

Town of Frisco, Colorado
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016



**Prepared by the Town of Frisco Finance
Department
Bonnie Moinet, Finance Director**



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**Town of Frisco, Colorado
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016**

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INTRODUCTORY SECTION





TOWN of FRISCO

P.O. Box 4100 • Frisco, Colorado 80443

June 12, 2017

To the Honorable Mayor, Members of the Town Council and the Citizens of the Town of Frisco:

The Town of Frisco is pleased to present the comprehensive annual financial report, prepared in accordance with generally accepted accounting principles (GAAP), for the year ended December 31, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town government. The Town management has established an internal control structure designed to ensure accurate financial reporting and to safeguard the assets of the Town. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town of Frisco's financial statements for the year ended December 31, 2016 have been issued an unmodified ("clean") opinion by McMahan and Associates, L.L.C., a firm of licensed certified public accountants. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Frisco's MD&A can be found immediately following the report of the independent auditors.

Overview and Governmental Structure

Frisco has a rich and varied past, serving as a home, a workplace, and a playground for groups as disparate as the Ute Indians, trappers, miners, and, now, avid outdoor recreationalists. The Town was first officially chartered in 1879 and by 1882 two railroads had laid tracks to the newly-formed community. The mining boom, along with the businesses, hotels, and saloons that came with it, lasted well into the 1900s. Frisco, however, was hit hard by the Depression. In 1930, only 18 full-time residents remained. But Frisco rebounded, showing a remarkable resiliency in difficult times. This resiliency now helps to define the mountain character of the Town, even as we continue to develop into a modern, sustainable, family-oriented community.

The Town of Frisco currently has approximately 2,700 full-time residents and became officially chartered as a Colorado home-rule municipality in 1988. The Town is approximately 70 miles west of Denver, at an elevation of 9,097 feet above sea-level. It is situated along Ten Mile Creek, in the shadow of 12,900-foot Peak One of the Ten Mile

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mountain range and is bordered on the east by Lake Dillon reservoir. Frisco is largely surrounded by wilderness areas owned by the U.S. Forest Service. Often referred to as the heart of Summit County, the Town is conveniently located off of Interstate 70 and very near to four major ski resorts. As such, Frisco also serves as a central gathering point for tourists and an attractive location for second homeowners.

The government operates under the council-manager form of government. Policymaking and legislative authority are vested in the Town Council, which consists of a mayor and six-member council. The Town Council is responsible for, among other things, passing ordinances, adopting the budget and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council and for overseeing day-to-day operations.

The Town provides a full range of services, including police protection, street construction and maintenance, infrastructure, water services, community development and planning, cultural events, and recreational programs. Sewer and wastewater services are provided by a legally separate entity, the Frisco Sanitation District, which the Town does not manage. Two Town-owned rental properties also help to provide affordable space for local non-profit groups. In addition, the Town operates and maintains a vast array of recreational amenities, including the Frisco Bay Marina, the Frisco Historic Park and Museum, the Frisco Adventure Park at the Peninsula Recreation Area, the Frisco Nordic Center, the Frisco/Copper Visitor Information Center, numerous multi-purpose ball fields, a disc-golf course, a skateboard park, an extensive paved trail system for all-season use, and several parks, campgrounds and picnic facilities.

The Town Council is required to adopt a final budget by no later than thirty (30) days prior to the beginning of the fiscal year. This annual budget serves as the foundation for the Town of Frisco's financial planning and control. The budget is prepared by fund, function and department. Department Directors may transfer resources within a department. Transfers between departments require the Town Manager's approval while transfers between funds must be approved by Town Council. Adjustments to the budget may be conducted during the fiscal year after Town Council review and approval via ordinance.

In order to accomplish goals set for 2016, it is important to note the primary goal of the Town Council as set forth in its mission statement:

To preserve a family-oriented and economically vibrant community that thrives on citizen involvement, respects our natural environment, and enhances our quality of life.

The mission statement and other tools, including, but not limited to, the Home Rule Charter, the Municipal Code, the Master Plan, the Economic Development Strategy, the Environmental Sustainability and Stewardship (ES2) Framework Plan, the Housing Action Plan, the Three Mile Plan, the Peninsula Recreation Area Master Plan, the Marina Master Plan, the Frisco Historic Park and Museum Master Plan and Department

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policies all provide guidance to the Town Council and Town staff in their task of making decisions regarding daily operations and long-term planning.

Factors Affecting Financial Condition

Local Economy: The Town of Frisco, as a central location within Summit County boasting convenient highway access, relies on tourism as its main economic driver. The proximity of many world-class ski resorts and a wide variety of other outdoor recreational attractions, including Lake Dillon and millions of acres of protected wilderness, draw visitors from around the globe. The high demand for primary and secondary homes in this natural setting has also increased the impact of the real estate market on the local economy. The town includes two very distinct commercial areas: Summit Boulevard and Main Street. Summit Boulevard (Colorado Highway 9) is the main thoroughfare leading from Interstate 70 through Frisco toward Breckenridge. This is an automobile-friendly commercial area where most of the national and regional chain stores, restaurants and lodgers are located. With Wal-Mart, Safeway, Whole Foods, Natural Grocers, Holiday Inn, Baymont Inn and Suites, six (6) fast-food restaurants and numerous other enterprises, this area, by far, generates the greatest amount of revenue for the Town. Just off of Summit Boulevard, the Town also has a series of mainly construction-related light industrial facilities and warehouses. In contrast, Main Street hosts many of the locally-owned retail, restaurant and lodging companies for which Frisco is known. Main Street is a quaint, pedestrian-friendly area that gives the Town much of its unique mountain character and community feel. The Town also hosts a series of very popular special events on Main Street throughout the summer and winter months, including the Colorado BBQ Challenge, Frisco's Fantastic Fourth of July Celebration, and Wassail Days.

Major industries in 2016 continued to include tourism, real estate, health care, education and governmental service. Many local retailers, restaurants, and lodgers rely heavily upon the tourist trade, but they also rely upon the turnover of local properties to spur on redevelopment. World-class health care providers and the location of St. Anthony's Summit Medical Center just outside of municipal limits help to drive traffic to the area's merchants. The local school system and county governments also contribute to the well-being of the local economy. Major employers in 2016 included Wal-Mart, Safeway, Whole Foods, Town of Frisco, Holiday Inn, Baymont Inn and Suites, and an assortment of lodging, restaurant, retail and construction-related businesses. In addition, a number of entities outside of the municipal limits provide employment for a large portion of the Frisco populace. These include Copper Mountain Ski Resort, St. Anthony's Summit Medical Center, and the Summit County School District. However, many employees currently working in Frisco, largely due to high housing costs and a shortage of housing in Frisco and in Summit County, commute from other areas.

The Town continues to be financially sound. The effects of a national economic downturn became apparent locally at the end of 2008, and 2009 was a very challenging year. In 2010 and 2011, revenues began to stabilize and solid growth once again returned in 2012, lasting through the present day. Because Town management relies on a conservative projection philosophy, a build-up of reserves prior to 2008 allowed the Town to maintain levels of governmental service throughout the downturn. Council also

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had the flexibility to approve various capital project expenditures that otherwise might not have occurred. A recent review of the Town's financial position by Moody's Investors Service resulted in a two-level bond issuer rating upgrade, from A3 to A1. This favorable bond rating allowed the Town to refund 2002 Certificates of Participation (COPs) on Town Hall and issue new COPs for construction of the Frisco Adventure Park. These COPs, along with a small number of vehicle and equipment leases, constitute the Town's debt liabilities.

The primary challenge Frisco faces in both the short- and long-term continues to be a dependence on sales tax revenues. In 2016, sales tax revenues comprised approximately 63% of General Fund revenues. As sales tax revenues are extremely volatile and susceptible to many outside forces beyond the direct control of Town government, Frisco has consistently focused on developing strategies to address the issue. In 2005, the Town began local sales tax collection. Since then, local compliance rates have surged. The Town Council has also supported efforts to attract more stable and varied sales tax generators. After years of uncertainty surrounding the development of a Town-owned piece of land bordering Interstate 70, the Town came to terms on an agreement to bring regional organic grocer Whole Foods, Inc. to the site; the grand opening occurred at the end of April 2014. Additional restaurants and retailers have since opened and more are expected in the near future. Revitalization of the Town's two commercial areas, Main Street and Summit Boulevard, also continues to be a priority. In accordance with the Peninsula Recreation Area Master Plan, the Town also began the first phase of construction of the Frisco Adventure Park in 2010. The scope of this project aims to increase Frisco's visibility as a primary travel destination with the addition of world-class recreational amenities, including a tubing hill, a bike terrain park and a new day lodge. The sixth winter season of operations ended in April of 2016 and was a tremendous success. The Town will revisit the Peninsula Recreation Area Master Plan in 2017 to prioritize possible upgrades in the future. The Town anticipates that these facilities will not only generate revenue for the General Fund in the short-term and a possible Enterprise Fund in the long-term, but also bolster sales and lodging tax revenues by attracting additional year-round guests. In addition, the conservative budgetary and reserve philosophies that form the basis of revenue and expenditure decisions continue to provide for some flexibility.

