the Town of Fairplay's financial performance is an overall review of the Town's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Town's financial performance overall. Readers should also review the financial statements and the notes to the financial statements to obtain a broadened understanding of the Town's financial performance.

Financial Highlights

The Town of Fairplay's Governmental Net Position increased by \$1,189,834 and Business-type Net Position increased by \$22,303 for the year.

- The assets of the Town exceeded its liabilities at the close of the fiscal year 2021 by \$10,367,877. Of this amount, \$3,602,966 (*Unrestricted Net Position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2021 Unrestricted Net Position for the Proprietary Funds (business-type activities) was \$1,439,625.
- As of the close of the fiscal year 2021, the Town's General Fund reported an ending fund balance of \$2,056,902 compared to the fiscal year 2020 balance of \$1,476,442.
- General Fund 2021 revenues increased by \$49,234 to \$2,596,733.
- General Fund 2021 expenditures decreased by \$28,024 to \$2,016,273.

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 health and status.

The remaining statements are fund financial statements that focus on individual portions 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 also has a Special Revenue Fund that is a non-major fund consisting of 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 Utility 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 help to explain specific information and provide more detail on certain data.

Financial Analysis of the Town as a Whole

The Town's Total Net Position was \$10,367,877 as of December 31, 2021 compared to \$9,155,740 as of December 31, 2020. This represents an increase of \$1,212,137.

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 Net Position Statements include all of the government's assets and liabilities. 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 it 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 deteriorated. The causes of this change may be the result of various factors, some financial, some not such as facility conditions or unfunded 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 the General Fund and Conservation Trust Fund. The Business-type Activities of the Town of Fairplay consist of the Water Fund and the Internal Service Fleet Fund.

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 \$10 million at the close of 2021.

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

CONDENSED STATEMENT OF NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	2,785,008	1,991,978	1,762,377	1,683,957	4,547,385	3,675,935
Capital Assets	2,710,134	2,504,812	6,576,219	6,842,083	9,286,353	9,346,895
Total Assets	5,495,142	4,496,790	8,338,596	8,526,040	13,833,738	13,022,830
DEFERRED OUTFLOWS	147,386	138,272	-	-	147,386	138,272
LIABILITIES						
Current Liabilities	69,502	62,836	22,607	11,245	92,109	74,081
Noncurrent Liabilities	36,621	471,468	2,914,915	3,136,024	2,951,536	3,607,492
Total Liabilities	106,123	534,304	2,937,522	3,147,269	3,043,645	3,681,573
DEFERRED INFOWS	569,602	323,789	-	-	569,602	323,789
NET POSITION						
Net Investment in Capital Assets	2,642,066	2,049,854	3,670,919	3,720,083	6,312,985	5,769,937
Restricted	161,396	123,387	290,530	312,200	451,926	435,587
Unrestricted	2,163,341	1,603,728	1,439,625	1,346,488	3,602,966	2,950,216
Total Net Position	4,966,803	3,776,969	5,401,074	5,378,771	10,367,877	9,155,740

The Statement of Net Position reflects a cash position totaling \$4,547,385. The bulk of the Town's resources, \$9,286,353 are invested in Capital Assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining total assets are receivables.

The Town of Fairplay uses Capital Assets to provide services to the 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. 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 \$1,189,834.

Business activities increased the Town's net position by \$22,303.

Town of Fairplay
Management Discussion and Analysis
December 31, 2021

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

CONDENSED STATEMENT OF ACTIVITIES						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
PROGRAM REVENUES						
Charges for Services	137,162	76,728	1,087,610	1,057,212	1,224,772	1,133,940
Operating Grants	198,030	535,802	-	19,984	198,030	555,786
Capital Grants	-	-	58,457	41,142	58,457	41,142
Total Program Revenues	335,192	612,530	1,146,067	1,118,338	1,481,259	1,730,868
GENERAL REVENUES						
Property Taxes	194,943	196,744	-	-	194,943	196,744
Specific Ownership Taxes	25,732	26,151	-	-	25,732	26,151
Sales Taxes	1,901,595	1,587,447	-	-	1,901,595	1,587,447
Franchise Taxes	65,007	53,088	-	-	65,007	53,088
Other Taxes	63,102	58,327	-	-	63,102	58,327
Interest Income	632	3,447	290	6,818	922	10,265
Insurance Proceeds	-	-	-	689	-	689
Other Revenues	15,412	13,912	-	-	15,412	13,912
Total General Revenues	2,266,423	1,939,116	290	7,507	2,266,713	1,946,623
Total Revenues & Transfers	2,601,615	2,551,646	1,146,357	1,125,845	3,747,972	3,677,491
PROGRAM EXPENSES						
General Government	458,275	771,642	-	-	458,275	771,642
Public Safety	354,741	399,194	-	-	354,741	399,194
Public Works	488,412	439,093	-	-	488,412	439,093
Culture and Recreation	89,690	37,342	-	-	89,690	37,342
Utility	-	-	1,124,054	1,252,232	1,124,054	1,252,232
Interest	20,663	15,455	-	-	20,663	15,455
Total Program Expenses	1,411,781	1,662,726	1,124,054	1,252,232	2,535,835	2,914,958
CHANGE IN NET POSITION	1,189,834	888,920	22,303	(126,387)	1,212,137	762,533
Net Position, Beginning	3,776,969	2,888,049	5,378,771	5,505,158	9,155,740	8,393,207
NET POSITION, ENDING	4,966,803	3,776,969	5,401,074	5,378,771	10,367,877	9,155,740

Financial Analysis of the Town's Funds

The Town uses Fund Accounting to ensure and demonstrate compliance with finance-related legal requirements. The primary focus of Fund Accounting is accountability.

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. 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 \$1,476,442 to \$2,056,902. This increase is principally the result of governmental activity operating revenue sources exceeding operating costs. Total revenues increased by \$49,234. Expenditures increased by \$28,024.

Proprietary Fund – The 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.

Utility Fund – Utility Fund net position increased by \$22,303.

Internal Service Fund – The Internal Service Fund was created in 2015 and is used for the purchase of vehicles and equipment used by the Town. The ending Net Position is \$437,818.

Capital Assets

Approximately 40% of the Town's Capital Assets support governmental activities. Most of the value is comprised of land, buildings, and other improvements.