Additional challenges for the Town of Frisco include national economic uncertainty, the approach of both residential and commercial build-out, and affordable housing issues. To address the uncertainty of the short- and long-term economic outlook throughout 2009 and 2010, the Town reduced expenditures, drew down reserve balances, instituted merit and limited hiring freezes, and considered possible reductions to the level of governmental service. Efforts continue to ensure that projected expenditures are in line with projected revenues. In regards to the approach of build-out, the geography of the Town largely prevents any expansion. As such, most development efforts are now focused on the redevelopment of existing properties. Frisco also has a very large second-homeowner population, with second homes accounting for approximately 67% of all homes in the Town. The demand for mountain valley properties, particularly in the Rocky Mountain region, has driven the price of housing up, sometimes making it difficult for young families to relocate to Frisco or to remain. Employers, including the Town of Frisco, have had difficulty in attracting and retaining employees as a result. To help

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address the challenge, a Town-owned parcel of land, termed the Peak One Parcel, was annexed in early 2009 with the intention of developing attainable housing. In accordance with the Peak One Master Plan, ground was broken in 2010. Phase I was completed in 2011, phases II and III were completed in 2013, and phases IV and V were completed in 2014 and 2015, respectively. Citizens of Summit County approved a measure in late 2006 enacting a 0.125% additional sales tax and an impact fee on new construction to fund affordable housing projects. Voters approved an additional increase of 0.6% in late 2016, increasing the affordable housing special district sales tax to 0.725% beginning in 2017. The Town Council has begun a public process to determine goals for the use of the additional funds and remains committed to addressing attainable housing issues moving forward.

The most significant capital projects in 2016 were related to the revitalization and reconstruction of Main Street and improving the safety and usability of recreational pathways. Other significant capital expenditures included environmental sustainability projects, Town facility improvements and street maintenance.

Long-Term Financial Planning

The Town of Frisco has remained diligent in planning for the long-term financial well-being of the community. In addition to higher-level master planning and conservative revenue and expenditure projection philosophies, the long-term financial planning process has included the implementation of reserve policies, the development of a governmental service prioritization plan, and the preparation of a Long-Range Capital Improvement Plan.

The Town Council has set forth reserve policies which affect the General Fund, the Capital Improvements Fund, each Enterprise Fund (Water and Marina), and insurance and benefits in general. General Fund reserves are set at the equivalent of seven (7) months of fund expenditures for the prior year. Favorable General Fund balances above the required reserves at the end of each year are now required by Council to be transferred into the Capital Improvements Fund. Both the Water Fund and the Marina Fund are required to maintain an excess in reserve equaling 33.3% of the prior year's expenditures. The Town has also set aside limited funds in the Insurance Reserve Fund, which will be used to augment expenditures on employee benefits and insurance should the need arise. The Town has seen steady economic recovery for the past three years and reserves are slowly being replenished.

Due to the continuing economic uncertainty, Town staff has been directed to prioritize, by department, each service provided to the community. Staff has relied on internal deliberation and the input of the public to accomplish this task. Services have been categorized as core, desired and non-essential. Should budget cuts become necessary, those services in the non-essential category would be analyzed first. In this way, the Town Council, management and staff hope to avoid across-the-board cuts which may have a negative effect on core and/or desired services.

Capital improvements include any projects requiring debt obligation or borrowing, any acquisition or lease of land, the purchase of major equipment or vehicles valued in

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excess of \$5,000 with a life expectancy of at least five (5) years, the construction of new buildings or facilities, building improvements that enhance the value of the structure and are not routine expense, major studies with costs in excess of \$5,000 requiring the employment of outside professional services, and the replacement of existing facilities with a life span of at least five (5) years. However, it is important to note that capital expenditures often have a direct impact on the General Fund as new facilities and/or amenities incur operations and maintenance costs in future years. As such, it becomes even more important to plan for future capital expenditures. Staff is required, on an annual basis, to prepare a Long-Range Capital Improvement Plan for each fund. The Plans include a five-year outlook containing a concise summary of proposed capital improvements and equipment and their associated maintenance and/or operating costs. Revenue and expenditure assumptions, required staffing levels and relevant supporting information as to their necessity and impact are also included.

Acknowledgements

The preparation and completion of this report could not have been accomplished without the efforts of the Finance Department staff and other Town Departments. Special thanks are extended to all members of the independent certified public accounting firm for their able assistance and for the professional manner in which they have accomplished this assignment. We would also like to thank the Mayor, Town Council and the Town Manager for their interest and support in planning and conducting the financial operations of the Town in a fiscally responsible and progressive manner.

Respectfully submitted,



Bonnie Moinet
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Frisco
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



ORGANIZATIONAL CHART

COMMUNITY OF FRISCO

FRISCO TOWN COUNCIL



**TOWN OF FRISCO, COLORADO
LIST OF ELECTED AND ADMINISTRATIVE OFFICIALS
December 31, 2016**

Elected Officials

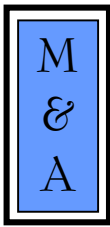
Mayor	Gary Wilkinson
Mayor Pro-tem	Hunter Mortensen
Council Members	Kim Cancelosi
	Dan Kibbie
	Rick Ihnken
	Deborah Shaner
	Jessica Burley

Administrative Officials

Town Manager	Bill Efting
Town Attorney	Thad Renaud
Town Clerk	Deborah Wohlmuth
Finance Director	Bonnie Moinet
Police Chief	Tom Wickman
Public Works Director	Jeff Goble
Community Development Director	Joyce Allgaier
Marketing Director	Vanessa Agee
Recreation Director	Diane McBride

FINANCIAL SECTION





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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245 CHAPEL PLACE, SUITE 300
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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Town Council
Town of Frisco, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frisco, Colorado (the "Town"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
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**INDEPENDENT AUDITOR'S REPORT
To the Mayor and Town Council
Town of Frisco, Colorado**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frisco, Colorado as of December 31, 2016, 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.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis in Section B and the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability and the Schedule of Town Contributions in Section E 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 procedures 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.

The fund budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information in section E 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 financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements taken as a whole. The introductory section, the supplementary information in section F, and the statistical tables in Section G, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the Town's financial statements. The supplementary information in section F, as listed in the Table of Contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
June 12, 2017**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Frisco, Colorado

Management's Discussion and Analysis

December 31, 2016

As management of the Town of Frisco, ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

In 2016, a vibrant economy, along with favorable climate conditions, a strong tourism market and development of a retail complex, continued to contribute to replenishment of the Town's reserves to levels that will provide stability for the long term. Additionally, the Town assumed operations of the Frisco Nordic Center in the fall of 2016. While this amenity did not generate a great deal of revenue in this first year of operations, a significant amount was expended for equipment and personnel that was not originally budgeted for 2016.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Town assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected revenues such as grants or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, community development, public works, and culture and recreation. The business-type activities of the Town are water and marina operations.

The government-wide financial statements can be found on pages C-1 and C-2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows

Overview of the Financial Statements (continued)

Governmental funds (continued): and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statutes.

Proprietary funds: The Town maintains two proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water operations and the marina operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its business-type service provided by the Town, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages C5 – C7 of this report. The Town also presents a budgetary comparison for its proprietary funds.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide financial analysis: As mentioned earlier, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following schedule shows the Town's net position for 2016 and 2015:

Town of Frisco's Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$18,130,606	\$16,084,573	\$6,125,789	\$5,420,532	\$24,256,395	\$21,505,105
Capital assets	40,622,035	39,216,016	7,521,763	7,723,018	48,143,798	46,939,034
Total Assets	58,752,641	55,300,589	13,647,552	13,143,550	72,400,193	68,444,139
Deferred Outflows of Resources:	321,896	167,890	-	-	321,896	167,890
Liabilities:						
Other liabilities	2,080,441	1,735,146	13,115	34,433	2,093,556	1,769,579
Long-term liabilities	4,373,904	4,847,762	17,324	17,841	4,391,228	4,865,603
Total Liabilities	6,454,345	6,582,908	30,439	52,274	6,484,784	6,635,182
Deferred Inflows of Resources:	148,175	146,773	-	-	148,175	146,773
Net Position:						
Net investment in capital assets	36,042,985	34,078,692	7,521,763	7,723,018	43,564,748	41,801,710
Restricted	2,179,572	1,980,373	-	-	2,179,572	1,980,373
Unrestricted	14,249,460	12,679,733	6,095,350	5,368,258	20,344,810	18,047,991
Total Net Position	\$52,472,017	\$48,738,798	\$13,617,113	\$13,091,276	\$66,089,130	\$61,830,074

The largest portions of the Town's assets are reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 66% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets before depreciation increased \$3,234,158 due to completion of enhancements to Main Street, paving and overlay, improvements to the water treatment facility and replacement of fleet at the marina. Additionally, the Town purchased vehicles, equipment and computers for new Nordic Center operations that the Town assumed in 2016.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following schedule provides financial information from the Town's Statement of Activities for 2016 and 2015:

Town of Frisco's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
REVENUES:						
Program revenues:						
Charges for services	\$3,709,670	\$3,599,594	\$2,340,329	\$2,179,187	\$6,049,999	\$5,778,781
Operating grants and contributions	363,938	323,147	27,645	26,385	391,583	\$349,532
Capital grants and contributions	78,614	78,510	153,241	117,137	231,855	\$195,647
General revenues:						
Property taxes	151,002	135,115	-	-	151,002	\$135,115
Sales and use taxes	8,722,133	7,929,300	-	-	8,722,133	\$7,929,300
Real estate transfer tax	1,389,027	1,487,185	-	-	1,389,027	\$1,487,185
Franchise taxes	320,432	319,524	-	-	320,432	\$319,524
Lodging taxes	471,041	426,458	-	-	471,041	\$426,458
Other taxes	356,527	302,658	-	-	356,527	\$302,658
Interest and other	370,576	283,144	-	29,252	370,576	\$312,396
Total Revenues	15,932,960	14,884,635	2,521,215	2,351,961	18,454,175	17,236,596
EXPENSES:						
Program Expenses						
General Government	3,372,782	3,215,368	-	-	3,372,782	3,215,368
Public Safety	1,464,245	1,311,274	-	-	1,464,245	1,311,274
Public works	2,390,051	2,604,258	-	-	2,390,051	2,604,258
Community development	1,512,826	1,192,983	-	-	1,512,826	1,192,983
Culture and recreation	3,098,379	2,902,939	-	-	3,098,379	2,902,939
Housing	42,728	69,091	-	-	42,728	69,091
Interest	262,753	271,129	-	-	262,753	271,129
Marina Fund	-	-	1,097,277	1,016,423	1,097,277	1,016,423
Water Fund	-	-	954,078	984,314	954,078	984,314
Total Expenses	12,143,764	11,567,042	2,051,355	2,000,737	14,195,119	13,567,779
Increase in Net Position	3,733,219	3,317,593	525,837	351,224	4,259,056	3,668,817
Net Position-Beginning	48,738,798	45,421,205	13,091,276	12,740,052	61,830,074	58,161,257
Net Position - Ending	\$52,472,017	\$48,738,798	\$13,617,113	\$13,091,276	\$66,089,130	\$61,830,074

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net position by \$3,733,219 in 2016. Key elements of this increase are as follows:

- The following sources of revenue exceeded original budget projections as follows: real estate investment fees - \$89,027; licenses and building and development fees - \$5,130; city and county sales taxes - \$967,740; SCHA 5A taxes - \$34,393, other taxes - \$126,927; highway users and County road and bridge taxes - \$13,026; Nordic Center fees - \$133,313; impact fees - \$66,626; special events - \$50,254; recreation and Adventure Park fees - \$475,692; building rents - \$30,427; fines - \$66,034; and lodging taxes - \$76,041.
- Governmental activities were subsidized by tax revenue. Recreation and culture activities were the most effective at covering their costs due to fees charged for services and participation in programs.

Business-type activities: Business-type activities increased the Town's net assets by \$525,837 in 2016. Key elements of this increase are as follows:

- Total user charges exceeded original budgeted amounts by \$447,483.
- Plant investment fee projections were over budget by \$43,241.
- Aggregate operating expenses, excluding capital outlay, were over budget projections by \$62,816.

Financial Analysis of the Town's Funds

As mentioned earlier in this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular the fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This standard left unchanged the total amount reported as fund balance, but substantially altered the categories and terminology used to describe its components. This approach focuses not on financial resources available for appropriation but on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent". The Town of Frisco implemented this new standard in 2011.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,604,601; an increase of \$1,609,349 from the prior year's ending fund balances. The following schedule details ending fund balances for the past several years:

<u>Fund</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General	\$3,760,796	\$4,659,662	\$5,897,744	\$6,248,219	\$5,267,734
Capital Improvement	\$4,064,942	\$3,486,640	\$1,533,285	\$2,174,649	\$4,402,501
Conservation Trust	\$18,035	\$43,686	\$67,893	\$68,698	\$47,692
Open Space	\$110,887	\$111,083	\$111,409	\$11,684	\$11,752
Summit County Housing 5A	\$501,029	\$504,447	\$691,910	\$951,566	\$1,235,989
Insurance Reserve	\$197,598	\$197,947	\$198,528	\$199,065	\$200,223
Lodging Tax	\$324,689	\$299,446	\$333,349	\$341,371	\$438,710
	<u>\$8,977,976</u>	<u>\$9,302,911</u>	<u>\$8,834,118</u>	<u>\$9,995,252</u>	<u>\$11,604,601</u>

Financial Analysis of the Town's Funds (continued)

Governmental Funds (continued): The General Fund is the chief operating fund of the Town of Frisco. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,736,905 while the total fund balance decreased from 2015 to \$5,267,734. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. Unassigned fund balance represents 49% of total 2016 General Fund expenditures, while total fund balance represents 54% of that same amount.

The fund balance of the Town of Frisco's General Fund decreased by \$980,485 during the current fiscal year. Key factors for 2016 are as follows:

- General Fund revenues were \$1,542,378 more than final budget projections, an indication that the local, state and national economies are recovering. The Town assumed operations of the Frisco Nordic Center in 2016; this amenity generated nearly \$80,000 of revenues that were not originally budgeted.
- 2016 expenditures were less than budgeted by \$729,957, primarily due to overall conservative spending and unfilled positions for part of the year.
- Fund balance in excess of the 7 month reserve that is required to be transferred to the Capital Improvement Fund exceeded final budget projections by \$3,474,367.

The Capital Improvement Fund has a total fund balance of \$4,402,501, an increase of \$2,227,852 from the prior year. The major revenue source for the Capital Improvement Fund is Real Estate Investment Fees ("REIF") and a transfer from the General Fund, when there is an excess over required General Fund reserves. The Town's debt service is managed from this fund, as are expenditures for capital projects and equipment. Key factors for 2016 are as follows:

- The Town's debt service for 2016 totaled \$825,480: \$366,871 for 2010 Certificates of Participation; \$100,000 for lease purchase payment for the 1st and Main Street building; \$30,000 for repayment of a loan from the Water Fund and the balance (\$328,609) for equipment leases.
- The Town expended \$3,146,775 on capital projects: \$1,443,951 for completion of Main Street Early Action Plan; \$820,470 for vehicle and equipment purchases, and the remainder (\$882,354) for various street and pathway projects, technology purchases and facility improvements.
- Revenues from REIF exceeded final budget projections by \$89,027.
- A transfer into this fund from the General Fund (see above) exceeded budget by \$3,474,367.

The Town's non-major governmental combined fund balances increased \$361,982.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the Water Fund at the end of the current fiscal year were \$5,765,984 while the Marina Fund reported unrestricted net assets of \$329,366.

Financial Analysis of the Town's Funds (continued)

Budget variances in the General Fund: The Town's General Fund revenues exceeded budget by \$1,542,378 while General Fund expenditures were under budget by \$729,957. Aside from the variance in the amount of required transfer to the Capital Improvement Fund discussed in the fund balance section, the General Fund's significant budget variances are detailed as follows:

<u>Account</u>	Final Budget Variance: Positive (Negative)	<u>Reason</u>
Revenues:		
Sales Taxes	\$712,740	Increased tourism and increased consumer confidence
Other Taxes	126,927	Increased revenues from recreational and medical marijuana taxes and severance tax
Licenses/Permits	5,130	Business and development permits increased, indicating recovery from economic downturn
Investment Income	36,364	Improving interest rates
Charges for Services	616,480	Frisco Adventure Park, special event, recreation fees, fines, and building and facility rents higher than budgeted; assumed operations of Nordic Center
Expenditures:		
General Government	81,671	Lower health insurance fees and liability insurance than final budget
Public Safety	134,500	Vacant positions throughout year
Public Works	252,505	Road, building and vehicle repairs less than anticipated; vacant positions
Culture and Recreation	185,758	Significant savings in seasonal salaries as a result of restructuring responsibilities
Community Development	75,523	Vacant positions throughout year

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, increased due to infrastructure improvements and additions and replacements of equipment and vehicles. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

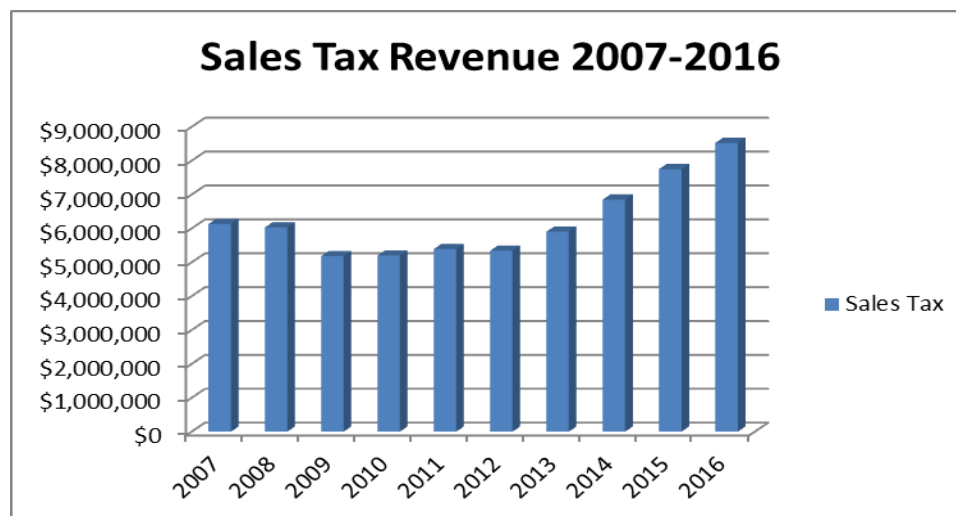
Financial Analysis of the Town's Funds (continued)

Long-term debt: At the end of the current fiscal year, the Town had a total of \$4,391,228 in long-term liabilities, detailed as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
Certificates of Participation:					
Series 2010A	1,035,000	-	(180,000)	855,000	185,000
Series 2010B	2,500,000	-	-	2,500,000	-
Issuance Premium	6,319	-	(1,938)	4,381	-
Net Certificates of Participation	3,541,319	-	(181,938)	3,359,381	185,000
Capital Leases	1,668,247	-	(398,488)	1,269,759	245,062
Compensated Absences	321,139	236,126	(265,889)	291,376	116,550
Total Governmental Activities					
Long-term Liabilities	<u>\$5,530,705</u>	<u>\$236,126</u>	<u>(\$846,315)</u>	<u>\$4,920,516</u>	<u>\$546,612</u>
Business-type Activities:					
Compensated Absences	29,736	37,038	(37,901)	28,873	11,549
Total Business-type Activities					
Long-term Liabilities	<u>\$29,736</u>	<u>\$37,038</u>	<u>(\$37,901)</u>	<u>\$28,873</u>	<u>\$11,549</u>

Additional information regarding the Town's long-term debt can be found in the Notes to the Financial Statements in Section D of this report.