	Balance 1/1/21	Additions	Deletions & Transfers	Balance 12/31/21
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 654,960	\$ -	\$ -	\$ 654,960
Construction in progress	196,610	157,034	-	353,644
Total capital assets not being depreciated	851,570	157,034	-	1,008,604
Capital assets being depreciated:				
Buildings and Improvements	995,746	-	-	995,746
Infrastructure	690,828	-	-	690,828
Streets Vehicles and Equipment	219,310	8,440	-	227,750
Police Vehicles and Equipment	95,333	-	-	95,333
Office Equipment & Software	17,390	-	-	17,390
Improvements - Parks	442,737	-	-	442,737
Equipment - Parks and Recreation	121,751	-	-	121,751
Equipment - Fleet	236,877	98,648	-	335,525
Total capital assets being depreciated	2,819,972	107,088	-	2,927,060
Less accumulated depreciation for:				
Buildings and Improvements	(194,280)	(21,337)	-	(215,617)
Infrastructure	(285,173)	(23,346)	-	(308,519)
Streets Vehicles and Equipment	(211,843)	(2,156)	-	(213,999)
Police Vehicles and Equipment	(87,124)	(3,582)	-	(90,706)
Office Equipment & Software	(8,822)	(2,448)	-	(11,270)
Improvements - Parks	(218,306)	(15,068)	-	(233,374)
Equipment - Parks and Recreation	(121,751)	-	-	(121,751)
Equipment - Fleet	(56,767)	(23,991)	-	(80,758)
Total Accumulated Depreciation	(1,184,066)	(91,928)	-	(1,275,994)
Governmental activities capital assets, net	\$ 2,487,476	\$ 172,194	\$ -	\$ 2,659,670

Town of Fairplay
Management Discussion and Analysis
December 31, 2021

Capital Assets (Continued)

The Town's Business-Type Activities Capital Assets consist of investments in its utility-related infrastructure and associated equipment.

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 138,112	\$ -	\$ -	\$ 138,112
Construction in progress	576,148	-	-	576,148
Total capital assets not being depreciated	714,260	-	-	714,260
Capital assets being depreciated:				
Buildings	253,639	-	-	253,639
Machinery & Equipment	355,803	-	-	355,803
Software and Meter Reading System	157,967	-	-	157,967
Transmission System & Lines	3,343,532	-	-	3,343,532
Water Treatment Plant	501,975	-	-	501,975
Sewer Treatment Plant	3,628,605	-	-	3,628,605
Galley System	604,409	-	-	604,409
Ditch/Drainage System	52,822	-	-	52,822
Fire Hydrants	53,878	-	-	53,878
Total capital assets being depreciated	8,952,630	-	-	8,952,630
Less accumulated depreciation for:				
Buildings	(88,275)	(7,196)	-	(95,471)
Machinery & Equipment	(134,764)	(16,217)	-	(150,981)
Software and Meter Reading System	(157,966)	-	-	(157,966)
Transmission System & Lines	(1,161,012)	(60,072)	-	(1,221,084)
Water Treatment Plant	(307,598)	(17,973)	-	(325,571)
Sewer Treatment Plant	(362,860)	(145,144)	-	(508,004)
Galley System	(573,052)	(16,240)	-	(589,292)
Ditch/Drainage System	(19,974)	(1,218)	-	(21,192)
Fire Hydrants	(19,306)	(1,804)	-	(21,110)
Total Accumulated Depreciation	(2,824,807)	(265,864)	-	(3,090,671)
Business-type activities capital assets, net	\$ 6,842,083	\$ (265,864)	\$ -	\$ 6,576,219

Long-Term Debt

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

	Balance			Balance	Due Within	Interest
Governmental Activities:	1/1/21	Additions	Deletions	12/31/21	One Year	Expense
Capital Leases Payable	\$ 174,532	\$ -	\$ 168,645	\$ 5,887	\$ 2,535	\$ 1,438
2012 Certificates of Participation	283,947	-	283,947	-	-	10,279
Accrued Compensated Absences	36,769	-	6,035	30,734	-	-
Total	\$ 495,248	\$ -	\$ 458,627	\$ 36,621	\$ 2,535	\$ 11,717

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

	Balance			Balance	Due Within	Interest
Business-type Activities:	1/1/21	Additions	Deletions	12/31/21	One Year	Expense
2018 Vectra Note Payable	\$ 3,122,000	\$ -	\$ 216,700	\$ 2,905,300	\$ 223,700	\$ 100,326
Accrued Compensated Absences	14,024	-	4,409	9,615	-	-
Total	\$ 3,136,024	\$ -	\$ 221,109	\$ 2,914,915	\$ 223,700	\$ 100,326

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 other General Government services. The Town's General Fund revenues were less than budgeted by \$240,876. The Town's expenditures were \$225,520 more than budgeted due to the fact the Board of Trustees approved paying off two separate notes early – 901 Main Street (Town Hall) and a 29-Acre vacant land acquisition.

Economic Factors and Future Budgets and Rates

During the 2021 budgeting process, the factors considered for increased revenue were a prediction of increased sales tax revenue due to new businesses opening and a consistent overall increase of sales tax revenue from already 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 Treasurer, Town of Fairplay, P.O. Box 267, Fairplay, CO 80440.

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

Opinion

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 Town of Fairplay, as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise Town of Fairplay's basic financial statements as listed in the table of contents.

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 as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Town of Fairplay and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Fairplay's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Town of Fairplay's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Town of Fairplay's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Town of Fairplay's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

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. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 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.

Mayberry + Company, LLC

Englewood, Colorado
March 9, 2022

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the Town's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2021.

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TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 139,834	\$ 94,915	\$ 234,749
Investments	1,797,179	1,281,524	3,078,703
Restricted Cash and Investments	242,178	290,530	532,708
Receivables			
Property Tax Receivable	234,399	-	234,399
Intergovernmental Receivables	333,976	-	333,976
Utility Receivable	-	95,408	95,408
Cash with Fiscal Agent	2,186	-	2,186
Other Receivables	20,573	-	20,573
Prepaid Expenses	14,683	-	14,683
Total Current Assets	<u>2,785,008</u>	<u>1,762,377</u>	<u>4,547,385</u>
Noncurrent Assets			
Capital Assets not being Depreciated	1,008,604	714,260	1,722,864
Capital Assets being Depreciated	2,927,061	8,952,630	11,879,691
Accumulated Depreciation	(1,275,994)	(3,090,671)	(4,366,665)
Net Pension Asset	50,463	-	50,463
Total Noncurrent Assets	<u>2,710,134</u>	<u>6,576,219</u>	<u>9,286,353</u>
TOTAL ASSETS	<u>5,495,142</u>	<u>8,338,596</u>	<u>13,833,738</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Deferred Pension Outflows	147,386	-	147,386
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,642,528</u>	<u>\$ 8,338,596</u>	<u>\$ 13,981,124</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 22,413	\$ 15,209	\$ 37,622
Accrued Liabilities	23,879	-	23,879
Accrued Salaries and Benefits	11,192	3,273	14,465
Deposits and Escrow	300	-	300
Accrued Interest Payable	11,718	4,125	15,843
Total Current Liabilities	<u>69,502</u>	<u>22,607</u>	<u>92,109</u>
Noncurrent Liabilities			
Due within one year	2,535	223,700	226,235
Due in more than one year	34,086	2,691,215	2,725,301
Total Noncurrent Liabilities	<u>36,621</u>	<u>2,914,915</u>	<u>2,951,536</u>
TOTAL LIABILITIES	<u>106,123</u>	<u>2,937,522</u>	<u>3,043,645</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	234,399	-	234,399
Net Pension Deferred Inflows	116,263	-	116,263
Deferred Grants	207,945	-	207,945
Other Deferred Inflows	10,995	-	10,995
TOTAL DEFERRED INFLOWS	<u>569,602</u>	<u>-</u>	<u>569,602</u>
NET POSITION			
Net Investment in Capital Assets	2,642,066	3,670,919	6,312,985
Restricted Net Position	161,396	290,530	451,926
Unrestricted Net Position	2,163,341	1,439,625	3,602,966
TOTAL NET POSITION	<u>4,966,803</u>	<u>5,401,074</u>	<u>10,367,877</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,642,528</u>	<u>\$ 8,338,596</u>	<u>\$ 13,981,124</u>

TOWN OF FAIRPLAY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

		PROGRAM REVENUES		
			OPERATING	
	EXPENSES	CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 458,275	\$ 100,577	\$ 146,283	\$ -
Public Safety	354,741	12,160	-	-
Public Works	488,412	13,310	46,865	-
Culture and Recreation	89,690	11,115	4,882	-
Interest on Debt	20,663	-	-	-
TOTAL GOVERNMENT ACTIVITIES	1,411,781	137,162	198,030	-
Business-type Activities				
Current:				
Utility	1,124,054	1,087,610	-	58,457
TOTAL GOVERNMENT	<u>\$ 2,535,835</u>	<u>\$ 1,224,772</u>	<u>\$ 198,030</u>	<u>\$ 58,457</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest Income				
Other Revenues				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
NET POSITION - Ending				

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (211,415)	\$ -	\$ (211,415)
(342,581)	-	(342,581)
(428,237)	-	(428,237)
(73,693)	-	(73,693)
(20,663)	-	(20,663)
<u>(1,076,589)</u>	<u>-</u>	<u>(1,076,589)</u>
<u>-</u>	<u>22,013</u>	<u>22,013</u>
<u>(1,076,589)</u>	<u>22,013</u>	<u>(1,054,576)</u>
194,943	-	194,943
25,732	-	25,732
1,901,595	-	1,901,595
65,007	-	65,007
63,102	-	63,102
632	290	922
15,412	-	15,412
<u>2,266,423</u>	<u>290</u>	<u>2,266,713</u>
1,189,834	22,303	1,212,137
3,776,969	5,378,771	9,155,740
<u>\$ 4,966,803</u>	<u>\$ 5,401,074</u>	<u>\$ 10,367,877</u>

TOWN OF FAIRPLAY, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2021

With Comparative Totals for December 31, 2020

	General	Other	Total	
	Fund	Funds	2021	2020
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ (43,216)	\$ -	\$ (43,216)	\$ 534,773
Investments	1,797,179	-	1,797,179	672,041
Restricted Cash and Investments	208,245	33,933	242,178	64,678
Receivables				
Property Tax Receivable	234,399	-	234,399	195,115
Intergovernmental Receivables	333,976	-	333,976	275,502
Cash with Fiscal Agent	2,186	-	2,186	2,441
Other Receivables	20,573	-	20,573	27,439
Prepaid Expenses	14,683	-	14,683	14,892
TOTAL ASSETS	<u>\$ 2,568,025</u>	<u>\$ 33,933</u>	<u>\$ 2,601,958</u>	<u>\$ 1,786,881</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 22,413	\$ -	\$ 22,413	\$ 23,594
Accrued Liabilities	23,879	-	23,879	23,246
Accrued Salaries and Benefits	11,192	-	11,192	12,773
Deposits and Escrow	300	-	300	300
TOTAL LIABILITIES	<u>57,784</u>	<u>-</u>	<u>57,784</u>	<u>59,913</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	234,399	-	234,399	195,115
Deferred Grants	207,945	-	207,945	16,300
Other Deferred Inflows	10,995	-	10,995	10,060
TOTAL DEFERRED INFLOWS	<u>453,339</u>	<u>-</u>	<u>453,339</u>	<u>221,475</u>
FUND BALANCE				
Nonspendable Fund Balance	14,683	-	14,683	14,892
Restricted Fund Balance	77,000	33,933	110,933	106,051
Unassigned Fund Balance	1,965,219	-	1,965,219	1,384,550
TOTAL FUND BALANCE	<u>2,056,902</u>	<u>33,933</u>	<u>2,090,835</u>	<u>1,505,493</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 2,568,025</u>	<u>\$ 33,933</u>	<u>\$ 2,601,958</u>	<u>\$ 1,786,881</u>

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

TOWN OF FAIRPLAY, COLORADO

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2021

Fund Balance - Governmental Funds		\$ 2,090,835
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 1,008,604	
Capital assets, being depreciated	2,591,535	
Accumulated depreciation	<u>(1,195,236)</u>	2,404,903
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 deferred FPPA pension outflows	147,386	
Net FPPA pension asset	50,463	
Net deferred FPPA pension inflows	<u>(116,263)</u>	81,586
Internal Service operations primarily benefit Governmental Activities		
Internal Service Fund Net Position		437,818
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Capital leases payable	(5,887)	
Accrued interest payable	(11,718)	
Accrued compensated absences	<u>(30,734)</u>	<u>(48,339)</u>
Total Net Position - Governmental Activities		<u>\$ 4,966,803</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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	General	Other	TOTAL	
	Fund	Funds	2021	2020
REVENUES				
Taxes	\$ 2,250,379	\$ -	\$ 2,250,379	\$ 1,921,757
Intergovernmental Revenues	186,371	4,882	191,253	535,803
Licenses and Permits	32,421	-	32,421	29,790
Fines and Forfeits	12,045	-	12,045	7,278
Charges for Services	92,696	-	92,696	39,662
Investment Earnings	632	-	632	3,448
Other Revenues	22,189	-	22,189	13,908
TOTAL REVENUES	<u>2,596,733</u>	<u>4,882</u>	<u>2,601,615</u>	<u>2,551,646</u>
EXPENDITURES				
Current:				
General Government	399,759	-	399,759	696,009
Public Safety	363,735	-	363,735	382,383
Public Works	244,576	-	244,576	227,262
Parks, Recreation and Other	74,622	-	74,622	22,274
Internal Charges	52,614	-	52,614	36,289
Capital Outlay	440,287	-	440,287	623,096
Debt Service	440,680	-	440,680	56,984
TOTAL EXPENDITURES	<u>2,016,273</u>	<u>-</u>	<u>2,016,273</u>	<u>2,044,297</u>
OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE - GAAP BASIS	580,460	4,882	585,342	507,349
FUND BALANCE, BEGINNING	<u>1,476,442</u>	<u>29,051</u>	<u>1,505,493</u>	<u>998,144</u>
FUND BALANCE, ENDING	<u>\$ 2,056,902</u>	<u>\$ 33,933</u>	<u>\$ 2,090,835</u>	<u>\$ 1,505,493</u>

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

TOWN OF FAIRPLAY, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Change in Fund Balance - Governmental Funds		\$	585,342
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	165,474	
Depreciation Expense		<u>(67,937)</u>	97,537
Internal Service operations primarily benefit Governmental Activities			
Change in net position - Internal Service Funds			52,611
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Change in deferred pension outflows		9,114	
Change in net pension liability/ asset		33,127	
Change in deferred pension inflows		<u>(13,949)</u>	28,292
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases		144,865	
Principal payments on certificates of participation		283,947	
Change in accrued interest payable		(8,795)	
Change in accrued compensated absences		<u>6,035</u>	<u>426,052</u>
Change in Net Position - Governmental Activities		\$	<u>1,189,834</u>