Sales Tax: Sales tax revenues account for approximately 63% of total General Fund revenues and are the primary source for providing funds for general operations and maintenance for the Town of Frisco. The Town began self-collection of City sales tax as of July 1, 2005, which has led to increased collections. The following chart indicates changes in sales tax over the past ten years:



Request for Information:

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Frisco, Finance Director, P.O. Box 4100, Frisco, Colorado 80443.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Frisco, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents - Unrestricted	12,043,522	4,721,304	16,764,826
Cash and cash equivalents - Restricted	319,476	200,448	519,924
Receivables, net:			
Property taxes assessed	147,694	-	147,694
Other taxes	582,535	-	582,535
Intergovernmental	780,234	-	780,234
Employees	23,291	-	23,291
Other	257,549	188,344	445,893
Non-current	16,674	-	16,674
Internal balances	(947,700)	947,700	-
Notes receivable	4,500,000	-	4,500,000
Interest receivable	362,003	-	362,003
Inventories	41,188	67,993	109,181
Prepaid items	1,765	-	1,765
Net pension asset	2,375	-	2,375
Capital assets - Not being depreciated	7,954,195	771,801	8,725,996
Capital assets - net of accumulated depreciation	32,667,840	6,749,962	39,417,802
Total Assets	58,752,641	13,647,552	72,400,193
Deferred Outflows of Resources:			
Deferred charge on refunding	50,090	-	50,090
Pension related deferred outflows	271,806	-	271,806
Total Deferred Outflows of Resources	321,896	-	321,896
Liabilities:			
Accounts payable	1,324,666	1,566	1,326,232
Interest payable	17,571	-	17,571
Unearned revenue	69,752	-	69,752
Deposits payable	121,840	-	121,840
Compensated absences:			
Due within one year	116,550	11,549	128,099
Due in more than one year	174,826	17,324	192,150
Debt payable:			
Due within one year	430,062	-	430,062
Due in more than one year	4,199,078	-	4,199,078
Total Liabilities	6,454,345	30,439	6,484,784
Deferred Inflows of Resources:			
Property taxes	145,373	-	145,373
Pension related deferred inflows	2,802	-	2,802
Total Deferred Inflows of Resources	148,175	-	148,175
Net Position:			
Net Investment in capital assets	36,042,985	7,521,763	43,564,748
Restricted:			
TABOR emergency reserve	468,000	-	468,000
Pensions	2,375	-	2,375
Other purposes	1,709,197	-	1,709,197
Unrestricted	14,249,460	6,095,350	20,344,810
Total Net Position	52,472,017	13,617,113	66,089,130

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

Town of Frisco, Colorado
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	3,372,782	350,659	203,353	-	(2,818,770)		(2,818,770)
Public safety	1,464,245	41,461	121,851	-	(1,300,933)		(1,300,933)
Public works	2,390,051	8,422	-	-	(2,381,629)		(2,381,629)
Community development	1,512,826	194,122	-	30,000	(1,288,704)		(1,288,704)
Culture and recreation	3,098,379	2,998,380	38,734	48,614	(12,651)		(12,651)
Housing	42,728	116,626	-	-	73,898		73,898
Interest on long-term debt	262,753	-	-	-	(262,753)		(262,753)
Total - Governmental activities	<u>12,143,764</u>	<u>3,709,670</u>	<u>363,938</u>	<u>78,614</u>	<u>(7,991,542)</u>		<u>(7,991,542)</u>
Business-type activities:							
Water	954,078	900,407	-	153,241		99,570	99,570
Marina	1,097,277	1,439,922	27,645	-		370,290	370,290
Total - Business-type activities	<u>2,051,355</u>	<u>2,340,329</u>	<u>27,645</u>	<u>153,241</u>		<u>469,860</u>	<u>469,860</u>
Total	<u>14,195,119</u>	<u>6,049,999</u>	<u>391,583</u>	<u>231,855</u>	<u>(7,991,542)</u>	<u>469,860</u>	<u>(7,521,682)</u>
General revenues:							
Taxes:							
Sales and use taxes					8,722,133	-	8,722,133
Real estate transfer taxes					1,389,027	-	1,389,027
Franchise taxes					320,432	-	320,432
Lodging taxes					471,041	-	471,041
Property and specific ownership taxes					151,002	-	151,002
Miscellaneous taxes					356,527	-	356,527
Investment earnings					169,365	37,228	206,593
Gain on asset disposition					25,600	18,749	44,349
Miscellaneous					119,634	-	119,634
Total - General revenues and transfers					<u>11,724,761</u>	<u>55,977</u>	<u>11,780,738</u>
Change in Net Position					3,733,219	525,837	4,259,056
Net Position - January 1					<u>48,738,798</u>	<u>13,091,276</u>	<u>61,830,074</u>
Net Position - December 31					<u>52,472,017</u>	<u>13,617,113</u>	<u>66,089,130</u>

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

FUND FINANCIAL STATEMENTS



Town of Frisco, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non- major Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents - Unrestricted	5,197,481	5,027,760	1,818,281	12,043,522
Cash and cash equivalents - Restricted	350	319,126	-	319,476
Receivables, net of allowance for uncollectible accounts:				
Property taxes	147,694	-	-	147,694
Other taxes	479,644	-	102,891	582,535
Other governments	780,234	-	-	780,234
Employees	23,291	-	-	23,291
Other	249,234	8,315	-	257,549
Non-current	16,674	-	-	16,674
Prepaid items	1,765	-	-	1,765
Inventory	27,994	-	13,194	41,188
Total Assets	<u>6,924,361</u>	<u>5,355,201</u>	<u>1,934,366</u>	<u>14,213,928</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts/vouchers payable	1,180,456	5,000	-	1,185,456
Accrued payroll and related liabilities	139,206	-	-	139,206
Internal balances	-	947,700	-	947,700
Unearned revenue	69,752	-	-	69,752
Deposits payable	121,840	-	-	121,840
Total Liabilities	<u>1,511,254</u>	<u>952,700</u>	<u>-</u>	<u>2,463,954</u>
Deferred inflows of Resources:				
Property taxes	145,373	-	-	145,373
Total Deferred Inflows of Resources	<u>145,373</u>	<u>-</u>	<u>-</u>	<u>145,373</u>
Fund Balances:				
Non spendable	46,433	-	13,194	59,627
Restricted	468,000	319,126	1,709,197	2,496,323
Committed	-	4,083,375	211,975	4,295,350
Assigned	16,396	-	-	16,396
Unassigned	4,736,905	-	-	4,736,905
Total Fund Balance	<u>5,267,734</u>	<u>4,402,501</u>	<u>1,934,366</u>	<u>11,604,601</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>6,924,361</u>	<u>5,355,201</u>	<u>1,934,366</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,622,035
Other long-term assets and deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds.	5,136,180
Long-term liabilities and deferred inflows, including debt payable, interest payable, compensated absences, and pension related deferred inflows, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,890,799)</u>

Net Position of Governmental Activities

52,472,017

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

Town of Frisco, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non- major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	9,345,701	1,389,027	675,434	11,410,162
Licenses, permits, and fees	342,930	-	116,626	459,556
Intergovernmental revenue	203,353	-	61,520	264,873
Charges for services	3,377,061	-	2,118	3,379,179
Investment income	48,364	9,811	9,940	68,115
Capital interest subsidy	-	48,614	-	48,614
Miscellaneous	99,777	11,890	7,967	119,634
Total Revenues	<u>13,417,186</u>	<u>1,459,342</u>	<u>873,605</u>	<u>15,750,133</u>
Expenditures:				
Current:				
General government	3,057,593	1,500	42,323	3,101,416
Public safety	1,464,557	-	-	1,464,557
Community development	1,203,986	-	288,757	1,492,743
Public works	1,680,766	-	-	1,680,766
Culture and recreation	2,274,104	-	180,138	2,454,242
Capital outlay	-	3,146,775	405	3,147,180
Debt service:				
Principal	-	578,488	-	578,488
Interest	-	246,992	-	246,992
Total Expenditures	<u>9,681,006</u>	<u>3,973,755</u>	<u>511,623</u>	<u>14,166,384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,736,180</u>	<u>(2,514,413)</u>	<u>361,982</u>	<u>1,583,749</u>
Other Financing Sources (Uses):				
Interfund transfers	(4,716,665)	4,716,665	-	-
Sale of assets	-	25,600	-	25,600
Total Other Financing Sources (Uses)	<u>(4,716,665)</u>	<u>4,742,265</u>	<u>-</u>	<u>25,600</u>
Net Change in Fund Balances	(980,485)	2,227,852	361,982	1,609,349
Fund Balances - January 1	<u>6,248,219</u>	<u>2,174,649</u>	<u>1,572,384</u>	<u>9,995,252</u>
Fund Balances - December 31	<u>5,267,734</u>	<u>4,402,501</u>	<u>1,934,366</u>	<u>11,604,601</u>

Net Change in Fund Balance of Governmental Funds 1,609,349

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation, adjusted for disposal gain or losses incurred. 1,406,016

The issuance of long-term debt (i.e., certificates of participation and capital leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of principal repayments reported in the governmental funds. 578,488

Some revenues reported in the Statement of Activities do not provide sources of current financial resources and, therefore, are not reported as revenue in governmental funds. 101,250

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 38,116

Change in Net Position of Governmental Activities 3,733,219

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

Town of Frisco, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities		
	Enterprise Fund - Water Fund	Enterprise Fund - Marina Fund	Total
Assets:			
Current assets:			
Cash and cash investments - Unrestricted	4,508,660	212,644	4,721,304
Cash and cash investments - Restricted	-	200,448	200,448
Accounts receivable - Other	187,246	1,098	188,344
Inventories	33,396	34,597	67,993
Total - Current assets	<u>4,729,302</u>	<u>448,787</u>	<u>5,178,089</u>
Long-term assets:			
Internal balances	1,055,382	-	1,055,382
Land and other non depreciable assets	744,210	27,591	771,801
Property, plant and equipment, net of accumulated depreciation	4,090,438	2,659,524	6,749,962
Total - Long-term assets	<u>5,890,030</u>	<u>2,687,115</u>	<u>8,577,145</u>
Total Assets	<u>10,619,332</u>	<u>3,135,902</u>	<u>13,755,234</u>
Liabilities:			
Current liabilities:			
Accounts payable	174	1,392	1,566
Current portion of compensated absences	7,410	4,139	11,549
Total - Current liabilities	<u>7,584</u>	<u>5,531</u>	<u>13,115</u>
Noncurrent liabilities:			
Compensated absences, net of current portion	11,116	6,208	17,324
Internal balances	-	107,682	107,682
Total - Noncurrent liabilities	<u>11,116</u>	<u>113,890</u>	<u>125,006</u>
Total Liabilities	<u>18,700</u>	<u>119,421</u>	<u>138,121</u>
Net Position			
Net investment in capital assets	4,834,648	2,687,115	7,521,763
Unrestricted	5,765,984	329,366	6,095,350
Total Net Position	<u>10,600,632</u>	<u>3,016,481</u>	<u>13,617,113</u>

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

Town of Frisco, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities		
	Enterprise Fund - Water Fund	Enterprise Fund - Marina Fund	Total
Operating Revenues:			
Charges for services	890,734	1,439,922	2,330,656
Water meter sales	8,626	-	8,626
Other operating	1,047	-	1,047
Total Operating Revenues	900,407	1,439,922	2,340,329
Operating Expenses:			
Salaries and benefits	351,141	457,619	808,760
Administrative fees	42,000	20,000	62,000
Professional fees	61,091	28,800	89,891
Supplies	41,288	16,702	57,990
Utilities	48,086	17,436	65,522
Repairs and maintenance	27,179	63,824	91,003
General expenses	54,360	251,584	305,944
Water meter replacements	24,831	-	24,831
Depreciation	304,102	238,610	542,712
Total Operating Expenses	954,078	1,094,575	2,048,653
Operating Income (Loss)	(53,671)	345,347	291,676
Non-Operating Revenue (Expenses):			
State and federal grants	-	27,645	27,645
Investment income	32,989	4,239	37,228
Gain (loss) on asset disposal	9,940	8,809	18,749
Interest expense	-	(2,702)	(2,702)
Total Non-Operating Revenues (Expenses)	42,929	37,991	80,920
Income Before Capital Contributions	(10,742)	383,338	372,596
Capital Contributions:			
Plant investment fees	153,241	-	153,241
Total Capital Contributions	153,241	-	153,241
Change in Net Position	142,499	383,338	525,837
Net Position - January 1	10,458,133	2,633,143	13,091,276
Net Position - December 31	10,600,632	3,016,481	13,617,113

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

Town of Frisco, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities		
	Enterprise Fund - Water Fund	Enterprise Fund - Marina Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers and others	909,619	1,475,404	2,385,023
Cash paid to suppliers for goods and services	(316,977)	(630,162)	(947,139)
Cash paid to employees for services	(346,937)	(462,686)	(809,623)
Net Cash Provided (Used) by Operating Activities	<u>245,705</u>	<u>382,556</u>	<u>628,261</u>
Cash Flows From Noncapital and Related Financing Activities:			
Grants awards	-	27,645	27,645
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>27,645</u>	<u>27,645</u>
Cash Flows From Capital and Related Financing Activities:			
Plant investment fees received	153,241	-	153,241
Sale of capital assets	9,940	14,456	24,396
Interest expense	-	(2,702)	(2,702)
Principal repayments on loan payable	-	(129,298)	(129,298)
Acquisition of capital assets	(262,921)	(84,180)	(347,101)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(99,740)</u>	<u>(201,724)</u>	<u>(301,464)</u>
Cash Flows From Investing Activities:			
Interest received	32,989	4,239	37,228
Principal received on loan receivable	154,698	-	154,698
Net Cash Provided (Used) by Investing Activities	<u>187,687</u>	<u>4,239</u>	<u>191,926</u>
Net Change in Cash and Cash Equivalents	333,652	212,716	546,368
Cash and Cash Equivalents - January 1	<u>4,175,008</u>	<u>200,376</u>	<u>4,375,384</u>
Cash and Cash Equivalents - December 31	<u><u>4,508,660</u></u>	<u><u>413,092</u></u>	<u><u>4,921,752</u></u>
Comprised of:			
Cash and cash investments - Unrestricted	4,508,660	212,644	4,721,304
Cash and cash investments - Restricted	-	200,448	200,448
	<u>4,508,660</u>	<u>413,092</u>	<u>4,921,752</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(53,671)	345,347	291,676
Adjustments:			
Depreciation expense	304,102	238,610	542,712
(Increase) decrease in accounts receivable	9,212	39,991	49,203
Increase (decrease) in accounts payable	(17,094)	628	(16,466)
(Increase) decrease in inventory	(1,048)	(9,433)	(10,481)
Increase (decrease) in deferred revenue	-	(4,509)	(4,509)
Increase (decrease) in due from other funds	-	(223,011)	(223,011)
Increase (decrease) in accrued benefits	4,204	(5,067)	(863)
Total Adjustments	<u>299,376</u>	<u>37,209</u>	<u>336,585</u>
Net Cash Provided (Used) by Operating Activities	<u><u>245,705</u></u>	<u><u>382,556</u></u>	<u><u>628,261</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016

I. Summary of Significant Accounting Policies

The Town of Frisco, Colorado (the "Town") was incorporated in 1988, under the provisions of Article XX of the Colorado Constitution and Municipal Home Rule Act of 1971. The Town operates under an elected Mayor and Town Council. The Town's major operations include public safety, public works, culture and recreation, community development, administration (general government), and operation of water utilities and the marina. The Town is located in Summit County, Colorado.

The Town's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The accompanying financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. There is one blended component unit reported in the Town's financial statements: the Town of Frisco Finance Authority (the "Authority"). The Authority has been blended into the Capital Improvement Fund.

Town of Frisco Finance Authority (the "Authority")

The Authority was formed in 2002 for the purpose of facilitating Town financings, including the acquisition of real estate, property, and improvements for lease to the Town. The Authority issued Certificates of Participation in 2002 to finance improvements to the Frisco Bay Lakefront Park and Marina, and in 2010 to refinance the 2002 series, as well as finance the construction of recreational amenities at the Frisco Adventure Park.

The formation of the Authority was approved by the Town, and its operations are governed by a Board of Directors appointed by the Town Council. Upon dissolution of the Authority and retirement of all liabilities, all property of the Authority is to be transferred to the Town. While the Town is not legally obligated to pay the indebtedness of the Authority, the Town has agreed to consider providing funds, if needed, to the Authority to make the scheduled debt service payments of the Authority.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Government-wide financial statements report on information of all of the activities of the Town and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, public works, culture and recreation, community development, and administration functions are classified as governmental activities. The Water Fund and Marina Fund are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (sales taxes, property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Capital Improvement Fund* accounts for the Town's real estate transfer fees which are restricted by ordinance for the acquisition of and improvements to the Town's governmental assets.

The Town reports the following proprietary or business-type funds:

The *Water Fund* accounts for the provision of water services to the Town's residents.

The *Marina Fund* accounts for rental fees and services and concessions that take place on the Town's lakefront property.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt and compensated absences are recorded only when payment is due.

Franchise fees, licenses, and interest associated with current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Sales and lodging taxes collected by vendors at year end on behalf of the Town are also recognized as revenue if collected within 30 days after year end. Expenditure driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

3. Financial Statement Presentation

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided and other charges between the Town's water function and marina function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the water function.

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are the operation of the water system within the Town and lakefront rentals and concessions. Operating expenses for the enterprise funds includes operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

The Town pools deposits and investments of all funds. Each fund's share of the pool is readily identified by the Town's internal records.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, have been classified as restricted assets on the balance sheet because their use is limited by the applicable covenants. Restricted assets also include certain deposits that have been limited as to usage pursuant to escrow and similar agreements.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Pursuant to its Charter, the Town has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under this policy, the Town may invest in the following type of obligation which corresponds with state statutes:

- U.S. Treasury Obligations
- Federal Instrumentality Securities (AAA)
- Prime Commercial Paper (A1)
- Eligible Bankers Acceptances (A1)
- Repurchase Agreements collateralized by certain authorized securities
- Local Government Investment Pools (AAAm or AAA or AAA/V-1)
- Money Market Mutual Funds (AAAm, AAA, AAA/V-1)
- Negotiable Certificates of Deposit subject to FDIC and / or PDPA
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Inventory and Prepaid Items

All inventories are valued at cost using the first-in, first-out method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Payments to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items in both government-wide and fund financial statements.

4. Pensions

The Town's police department participates in the Statewide Defined Benefit Plan (the "SWDB") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan. The net pension asset (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 plan have been determined using the economic resources measurement focus and the accrual basis of accounting. 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.

5. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, vehicles and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital assets (excluding land) are depreciated, using the straight-line method, over the following estimated useful lives:

Buildings	25 - 40 years
Building improvements	7 - 25 years
Infrastructure	5 - 30 years
Vehicles	5 - 15 years
Equipment	5 - 10 years

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the obligated governmental fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

7. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has two items that qualify for reporting under this category on the government-wide Statement of Net Position: deferred charge on refunding and pension-related deferred outflows.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Pension-related deferred outflows comprise pension contributions made after the measurement date, and the difference between projected and actual earnings, which will be recognized as a reduction of the net pension liability in future periods. For further details, see Note V.E.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in the category. Property taxes, reported in the governmental Balance Sheet and on the Statement of Net Position, are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the Town's net pension obligation are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members. For further details, see Note V.E.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement (continued)

8. Fund Equity

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance. For further details on the various fund balance classifications, refer to Note IV.K.

The Town has adopted a minimum fund balance policy for the General Fund in an amount of seven months of prior year actual expenditures.

9. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Credit Risk

Receivables in the Town's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

3. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund Balance Sheet includes a reconciliation between the fund balance of total governmental funds and the net position of governmental activities as reported in the government-wide Statement of Net Position. One element of the reconciliation explains "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds". This \$40,622,035 difference represents land, property, plant, and equipment of \$59,166,148 less accumulated depreciation of \$18,544,113.

Another element of that reconciliation explains "Other long-term assets and deferred outflows are not available for current period expenditures and therefore are not reported in the funds". This \$5,136,180 difference comprises the balance for the long-term promissory note of \$4,500,000, the related interest receivable of \$362,003 (described further at Note IV.C.), the net pension asset of \$2,375 and pension related deferred outflows of \$271,806. The pension related items are further described at Note V.E.

Additionally, the reconciliation states that long-term liabilities and deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds. This \$4,890,799 difference includes debt payable of \$3,355,000, premium on issuance of \$4,381, capital leases of \$1,269,759, accrued compensated absences of \$291,376, pension-related deferred inflows of \$2,802, interest payable of \$17,571, less deferred debt refunding costs of \$50,090.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between the net change in fund balances of governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$1,406,016 difference represents depreciation of \$1,696,180 less capital outlay of \$3,111,739, adjusted for net activity of sales and trade-ins on disposals of \$9,543.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

The reconciliation also explains that the repayment of long-term debt decreases the current financial resources of the governmental funds, but the transaction does not affect net position. The \$578,488 difference represents principal repayments on certificates of participation of \$180,000 and capital lease repayments of \$398,488.

The reconciliation includes revenues which do not provide sources of current financial resources in the amount of \$101,250 for interest income, as further described in Note IV.C.

The reconciliation also explains that some expenses reported in the Statement of Activities do not require the use of current financial resources. The \$38,116 increase represents an overall net increase of accrued compensation in the amount of \$29,763, a decrease to accrued interest payable of \$15,761, plus net pension revenue of \$24,114.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget and appropriation ordinance is adopted by Town Council in accordance with the Town's Home Rule Charter.

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

The Town followed these procedures in preparing, approving, and enacting its budget for 2016.

- (1) For the 2016 budget year, prior to August 25, 2015, the County Assessor sent to the Town a certified assessed valuation of all taxable property within the Town's boundaries.
- (2) Prior to the end of the 2015 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2015, the Town computed and certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget", the Town adopted the proposed budget and an appropriation resolution which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget ordinance, the Town may make the following changes:
 - a) transfer appropriated money between funds;
 - b) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget;
 - c) approve emergency appropriations; and
 - d) reduce appropriations for which originally estimated revenues are insufficient.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016, and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

Expenditures / expenses in the General Fund and the Marina Fund exceeded their respective appropriations for the year, which may be a violation of Colorado state budget statutes.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$468,000 of the December 31, 2016 year-end fund balance in the General Fund for this purpose, which is the approximate required reserve amount.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

On November 7, 2000, voters of the Town approved a ballot question that permitted the Town to retain and spend all revenues collected in 2001 and subsequent years, without limitation.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds

A. Deposits and Investments

1. Deposits

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of \$250,000, the FDIC-insured limit at each participating institution, must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group. The fair value of the collateral must equal or exceed 102% of the uninsured deposits. At December 31, 2016, the carrying value of the Town's deposits was \$5,818,623. The bank balance of these accounts was \$5,664,116.

At the end of 2016, the Town held deposits and investments with the following maturities:

	Standard & Poor's Rating	Carrying Amounts	Maturities	
			Less than one year	Less than five years
Deposits:				
Petty cash	Not Rated	\$ 4,018	4,018	-
Checking	Not Rated	1,371,375	1,371,375	-
Savings and money market	Not Rated	2,487,235	2,487,235	-
Certificates of deposit	Not Rated	1,955,995	1,249,296	706,699
Investments:				
United States instrumentality	AA+	723,573	-	723,573
Investment pools	AAAm	10,742,554	10,742,554	-
		<u>\$ 17,284,750</u>	<u>15,854,478</u>	<u>1,430,272</u>

The Town's cash and investments are presented on the Statement of Net Position as follows:

Reconciliation to Statement of Net Position:

Cash and investments - Unrestricted	\$ 16,764,826
Cash and investments - Restricted	519,924
Total	<u>\$ 17,284,750</u>

2. Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

2. Fair Value of Investments (continued)

At December 31, 2016, the Town had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Agencies	\$ 723,573	723,573	-	-
Negotiable certificates of deposit	680,458	-	680,458	-
Total	\$ 1,404,031			

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
COLOTRUST	\$ 9,465,910
CSIP	\$ 503,771
C-SAFE	772,873
	\$ 10,742,554

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Negotiable certificates of deposits classified in Level 2 are generally valued based upon a matrix or model pricing method.

Interest Rate Risk: In accordance with the Town's investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twenty-four months. In the event the Town's portfolio consists of callable securities, the final maturity date of the security is used as the maturity of the security in order to disclose the maximum liability in the Town's financial reports.

Credit Risk: State law and Town policy limit investments to those authorized by State statutes including U.S. agencies and 2a7-like pools. The Town's investment policy is to apply the prudent-investor rule: A prudent investor shall exercise the judgment and care, under circumstances prevailing, which men of prudence, discretion and intelligence exercise in the management of the property of one another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital.

Concentration of Credit Risk: The Town diversifies its investments by security type, individual financial institutions, and maturities. Investments may only be made in those financial institutions which are insured by the FDIC, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally authorized mortgage lenders and investments that are federally guaranteed. A minimum of 50% of the investable assets of the Town will be maintained in US Treasury obligations, Federal instrumentality securities, repurchase agreements, and local government investment pools. Financial institutions holding Town funds must provide the Town with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

2. Fair Value of Investments (continued)

Pools: The Town's holdings in investment pools are comprised of balances with COLOTRUST, CSIP and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools.

B. Receivables

Receivables as of December 31, 2016 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Capital Improvement Fund	Summit County Housing 5A	Lodging Tax Fund	Water Fund	Marina Fund	Total
Property taxes	\$ 147,694	-	-	-	-	-	147,694
Other taxes	479,644	-	30,744	72,147	-	-	582,535
Intergovernmental	780,234	-	-	-	-	-	780,234
Employees	23,291	-	-	-	-	-	23,291
Other	249,234	8,315	-	-	187,246	1,098	445,893
Non-current	16,674	-	-	-	-	-	16,674
Gross Receivables	1,696,771	8,315	30,744	72,147	187,246	1,098	1,996,321
Less: Allowance for uncollectibles	-	-	-	-	-	-	-
Net Receivables	\$ 1,696,771	8,315	30,744	72,147	187,246	1,098	1,996,321

C. Governmental Note Receivable

On June 3, 2013, the Town accepted a \$4,500,000 Promissory Note ("Note") from Brynn Grey X, LLC ("Brynn Grey") as proceeds for the sale of land. The Note, which is secured by a Deed of Trust on the land, matures in June 2033, and bears simple interest at 2.25% per annum. However, if Brynn Grey completes construction of certain buildings on the land securing the Note before June 3, 2018, the Note is to bear simple interest at 1.75% per annum. As of December 31, 2016 the Town has accrued interest of \$362,003 on this Note. No payment of interest or principal is due during the first 10 years of the Note's term, with annual blended payments due beginning June 3, 2024 as follows:

2024	\$ 200,000
2025	200,000
2026	200,000
2027	200,000
2028	200,000
2029 - 2032	1,000,000
2033	4,659,587
Total	\$ 6,659,587

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets

Governmental capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 7,954,195	-	-	7,954,195
Construction in progress	4,712,167	-	(4,712,167)	-
Total Capital Assets Not Being Depreciated	<u>12,666,362</u>	<u>-</u>	<u>(4,712,167)</u>	<u>7,954,195</u>
Capital Assets Being Depreciated:				
Buildings and improvements	9,753,105	128,451	-	9,881,556
Infrastructure and improvements	28,148,984	6,706,758	-	34,855,742
Equipment and vehicles	5,679,496	988,697	(193,538)	6,474,655
Total Capital Assets Being Depreciated	<u>43,581,585</u>	<u>7,823,906</u>	<u>(193,538)</u>	<u>51,211,953</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(3,063,139)	(273,991)	-	(3,337,130)
Infrastructure and improvements	(10,354,340)	(845,069)	-	(11,199,409)
Equipment and vehicles	(3,614,449)	(577,120)	183,995	(4,007,574)
Total Accumulated Depreciation	<u>(17,031,928)</u>	<u>(1,696,180)</u>	<u>183,995</u>	<u>(18,544,113)</u>
Total Capital Assets Being Depreciated, Net	<u>26,549,657</u>	<u>6,127,726</u>	<u>(9,543)</u>	<u>32,667,840</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,216,019</u>	<u>6,127,726</u>	<u>(4,721,710)</u>	<u>40,622,035</u>