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

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2021

With Comparative Totals for December 31, 2020

	Business-type Activities	Govt Activities		
	Utility Fund	Internal Service Funds	Total	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 94,915	\$ 183,050	\$ 277,965	\$ 212,211
Investments	1,281,524	-	1,281,524	1,259,646
Restricted Cash and Investments	290,530	-	290,530	312,200
Receivables				
Utility Receivable	95,408	-	95,408	104,997
Total Current Assets	1,762,377	183,050	1,945,427	1,889,054
Noncurrent Assets				
Capital Assets not being depreciated	714,260	-	714,260	714,260
Capital Assets being depreciated	8,952,630	335,526	9,288,156	9,189,507
Accumulated Depreciation	(3,090,671)	(80,758)	(3,171,429)	(2,881,574)
Total Noncurrent Assets	6,576,219	254,768	6,830,987	7,022,193
TOTAL ASSETS	\$ 8,338,596	\$ 437,818	\$ 8,776,414	\$ 8,911,247
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 15,209	\$ -	\$ 15,209	\$ 2,751
Accrued Salaries and Benefits	3,273	-	3,273	4,061
Accrued Interest Payable	4,125	-	4,125	4,433
Total Current Liabilities	22,607	-	22,607	11,245
Noncurrent Liabilities				
Due within one year	223,700	-	223,700	209,900
Due in more than one year	2,691,215	-	2,691,215	2,926,124
Total Noncurrent Liabilities	2,914,915	-	2,914,915	3,136,024
TOTAL LIABILITIES	2,937,522	-	2,937,522	3,147,269
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
NET POSITION				
Net Investment in Capital Assets	3,670,919	254,768	3,925,687	3,900,193
Restricted Net Position	290,530	-	290,530	333,190
Unrestricted Net Position	1,439,625	183,050	1,622,675	1,530,595
TOTAL NET POSITION	5,401,074	437,818	5,838,892	5,763,978
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 8,338,596	\$ 437,818	\$ 8,776,414	\$ 8,911,247

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	Business-type Activities	Govt Activities		
	Utility	Internal Service	Total	
	Fund	Funds	2021	2020
Operating Revenues				
Utility Charges	\$ 1,065,430	\$ -	\$ 1,065,430	\$ 1,035,979
Internal Charges	-	76,602	76,602	53,708
Other Charges for Services	22,180	-	22,180	21,233
Total Revenues	1,087,610	76,602	1,164,212	1,110,920
Operating Expenses				
Management Fees/Internal Charges	36,385	-	36,385	29,816
Personnel Services	240,661	-	240,661	337,339
Administrative/Office Expenses	23,380	-	23,380	35,157
Insurance	14,848	-	14,848	11,981
Operating Supplies	13,871	-	13,871	18,037
Professional Fees	150,232	-	150,232	107,679
Repairs and Maintenance	130,849	-	130,849	198,225
Travel and Training	1,036	-	1,036	807
Treatment	2,200	-	2,200	1,349
Telephone and Utilities	116,781	-	116,781	113,498
Other Operating Expenses	22,075	-	22,075	9,732
Depreciation Expense	265,864	23,991	289,855	297,853
Other Capital Outlay	5,546	-	5,546	1,622
Total Expenditures	1,023,728	23,991	1,047,719	1,163,095
Operating Income (Loss)	63,882	52,611	116,493	(52,175)
Other Income (Expense)				
Intergovernmental Revenue	-	-	-	19,984
Investment Earnings	290	-	290	6,818
Other Revenue	-	-	-	689
Interest Expense	(100,326)	-	(100,326)	(107,640)
Total Other Income (Expense)	(100,036)	-	(100,036)	(80,149)
Net Income (Loss)	(36,154)	52,611	16,457	(132,324)
Contributed Capital				
Plant Investment Fees	58,457	-	58,457	41,142
Change in Net Position	22,303	52,611	74,914	(91,182)
Net Position, Beginning	5,378,771	385,207	5,763,978	5,855,160
Net Position, Ending	\$ 5,401,074	\$ 437,818	\$ 5,838,892	\$ 5,763,978

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	Business-type Activities	Govt Activities		
	Utility Fund	Internal Service Funds	Total	
			2021	2020
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 1,097,199	\$ -	\$ 1,097,199	\$ 997,728
Cash Received from Interfund Services Provided	-	76,602	76,602	53,708
Cash Paid to Suppliers	(534,286)	-	(534,286)	(600,572)
Cash Paid for Interfund Services	(36,385)	-	(36,385)	(29,816)
Cash Paid to Employees	(179,932)	-	(179,932)	(241,904)
Net Cash Provided by Operating Activities	346,596	76,602	423,198	179,144
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	58,457	-	58,457	41,142
Debt Principal Payments	(216,700)	-	(216,700)	(209,900)
Grant Proceeds	-	-	-	19,984
Interest Payments	(100,634)	-	(100,634)	(107,912)
Proceeds of Capital Asset Sales	-	-	-	(382,134)
Acquisition of Capital Assets	-	(98,648)	(98,648)	320,318
Cash Flows Used by Capital and Related Financing Activities	(258,877)	(98,648)	(357,525)	(318,502)
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	-	-	-	689
Cash Flows (Uses) From Investing Activities:				
Interest Received	290	-	290	6,818
Net Increase (Decrease) in Cash	88,009	(22,046)	65,963	(131,851)
Cash - Beginning	1,578,960	205,097	1,784,057	1,915,908
Cash - Ending	<u>\$ 1,666,969</u>	<u>\$ 183,051</u>	<u>\$ 1,850,020</u>	<u>\$ 1,784,057</u>
Cash	\$ 94,915	\$ 183,051	\$ 277,966	\$ 212,211
Investments	1,281,524	-	1,281,524	1,259,646
Restricted Cash and Investments	290,530	-	290,530	312,200
Total	<u>\$ 1,666,969</u>	<u>\$ 183,051</u>	<u>\$ 1,850,020</u>	<u>\$ 1,784,057</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for				
Operating Activities:				
Operating Income (Loss)	\$ 63,882	\$ 52,611	\$ 116,493	\$ (52,175)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	265,864	23,991	289,855	297,853
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	9,589	-	9,589	(3,153)
(Increase) Decrease in:				
Accounts Payable	12,458	-	12,458	1,343
Accrued Salaries and Benefits	(787)	-	(787)	(9,339)
Accrued Compensated Absences	(4,410)	-	(4,410)	946
Other Deferred Inflows	-	-	-	(56,331)
Total Adjustments	282,714	23,991	306,705	231,319
Net Cash Used for Operating Activities	<u>\$ 346,596</u>	<u>\$ 76,602</u>	<u>\$ 423,198</u>	<u>\$ 179,144</u>

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 Town'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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

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

General Fund

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

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

Special Revenue Fund

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

Conservation Trust Fund (Nonmajor)

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

Proprietary Fund

The Town also reports the following proprietary funds:

Utility Fund

This fund is used to account for operations that are financed and run more similarly to a private business. In these funds the costs of providing services to the public is based on and financed through user fees and charges related to the specific operation of water and sewer services.

Internal Service Funds – Internal Service Fund (Nonmajor)

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 utility receivables can be certified to the County Treasurer as such and attached to the tax rolls, no allowance for doubtful accounts is provided.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources (Continued)

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

Net Position/Fund Equity

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Equity (Continued)

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

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

Net Position/Fund Equity Flow Assumptions

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

REVENUES AND EXPENDITURES/EXPENSES

Program Revenues

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

Property Taxes

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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	\$	474,835
Cash on Hand		300
Investments		<u>3,371,026</u>
Total Cash and Investments	\$	<u>3,846,160</u>

These funds are allocated in the financial statements as follows:

Cash and Investments	\$	3,313,452
Restricted Cash and Investments		<u>532,708</u>
Total Cash and Investments	\$	<u>3,846,160</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

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

	Bank Balance	Book Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Secured (Not in Entity's Name)	214,271	199,365
Cash held by Others	-	25,470
Petty Cash	-	300
Total Cash	\$ 464,271	\$ 475,135

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.

InvestmentsCredit 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

During the year ended December 31, 2021, 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. The \$3,017,203 invested in Colotrust (PRIME) is reported at fair value (net asset value). The CSAFE (Cash Fund) investment of \$26,663 is reported at amortized cost.

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, 2021, the Town did not have any securities requiring safekeeping.

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Restricted Cash and Investments

The Town has restricted cash and investments as follows:

Restricted - Grants, Donations, Deposits	\$	208,245
Restricted - Conservation Trust		33,933
Restricted - Debt Service Reserve		<u>290,530</u>
Total Restricted Cash		532,708
Unrestricted		<u>3,313,452</u>
Total Cash	\$	<u><u>3,846,160</u></u>

NOTE 3: CAPITAL ASSETS

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

	<u>Balance 1/1/21</u>	<u>Additions</u>	<u>Deletions & Transfers</u>	<u>Balance 12/31/21</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 654,960	\$ -	\$ -	\$ 654,960
Construction in progress	<u>196,610</u>	<u>157,034</u>	<u>-</u>	<u>353,644</u>
Total capital assets not being depreciated	<u>851,570</u>	<u>157,034</u>	<u>-</u>	<u>1,008,604</u>
Capital assets being depreciated:				
Buildings and Improvements	995,746	-	-	995,746
Infrastructure	690,828	-	-	690,828
Streets Vehicles and Equipment	219,310	8,440	-	227,750
Police Vehicles and Equipment	95,333	-	-	95,333
Office Equipment & Software	17,390	-	-	17,390
Improvements - Parks	442,737	-	-	442,737
Equipment - Parks and Recreation	121,751	-	-	121,751
Equipment - Fleet	<u>236,877</u>	<u>98,648</u>	<u>-</u>	<u>335,525</u>
Total capital assets being depreciated	<u>2,819,972</u>	<u>107,088</u>	<u>-</u>	<u>2,927,060</u>
Less accumulated depreciation for:				
Buildings and Improvements	(194,280)	(21,337)	-	(215,617)
Infrastructure	(285,173)	(23,346)	-	(308,519)
Streets Vehicles and Equipment	(211,843)	(2,156)	-	(213,999)
Police Vehicles and Equipment	(87,124)	(3,582)	-	(90,706)
Office Equipment & Software	(8,822)	(2,448)	-	(11,270)
Improvements - Parks	(218,306)	(15,068)	-	(233,374)
Equipment - Parks and Recreation	(121,751)	-	-	(121,751)
Equipment - Fleet	<u>(56,767)</u>	<u>(23,991)</u>	<u>-</u>	<u>(80,758)</u>
Total Accumulated Depreciation	<u>(1,184,066)</u>	<u>(91,928)</u>	<u>-</u>	<u>(1,275,994)</u>
Governmental activities capital assets, net	<u>\$ 2,487,476</u>	<u>\$ 172,194</u>	<u>\$ -</u>	<u>\$ 2,659,670</u>

TOWN OF FAIRPLAY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

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

General Government	\$	32,719
Public Safety		3,582
Public Works		16,568
Parks and Recreation		15,068
Fleet Internal Service Fund		23,991
Total Governmental Activity Depreciation	\$	91,928

A summary of business-type activities capital assets at December 31, 2021 is as follows:

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 138,112	\$ -	\$ -	\$ 138,112
Construction in progress	576,148	-	-	576,148
Total capital assets not being depreciated	714,260	-	-	714,260
Capital assets being depreciated:				
Buildings	253,639	-	-	253,639
Machinery & Equipment	355,803	-	-	355,803
Software and Meter Reading System	157,967	-	-	157,967
Transmission System & Lines	3,343,532	-	-	3,343,532
Water Treatment Plant	501,975	-	-	501,975
Sewer Treatment Plant	3,628,605	-	-	3,628,605
Galley System	604,409	-	-	604,409
Ditch/Drainage System	52,822	-	-	52,822
Fire Hydrants	53,878	-	-	53,878
Total capital assets being depreciated	8,952,630	-	-	8,952,630
Less accumulated depreciation for:				
Buildings	(88,275)	(7,196)	-	(95,471)
Machinery & Equipment	(134,764)	(16,217)	-	(150,981)
Software and Meter Reading System	(157,966)	-	-	(157,966)
Transmission System & Lines	(1,161,012)	(60,072)	-	(1,221,084)
Water Treatment Plant	(307,598)	(17,973)	-	(325,571)
Sewer Treatment Plant	(362,860)	(145,144)	-	(508,004)
Galley System	(573,052)	(16,240)	-	(589,292)
Ditch/Drainage System	(19,974)	(1,218)	-	(21,192)
Fire Hydrants	(19,306)	(1,804)	-	(21,110)
Total Accumulated Depreciation	(2,824,807)	(265,864)	-	(3,090,671)
Business-type activities capital assets, net	\$ 6,842,083	\$ (265,864)	\$ -	\$ 6,576,219
Water Fund		\$ 80,473		
Sewer Fund		185,391		
Total Business-type Activity Depreciation		\$ 265,864		

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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, 2021:

	Balance 1/1/21	Additions	Deletions	Balance 12/31/21	Due Within One Year	Interest Expense
Business-type Activities:						
2018 Vectra Note Payable	\$ 3,122,000	\$ -	\$ 216,700	\$ 2,905,300	\$ 223,700	\$ 100,326
Accrued Compensated Absences	14,024	-	4,409	9,615	-	-
Total	\$ 3,136,024	\$ -	\$ 221,109	\$ 2,914,915	\$ 223,700	\$ 100,326

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

Note Payable – Vectra Bank Note Payable – 2018 – Direct Placement

On June 27, 2018, the Town issued a note payable in the amount of \$3,745,300 for the acquisition of capital and operations from Fairplay Sanitation District. The note requires semi-annual payments ranging from \$260,495 to \$620,868 on June 15th and December 15th, beginning on December 15, 2018 through December 2031. The notes bear an interest rate of 3.23% per annum. Payments will be made through the Utility Fund. The note is secured by the assets purchased from the Fairplay Sanitation District by the Town.