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Business-type capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land, easements and water rights	\$ 102,562	-	-	102,562
Projects in progress	494,406	174,833	-	669,239
Total Capital Assets Not Being Depreciated	<u>596,968</u>	<u>174,833</u>	<u>-</u>	<u>771,801</u>
Capital Assets Being Depreciated:				
Buildings and improvements	6,063,554	14,082	-	6,077,636
Infrastructure and improvements	7,436,938	64,342	-	7,501,280
Equipment and vehicles	1,662,514	93,844	(31,144)	1,725,214
Total Capital Assets Being Depreciated	<u>15,163,006</u>	<u>172,268</u>	<u>(31,144)</u>	<u>15,304,130</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(3,408,139)	(157,195)	-	(3,565,334)
Infrastructure and improvements	(3,579,343)	(212,989)	-	(3,792,332)
Equipment and vehicles	(1,049,474)	(172,528)	25,500	(1,196,502)
Total Accumulated Depreciation	<u>(8,036,956)</u>	<u>(542,712)</u>	<u>25,500</u>	<u>(8,554,168)</u>
Total Capital Assets Being Depreciated, Net	<u>7,126,050</u>	<u>(370,444)</u>	<u>(5,644)</u>	<u>6,749,962</u>
Business-type Activities Capital Assets, Net	<u>\$ 7,723,018</u>	<u>(195,611)</u>	<u>(5,644)</u>	<u>7,521,763</u>

Depreciation expense for 2016 was charged to Town functions as follows:

Governmental Activities:	
General government	\$ 242,045
Public safety	25,556
Public works	830,684
Community development	15,981
Culture and recreation	581,914
Total Depreciation Expense - Governmental Activities	<u>\$ 1,696,180</u>
Business-type Activities:	
Water Fund	\$ 304,102
Marina Fund	238,610
Total Depreciation Expense - Business-type Activities	<u>\$ 542,712</u>

At December 31, 2016, the Town had \$5,743,932 of fully depreciated assets.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Operating Leases

The Town is committed under various leases for buildings, office space, and equipment. For accounting purposes, these leases are considered to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements.

F. Interfund Receivables, Payables, and Transfers

1. Loan Agreement – Water Fund and Marina Fund

On February 1, 2005, the Town's Marina Fund was authorized to borrow \$1,200,000 from the Town's Water Fund in order to begin operations as a newly formed enterprise fund of the Town. Under the terms of the loan agreement, interest accruing on the outstanding principal amount during the calendar year commencing immediately following January 1 is to equal the highest rate for the closing two-year U.S. Treasury Note rate reported by *Wall Street Journal* plus 0.5%, but not to exceed 10%. Interest accrued on the loan is payable December 1, 2005; December 1, 2006; December 1, 2007; and June 1, 2008. Payments of both principal and interest are due thereafter on December 1 of each year, commencing December 1, 2008 through December 1, 2025.

At December 31, 2016, the principal amount outstanding on this loan was \$107,682. Interest payments made by the Marina Fund to the Water Fund during 2016 totaled \$2,702, representing an interest rate of 1.14% per annum for the year.

2. Loan Agreement – Water Fund and Capital Improvement Fund

Effective December 31, 2014, the Town's Capital Improvement Fund was authorized to borrow \$1,000,000 from the Town's Water Fund in order to pay for Main Street improvements completed in 2014. Interest will be calculated annually on December 1, beginning in 2015 and continuing through 2029, at a rate equal to the average annual interest rate earned on the Town's idle funds during the preceding eleven months as multiplied by amounts outstanding each year at December 1. Beginning in 2015, blended interest and principal payments of \$30,000 will be paid annually through December 1, 2019. Beginning in 2020, payments will include interest plus a portion of the outstanding balance necessary by estimate to result in full payment of the remaining outstanding amount no later than December 1, 2029.

At December 31, 2016, the principal amount outstanding on this loan was \$947,700. Interest payments made by the Capital Improvement Fund to the Water Fund during 2016 totaled \$4,600, representing an interest rate of 0.46% per annum for the year.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Interfund Receivables, Payables, and Transfers (continued)

3. Internal Balances

Balances due between funds at December 31, 2016 were as follows:

<u>Due To</u>	<u>Due From</u>	<u>Balance</u>	<u>Purpose</u>
Water Fund	Marina Fund	\$ 107,682	Start up operations
Water Fund	Capital Fund	\$ 947,700	Main Street improvements

4. Transfers

The following interfund transfers occurred during the year ended December 31, 2016:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount Transferred</u>	<u>Purpose of Transfer</u>
Capital Fund	General Fund	\$ 4,716,665	Fund capital projects

G. Long-term Liabilities – Governmental Activities

The Town has the following long-term debt outstanding for governmental activities:

1. Refunding Certificates of Participation, Series 2010A

On June 3, 2010, the Authority issued \$1,950,000 in Refunding Certificates of Participation to advance refund Series 2002 Certificates of Participation maturing December 1, 2010 through 2021 with total principal due of \$1,765,000 and bearing interest rates from 4% to 5%. The 2010A Refunding Certificates of Participation bear interest ranging from 2% to 4% and mature in annual increments from December 1, 2010 through 2021.

The net proceeds of \$1,917,775 were deposited with UMB Corporate Trust Services, as trustee, to provide for all future debt service payments on the advance refunded Series 2002 certificates. The reacquisition price exceeded the net carrying amount of the old certificates by \$237,706. This amount is being netted against the new debt and amortized over the life of remaining life of the debt.

2. Certificates of Participation (Build America Bonds), Series 2010B

On June 3, 2010, the Authority issued \$2,500,000 of Taxable Certificates of Participation (Taxable Build America Bonds). The Certificates of Participation bear interest ranging from 5.2% to 6.28% and mature in annual increments on December 1, 2021; December 1, 2022; December 1, 2025; and December 1, 2030. The net proceeds of \$2,450,000 were placed with the trustee to be used to finance the construction of recreational facilities located at the Frisco Adventure Park. The Authority has leased the constructed addition to the Town for a period that runs concurrent with the term to maturity of the Series 2010B Certificates of Participation. Lease revenues of the Authority are pledged to service the debt of the Series 2010B Certificates of Participation.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

G. Long-term Liabilities – Governmental Activities (continued)

2. Certificates of Participation (Build America Bonds), Series 2010B (continued)

Under the Build America Bonds program, the Authority will receive a federal subsidy known as the “BAB Credit” equal to 35% of corresponding interest as provided under the American Recovery and Reinvestment Act of 2009. Due to Federal legislation, the Town’s subsidy was reduced to 27.8% for June 2014 and to 20.5% until September 30, 2015. The subsidy rate is not currently determinable beyond September 30, 2015. For 2016, the aggregate BAB Credit totaled \$48,614.

3. Annual Debt Service Requirements

Annual debt service requirements to maturity for governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2017	\$ 185,000	181,399	366,399
2018	195,000	174,924	369,924
2019	200,000	167,612	367,612
2020	210,000	160,112	370,112
2021	215,000	151,712	366,712
2022 - 2026	1,205,000	577,468	1,782,468
2027 - 2030	1,145,000	271,610	1,416,610
Total Governmental Activities	<u>\$ 3,355,000</u>	<u>1,684,837</u>	<u>5,039,837</u>

4. Capital Leases

The Town has entered into lease agreements for heavy equipment, with interest rates ranging between 1.09% and 3.95% per annum. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Capital leases are serviced by the Capital Improvement Fund. The assets acquired under these financing arrangements are recorded as equipment at a gross amount of \$2,242,184 within governmental activities.

Future lease payments for the Town are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2017	\$ 245,062	46,062	291,124
2018	59,012	40,988	100,000
2019	61,373	38,627	100,000
2020	63,827	36,173	100,000
2021	66,381	33,619	100,000
2022 - 2026	373,920	126,080	500,000
2027 - 2031	400,184	45,069	445,253
Total Governmental Activities	<u>\$ 1,269,759</u>	<u>366,618</u>	<u>1,636,377</u>

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Liabilities – Compensated Absences

The Town has a policy allowing the accumulation of paid vacation and sick leave, subject to certain maximum limits. In accordance with GAAP, the Town's approximate liability for vacation pay earned by employees at December 31, 2016 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements. The General Fund has been used in prior years to liquidate the liability for compensated absences.

I. Long-term Liabilities – Debt Service Schedule

Long-term liability activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation:					
Series 2010A	\$ 1,035,000	-	(180,000)	855,000	185,000
Series 2010B	2,500,000	-	-	2,500,000	-
Issuance premium	6,319	-	(1,938)	4,381	-
Net Certificates of Participation	3,541,319	-	(181,938)	3,359,381	185,000
Capital leases	1,668,247	-	(398,488)	1,269,759	245,062
Compensated absences	321,139	236,126	(265,889)	291,376	116,550
Total Governmental Activities Long-term Liabilities	\$ 5,530,705	236,126	(846,315)	4,920,516	546,612
Business-type Activities:					
Compensated absences	\$ 29,736	37,038	(37,901)	28,873	11,549
Total Business-type Activities Long-term Liabilities	\$ 29,736	37,038	(37,901)	28,873	11,549

J. Refunded Bonds

At various dates, the Town has invested proceeds from refunding bond issues in securities issued by the U.S. government and related agencies and held in escrow trust accounts. The amounts placed in these escrow trust accounts and the interest to be earned on the investments have been timed to adequately meet all debt service requirements of the Town's refunded bonds.