Principal and Interest Reserve - The note requires the creation of a Principal and Interest Account equal to one sixth of the next scheduled interest payment for the note payable and any parity debt and one twelfth of the next scheduled principal payment for the note payable and any parity debt to be deposited monthly. Since the most recent payment was made on December 15th, no requirement exists at year end.

Debt Service Reserve - In addition, the Note requires the establishment of a debt service reserve account equal to the smaller of 10% of the outstanding principal of the Note and related parity debt, the maximum annual debt service of the Note and related parity debt, or 125% of the average annual debt service on the Note and related parity debt. The lesser of the three is scheduled to be the 10% of the Note and parity debt outstanding at year end, or \$290,530 at December 31, 2021.

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

Year	Principal	Interest	Total
2022	\$ 223,700	\$ 93,841	\$ 317,541
2023	231,000	86,616	317,616
2024	238,400	79,154	317,554
2025	246,100	71,454	317,554
2026	254,100	63,505	317,605
2027-2031	1,712,000	188,994	1,900,994
Total	\$ 2,905,300	\$ 583,564	\$ 3,488,864

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

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

	Balance			Balance	Due Within	Interest
Governmental Activities:	1/1/21	Additions	Deletions	12/31/21	One Year	Expense
Capital Leases Payable	\$ 174,532	\$ -	\$ 168,645	\$ 5,887	\$ 2,535	\$ 1,438
2012 Certificates of Participation	283,947	-	283,947	-	-	10,279
Accrued Compensated Absences	36,769	-	6,035	30,734	-	-
Total	\$ 495,248	\$ -	\$ 458,627	\$ 36,621	\$ 2,535	\$ 11,717

Certificates of Participation – Direct Placement

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. During the current fiscal year the Town paid the remaining balance for the certificates.

Capital Leases Payable – Direct Placements

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 \$91,304. During the current fiscal year the Town paid the remaining balance on the lease/purchase agreement.

In 2019, the Town entered into a capital lease agreement for the purchase of a copier. The lease was for \$12,240, and requires 60 monthly payments of \$231. The lease bears an estimated interest at 5.0%. 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 \$6,120 related to the lease. In the event of non-appropriation and the Town wishes to cancel the lease agreement because: funds are not appropriated for a fiscal period subsequent to the one in which the agreement was entered into which are sufficient to satisfy all of your obligations under the agreement during said fiscal period; such non-appropriation did not result from any act or failure to act of the town; the town has exhausted all funds legally available for all payment due under the agreement; and there is no other legal procedures by which payment can be made to lessor. In receipt of the equipment delivered at the Towns expense, lessor's remedies for such a default shall be to terminate the lease agreement at the end of the fiscal period during which notice is given; retain the advance payments, if any; and/or sell, dispose of, hold, use or rent the equipment as lessor in its sole discretion may desire, without any duty to account to the Town.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 4: BONDS, NOTES, AND LEASES PAYABLE (Continued)**GOVERNMENTAL ACTIVITIES** (Continued)**Capital Leases Payable – Direct Placements** (Continued)

The following is a summary of required annual lease payments:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,535	\$ 237	\$ 2,772
2023	2,665	107	2,772
2024	687	6	693
Total	<u>\$ 5,887</u>	<u>\$ 350</u>	<u>\$ 6,237</u>

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. FPPA issues a publicly available comprehensive annual financial report, that can be obtained at <http://www.FPPAco.org>.

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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Summary of Significant Accounting Policies (Continued)

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings · 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

Contributions. Through December 31, 2020, 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

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 pensionable earnings. Employer contributions are 8.0 percent and 8.50 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2020, members of the SWDB plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of pensionable earnings for a total contribution rate of 19.0 percent.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Summary of Significant Accounting Policies (Continued)

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 23.0 percent and 23.5 percent of pensionable earnings in 2020 and 2021, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolutions.

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.50 percent in 2020 and 9.75 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent and 4.25 percent in 2020 and 2021. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

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 \$14,936 for the plan year ended December 31, 2020 and \$16,471 for the fiscal year ended December 31, 2021. The current year contributions will be expensed in 2022 for FPPA purposes, December 31, 2021 employer contributions for reporting as of December 31, 2022, 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, 2021, the Town reported an asset of \$50,463 for its proportionate share of the SWDB's net pension liability. The net pension asset or liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The Town's proportion of the net pension liability was based on Town's contributions to the SWDB for the calendar year 2020 relative to the total contributions of participating employers to the SWDB.

At December 31, 2021, the Town's proportion was 0.02324%, which was a decrease of 0.00741% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$8,767. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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	\$ 38,051	\$ (237)
Changes of assumptions or other inputs	\$ 12,792	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 8,574	\$ (76,184)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 36,645	\$ (39,842)
Contributions subsequent to the measurement date	\$ 16,471	\$ -
Total	\$ 112,533	\$ (116,263)

\$16,471 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, 2022.

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:	Fiscal year Total
2022	\$ (13,333)
2023	(8,108)
2024	(12,395)
2025	(977)
2026	6,796
2027-2030	7,816
Total	\$ (20,201)

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuations used the following actuarial assumption and other inputs:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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	7.00%
Salary increase, including wage inflation	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

For determining the total pension liability, and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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 2018 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, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 (assumed at 2.5 percent). 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, 2020 are summarized in the following table:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 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.

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 7.00 percent; the municipal bond rate is 2.00 percent (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 7.00 percent.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension asset (liability)	\$ (50,783)	\$ 50,463	\$ 134,308

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 \$12,705.37 and plan members contributed a total of \$12,705.37 for the year ending December 31, 2021.

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 \$26,626 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, 2021.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021 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 2021 in the amount of 3% or more of its fiscal year spending. At December 31, 2021, the Town has reserved the following for emergencies:

General Fund	<u>\$77,000</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. The Town has restricted net position in the Utility Fund for the Debt Service Reserve as disclosed in Note 4.

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, 2021.

PENSION SCHEDULES
(Required Supplementary Information - Unaudited)

TOWN OF FAIRPLAY

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA SWDB Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year Ended</u>	<u>Town's proportion of the net pension asset (liability)</u>	<u>Town's proportionate share of the net pension asset (liability)</u>	<u>Town's covered payroll</u>	<u>Town's proportionate share of the net pension asset (liability) as a proportion of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2014	0.032846%	\$ 29,370	\$ 142,663	20.59%	105.83%
December 31, 2015	0.002750%	\$ 31,031	\$ 123,650	25.10%	106.83%
December 31, 2016	0.029132%	\$ 514	\$ 141,225	0.36%	100.10%
December 31, 2017	0.029031%	\$ (10,490)	\$ 148,575	7.06%	98.21%
December 31, 2018	0.018066%	\$ 25,991	\$ 105,675	24.60%	106.34%
December 31, 2019	0.011428%	\$ (14,448)	\$ 76,550	-18.87%	95.20%
December 31, 2020	0.030653%	\$ 17,336	\$ 225,925	7.67%	101.90%
December 31, 2021	0.000000%	\$ 50,463	\$ 186,700	27.03%	106.72%

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.

TOWN OF FAIRPLAY

SCHEDULE OF TOWN CONTRIBUTIONS

FPPA SWDB Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2014	\$ 11,413	(11,413)	\$ -	\$ 142,663	8.00%
December 31, 2015	\$ 9,892	(9,892)	\$ -	\$ 123,650	8.00%
December 31, 2016	\$ 11,298	(11,298)	\$ -	\$ 141,225	8.00%
December 31, 2017	\$ 11,886	(11,886)	\$ -	\$ 148,575	8.00%
December 31, 2018	\$ 8,454	(8,454)	\$ -	\$ 105,675	8.00%
December 31, 2019	\$ 6,124	\$ (6,124)	\$ -	\$ 76,550	8.00%
December 31, 2020	\$ 18,074	\$ (18,074)	\$ -	\$ 225,925	8.00%
December 31, 2021	\$ 14,936	\$ (14,936)	\$ -	\$ 186,700	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)

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021				
	Original	Final		Variance	2020
	Budget	Budget	Actual	With Final	Actual
REVENUES					
Taxes					
Property Taxes	\$ 195,115	\$ 194,000	\$ 194,943	\$ 943	\$ 196,744
Specific Ownership Taxes	25,000	25,000	25,732	732	26,151
Sales Taxes	1,363,725	1,951,706	1,901,595	(50,111)	1,587,447
Franchise Taxes	50,000	58,000	65,007	7,007	53,088
Other Taxes	41,500	61,350	63,102	1,752	58,327
Total Tax Revenue	<u>1,675,340</u>	<u>2,290,056</u>	<u>2,250,379</u>	<u>(39,677)</u>	<u>1,921,757</u>
Intergovernmental Revenues					
Cigarette Taxes	2,500	4,200	4,413	213	3,087
Highway Users	32,000	36,000	39,222	3,222	31,480
Road and Bridge	7,000	7,580	7,642	62	7,176
Clerk/Motor Vehicle Fees	3,000	4,000	4,206	206	3,903
Mineral Lease	500	340	340	-	338
Severance Tax	2,500	357	357	-	4,111
Federal Grants	-	-	24,547	24,547	285,367
State Grants	-	198,383	105,644	(92,739)	-
Other Intergovernmental	-	-	-	-	196,205
Total Intergovernmental Revenue	<u>47,500</u>	<u>250,860</u>	<u>186,371</u>	<u>(64,489)</u>	<u>531,667</u>
Licenses and Permits					
Liquor Licenses	3,000	6,358	6,480	122	1,955
Building Permits	7,380	1,116	1,267	151	6,882
Annexation/Other P&Z Fees	2,000	16,000	1,200	(14,800)	3,500
Animal Licenses	100	115	115	-	95
Business Licenses	7,000	7,525	7,550	25	6,950
Other Licenses and Permits	9,820	15,230	15,809	579	10,408
Total Licenses and Permits	<u>29,300</u>	<u>46,344</u>	<u>32,421</u>	<u>(13,923)</u>	<u>29,790</u>
Fines and Forfeits	<u>14,770</u>	<u>11,381</u>	<u>12,045</u>	<u>664</u>	<u>7,278</u>
Charges for Services					
Utility Charges	10,800	10,800	10,843	43	10,770
Recreation/Special Event Charges	15,500	11,658	11,115	(543)	8,958
Rents	1,800	1,200	1,459	259	6,197
Internal Charges	12,397	12,397	12,397	-	12,397
Other Charges for Services	51,788	55,849	56,882	1,033	1,340
Total Charges for Services	<u>92,285</u>	<u>91,904</u>	<u>92,696</u>	<u>792</u>	<u>39,662</u>
Investment Earnings	<u>3,425</u>	<u>587</u>	<u>632</u>	<u>45</u>	<u>3,437</u>
Other Revenues					
Donations	8,000	6,777	6,777	-	-
Other Miscellaneous Revenue	6,000	139,700	15,412	(124,288)	13,908
Total Other Revenue	<u>14,000</u>	<u>146,477</u>	<u>22,189</u>	<u>(124,288)</u>	<u>13,908</u>
TOTAL REVENUES	<u>1,876,620</u>	<u>2,837,609</u>	<u>2,596,733</u>	<u>(240,876)</u>	<u>2,547,499</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021				
	Original	Final		Variance	2020
	Budget	Budget	Actual	With Final	Actual
				Budget	
(Continued)					
EXPENDITURES					
General Government					
Personnel Services	178,612	180,145	180,616	471	235,508
Equipment Rentals	5,000	5,000	4,719	281	4,907
Fuel and Automotive	3,600	4,693	4,658	35	3,649
Insurance	27,306	26,717	26,127	590	25,368
Professional Fees	48,375	68,875	36,392	32,483	33,704
Repairs and Maintenance	7,000	12,000	9,467	2,533	13,344
Supplies	5,200	5,400	3,868	1,532	7,279
Telephone and Utilities	16,200	21,000	19,857	1,143	21,326
Travel and Training	9,500	8,000	5,990	2,010	4,752
ESTIP Agreements	7,500	9,400	8,810	590	19,657
Other Expenses	88,598	110,596	99,255	11,341	326,515
Total General Government	396,891	451,826	399,759	53,009	696,009
Public Safety					
Personnel Services	390,979	321,362	319,421	1,941	330,932
Fuel and Automotive	12,000	11,000	10,513	487	8,612
Professional Fees	4,500	1,500	847	653	3,170
Repairs and Maintenance	9,000	21,000	13,122	7,878	22,543
Supplies	5,000	5,220	3,330	1,890	2,534
Telephone and Utilities	5,000	4,000	4,105	(105)	4,606
Travel and Training	5,000	2,700	2,672	28	1,053
Other Expenses	8,550	42,609	9,726	32,883	8,933
Total Public Safety	440,029	409,391	363,736	45,655	382,383
Public Works					
Personnel Services	150,742	181,853	180,284	1,569	170,603
Fuel and Automotive	5,000	3,800	3,940	(140)	3,534
Repairs and Maintenance	25,600	31,600	23,572	8,028	25,724
Supplies	9,000	21,327	19,534	1,793	10,698
Telephone and Utilities	14,100	14,700	15,969	(1,269)	16,703
Travel and Training	2,000	2,500	1,276	1,224	-
Total Public Works/Comm Devel	206,442	255,780	244,575	11,205	227,262
Parks, Recreation and Other					
Special Events	77,000	68,660	64,208	4,452	17,835
Repairs and Maintenance	2,500	2,000	2,379	(379)	1,010
Supplies	4,000	8,000	7,140	860	2,683
Telephone and Utilities	400	400	438	(38)	408
Other Expenses	300	500	457	43	338
Total Parks, Recreation & Other	84,200	79,560	74,622	4,938	22,274
Internal Charges	50,289	52,614	52,614	-	36,289

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021				
	Original	Final		Variance	2020
	Budget	Budget	Actual	With Final	Actual
				Budget	
(Continued)					
Capital Outlay					
General Government Capital Outlay	43,000	241,000	144,423	96,577	31,587
Public Works Capital Outlay	150,000	250,000	243,646	6,354	197,986
Parks, Recreation and Other Capital Outlay	64,800	60,000	52,218	7,782	393,523
Total Capital Outlay	<u>257,800</u>	<u>551,000</u>	<u>440,287</u>	<u>110,713</u>	<u>623,096</u>
Debt Service					
Principal and Interest	56,984	440,680	440,680	-	56,984
TOTAL EXPENDITURES	<u>1,492,635</u>	<u>2,240,851</u>	<u>2,016,273</u>	<u>225,520</u>	<u>2,044,297</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 383,985</u>	<u>\$ 596,758</u>	580,460	<u>\$ (15,356)</u>	503,202
FUND BALANCE, BEGINNING			1,476,442		973,240
FUND BALANCE, ENDING			<u><u>\$ 2,056,902</u></u>		<u><u>\$ 1,476,442</u></u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FAIRPLAY, COLORADO

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

With Comparative Totals for December 31, 2020

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
		2021	2020
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Restricted Cash and Investments	\$ 33,933	\$ 33,933	\$ 29,051
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
FUND BALANCE			
Restricted Fund Balance	\$ 33,933	\$ 33,933	\$ 29,051

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	SPECIAL REVENUE FUNDS		
	Conservation Trust	Total	
	Fund	2021	2020
REVENUES			
Intergovernmental Revenues	\$ 4,882	\$ 4,882	\$ 4,136
Investment Earnings	-	-	11
NET CHANGE IN FUND BALANCE - GAAP BASIS	4,882	4,882	4,147
FUND BALANCE, BEGINNING	29,051	29,051	24,904
FUND BALANCE, ENDING	<u>\$ 33,933</u>	<u>\$ 33,933</u>	<u>\$ 29,051</u>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021				
	Original Budget	Final Budget	Actual	Variance With Final Budget	2020 Actual
REVENUES					
Intergovernmental Revenues					
Cons Trust Fund Revenue	\$ 4,000	\$ 4,500	\$ 4,882	\$ 382	\$ 4,136
Investment Earnings	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
TOTAL REVENUES	4,012	4,500	4,882	382	4,147
EXPENDITURES					
Capital Outlay					
Parks, Recreation and Other Capital Outlay	<u>6,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (1,988)</u>	<u>\$ 3,500</u>	4,882	<u>\$ 1,382</u>	4,147
FUND BALANCE, BEGINNING			29,051		24,904
FUND BALANCE, ENDING			<u>\$ 33,933</u>		<u>\$ 29,051</u>

See accompanying Independent Auditors' Report.

TOWN OF FAIRPLAY, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Utility Fund

FOR THE YEAR ENDED DECEMBER 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	Final		Variance	2020
	Budget	Actual	with Final	Actual
	Budget	Actual	Budget	Actual
Operating Revenues				
Utility Charges	\$ 1,039,960	\$ 1,065,430	\$ 25,470	\$ 1,035,979
Other Charges for Services	23,781	22,180	(1,601)	21,233
Total Revenues	<u>1,063,741</u>	<u>1,087,610</u>	<u>23,869</u>	<u>1,057,212</u>
Operating Expenses				
Management Fees/Internal Charges	36,385	36,385	-	29,816
Personnel Services	246,071	240,661	5,410	337,339
Administrative/Office Expenses	23,900	23,380	520	35,157
Insurance	14,848	14,848	-	11,981
Operating Supplies	15,000	13,871	1,129	18,037
Professional Fees	160,875	150,232	10,643	107,679
Repairs and Maintenance	159,186	130,849	28,337	198,225
Travel and Training	1,120	1,036	84	807
Treatment	2,500	2,200	300	1,349
Telephone and Utilities	115,000	116,781	(1,781)	113,498
Other Operating Expenses	36,350	22,075	14,275	9,732
Other Capital Outlay	15,000	5,546	9,454	24,854
Total Expenditures	<u>826,235</u>	<u>757,864</u>	<u>68,371</u>	<u>888,474</u>
Operating Income (Loss)	<u>237,506</u>	<u>329,746</u>	<u>92,240</u>	<u>168,738</u>
Other Income (Expense)				
Intergovernmental Revenue	-	-	-	19,984
Investment Earnings	259	290	31	6,818
Other Revenue	-	-	-	689
Debt Service	(317,333)	(317,026)	307	(317,540)
Total Other Income (Expense)	<u>(317,074)</u>	<u>(316,736)</u>	<u>338</u>	<u>(290,049)</u>
Net Income (Loss), Budget Basis	(79,568)	13,010	92,578	(121,311)
Contributed Capital				
Plant Investment Fees	58,457	58,457	-	41,142
Change in Net Position (Budget Basis)	<u>\$ (21,111)</u>	<u>71,467</u>	<u>\$ 92,578</u>	<u>(80,169)</u>
Budget to GAAP Reconciliation				
Principal Paid		216,700		209,900
Depreciation Expense		(265,864)		(279,350)
Capital Outlay		-		23,232
Change in Net Position - GAAP Basis		22,303		(126,387)
Net Position, Beginning		5,378,771		5,505,158
Net Position, Ending		<u>\$ 5,401,074</u>		<u>\$ 5,378,771</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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	Final		Variance	2020
	Budget	Actual	with Final	Actual
			Budget	
Operating Revenues				
Internal Charges	\$ 76,602	\$ 76,602	\$ -	\$ 53,708
Operating Expenses				
Other Capital Outlay	157,654	98,649	59,005	38,584
Change in Net Position (Budget Basis)	<u>\$ (81,052)</u>	<u>(22,047)</u>	<u>\$ 59,005</u>	<u>15,124</u>
Budget to GAAP Reconciliation				
Depreciation Expense		(23,991)		(18,503)
Capital Outlay		98,649		38,584
Change in Net Position - GAAP Basis		52,611		35,205
Net Position, Beginning		385,207		350,002
Net Position, Ending		<u>\$ 437,818</u>		<u>\$ 385,207</u>

See accompanying Independent Auditors' Report.

STATE COMPLIANCE SECTION

LOCAL HIGHWAY FINANCE REPORT

City or County:

FAIRPLAY

YEAR ENDING :

December 2021

This Information From The Records Of (example - City of _ or County of _) Prepared By:
Phone:**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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	(19,034)
3. Other local imposts (from page 2)	501,131
4. Miscellaneous local receipts (from page 2)	9,825
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	491,922
B. Private Contributions	
C. Receipts from State government (from page 2)	43,428
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	535,350

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	489,977
3. Road and street services:	
a. Traffic control operations	29,596
b. Snow and ice removal	15,777
c. Other	
d. Total (a. through c.)	45,373
4. General administration & miscellaneous	
5. Highway law enforcement and safety	
6. Total (1 through 5)	535,350
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	535,350

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		535,350	535,350		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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	9,825
1. Sales Taxes	475,399	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	25,732	g. Other Misc. Receipts	
6. Total (1. through 5.)	501,131	h. Other	
c. Total (a. + b.)	501,131	i. Total (a. through h.)	9,825
(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	39,222	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	4,206	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	4,206	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	43,428	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:

FORM FHWA-536