The escrow trust accounts are administered by the trustees and are restricted for the retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying financial statements, as the Town is only contingently liable for the refunded debt and therefore, the refunded bonds are considered to be extinguished debt. The Town is unable to determine the amount of defeased bonds outstanding at December 31, 2016.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

K. Fund Balance Disclosures

The Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, and long-term portions of loans receivable.

Spendable Fund Balance:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority, which is the Town Council. The Town Council must take formal action through either an ordinance or a resolution – both of which are equally binding – to establish, modify or rescind committed fund balance amounts.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Council or its management designees. The Town Manager has the authority to establish, modify or rescind assigned fund balance to a specific department or project within a fund, as stated in the Town's adopted financial policies.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

IV. Detailed Notes on all Funds (continued)

K. Fund Balance Disclosures (continued)

As of December 31, 2016, fund balances are composed of the following:

<u>Classification</u>	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Non-spendable:				
Inventories	\$ 27,994	-	13,194	41,188
Prepays	1,765	-	-	1,765
Long-term receivables	16,674	-	-	16,674
Restricted:				
State constitution - TABOR reserve	468,000	-	-	468,000
Debt service	-	319,126	-	319,126
State constitution - Conservation Trust	-	-	47,692	47,692
Voter-approved measure for:				
Affordable housing	-	-	1,235,989	1,235,989
Economic development	-	-	425,516	425,516
Committed:				
Council resolution - Insurance reserve	-	-	200,223	200,223
Council resolution - Open space	-	-	11,752	11,752
Council resolution - Capital projects	-	4,083,375	-	4,083,375
Assigned:				
Due from other governments	8,436	-	-	8,436
Cash held for others	7,960	-	-	7,960
Unassigned	4,736,905	-	-	4,736,905
Total	<u>\$ 5,267,734</u>	<u>4,402,501</u>	<u>1,934,366</u>	<u>11,604,601</u>

V. Other Information

A. Marina Lease Agreement

In 1994, the Town entered into a lease agreement (the "Lease") with the City and County of Denver ("Denver"), through Denver's Board of Water Commissioners (the "Water Board"), whereby the Town was granted the exclusive right to occupy and use certain real property and water surface covering real property at the Dillon Reservoir (collectively, the "Marina Property"). Under the Lease, the Town is authorized to use the Marina Property for marina operations and other recreational activities, as approved by the Water Board. No water rights were granted to the Town through the Lease.

The Lease calls for the Town to pay annual rent equal to 4% of gross revenue generated from the Marina Property from all sources, including mooring fees collected by the Town. The Town incurred an expense of \$52,061 in connection with the Lease during 2016.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

B. Colorado River Cooperative Agreement

In 2014, the Town received \$200,000 via the Summit County Board of Commissioners and their participation in the Colorado River Cooperative Agreement (the "CRCA"). The CRCA is a cooperative agreement with the Denver Water Board and multiple agencies that have an interest in the use and impacts of the Colorado River and its tributaries. The Marina must use the amounts received for pier redevelopment, including the dredging and excavation of the Marina boat mooring and dock areas. At December 31, 2016, the Marina Fund has restricted cash in the amount of \$200,448 to meet required project spending.

C. Deferred Compensation Plan

The Town offers its full time, year round employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code (the "457 Plan"). The 457 Plan permits eligible employees to defer a portion of their salary until future years.

All compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Compensation deferred under the 457 Plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Town does not contribute to the 457 Plan; however, the Town does match participating employees' contributions through a contribution to the Town's 401(a) plan as discussed below. Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service.

Investment decisions within the 457 Plan are determined by the individual participants and, therefore, the 457 Plan's investment concentration varies between participants.

The Town is the Trustee of the 457 Plan and, accordingly, has no liability for losses under the plan. However, the Town does have the duty of due care that would be required of an ordinary prudent investor. Consequently, the 457 Plan is not part of the Town's financial statements.

D. Pension Plan - Section 401(a) Plan

In 2008, the Town established a qualified money purchase pension plan under section 401(a) of the Internal Revenue Code (the "Pension Plan"). The Pension Plan is administered by ICMA Retirement Corporation.

The Pension Plan is a defined contribution plan, in which benefits depend solely on amounts contributed and investment earnings. Employees do not make contributions to the Pension Plan. Rather, the Town makes contributions to the Pension Plan to match a portion of employee contributions to the 457 Plan. Under the terms of the Pension Plan, the Town contributes 3% of each participating employee's salary during the first two years of eligibility and one additional percent for each succeeding year, to a maximum of 7%.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

D. Pension Plan - Section 401(a) Plan (continued)

Town employees are eligible to participate in the Pension Plan upon employment, provided they make elective contributions to the 457 Plan. For employees hired after January 1, 2005, vesting of the Town's contribution is 33% after the first year of employment, with an additional vesting of 33% per year through the third year, when vesting is 100%. Employees hired before January 1, 2005 were 100% vested upon employment.

Pension Plan investment purchases are determined by the individual participants, and therefore, the Pension Plan's investment concentration varies between participants.

The Town's annual pension cost of \$162,396 for the Pension Plan was equal to the Town's required and actual contribution.

The Town may use the plan's forfeitures to pay the costs of the plan or to fund employer contributions. The forfeitures available for spending at December 31, 2016 totaled \$3,202.

While the Town is trustee of the Pension Plan, it has no liability for losses under the Pension Plan. Accordingly, the Pension Plan is not part of the Town's financial statements.

E. FPPA Statewide Defined Benefit Plan

Plan Description: The Statewide Defined Benefit Plan (the "SWDB") is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDB may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Contributions: Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8.5% and 8%, respectively, of base salary for a total contribution rate of 16.5% through 2015. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

The contribution rate for members and employers of affiliated social security employers is 4.25% and 4%, respectively, of base salary for a total contribution rate of 8.25% effective in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. FPPA Statewide Defined Benefit Plan (continued)

Benefits: On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. FPPA Statewide Defined Benefit Plan (continued)

Net Pension Asset: At December 31, 2016, the Town reported an asset of \$2,375 for its proportionate share of the net pension liability. (The Town reported an asset because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on Town contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

At December 31, 2015, the Town proportion was 0.134622%, as compared to 0.137171% at December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension (revenue) expense of \$(24,114).

At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,194	2,802
Change of assumptions or other inputs	37,276	-
Net difference between projected and actual earnings on pension plan investments	120,785	-
Changes in proportionate share of contributions	31,280	-
Difference between actual and reported contributions recognized	480	-
Contributions subsequent to measurement date	62,791	-
	<u>\$ 271,806</u>	<u>2,802</u>

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. 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 Ending December 31,	Amortization
2017	\$ (40,438)
2018	(40,438)
2019	(40,438)
2020	(37,443)
2021	(9,493)
Thereafter	(37,963)
	<u>\$ (206,213)</u>

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

<u>Actuarial Assumptions</u>	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
	2016	2015
Actuarial Valuation Date - January 1	Entry Age	Entry Age
Actuarial method	Normal	Normal
Amortization Method	Level % of Payroll, open	Level % of Payroll, open
Amortization Period	30 years	30 years
Asset Valuation Method	5-Year Smoothed Fair Value	5-Year Smoothed Fair Value
Long-term Investment Rate of Return	7.5%	7.5%
Projected Salary Increases	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
Includes inflation at	2.5%	3.0%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. FPPA Statewide Defined Benefit Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.00%	6.50%
Equity Long / Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.0%*
Total	100.00%	

**While expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized*

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

E. FPPA Statewide Defined Benefit Plan (continued)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Collective net pension liability (asset)	\$246,949,671	(1,762,854)	(208,061,345)
Proportionate share of net pension liability (asset)	\$ 332,450	(2,375)	(280,097)

Pension plan fiduciary net position: Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at: http://www.fppaco.org/annual_reports.htm.

F. Cafeteria Plan

The Town offers a cafeteria compensation plan organized under Section 125 of the Internal Revenue Code, which includes dependent care and health expense reimbursement. No cost to the Town is recognized as the plan is a salary reduction plan.

G. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property, \$600,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2016. The deductible amount paid by the Town for each incident in 2016 was \$1,000; there is no change in coverage from past years. All settlements for the year-ended December 31, 2016 were under the maximum coverage allowed.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

G. Risk Management (continued)

1. Colorado Intergovernmental Risk Sharing Agency (continued)

The Town's share of CIRSA's assets, liabilities and fund equity as of December 31, 2016, (the latest year for which audited data is available) is as follows:

<u>Property and Casualty Pool</u>	<u>Equity Ratio</u>	<u>Share of Surplus (Deficit) Dec. 31/14</u>
Operating Fund (1996-2014)	0.575%	\$ 30,979
Loss Fund (1996-2014)	0.639%	80,106
Pooled Excess Fund (1996-2014)	0.564%	27,690
Reserve Fund (1996-2014)	0.692%	59,989

CIRSA's combined financial information for the year ended December 31, 2016, (the latest year for which audited data is available) is summarized as follows:

Assets:	
Cash and investments	\$ 81,115,367
Other assets	6,139,298
Total assets	<u>\$ 87,254,665</u>
 Total liabilities	 <u>\$ 36,055,129</u>
 Net position	 <u>\$ 51,199,536</u>
 Total revenues	 \$ 26,382,872
Total expenses	(21,353,618)
Change in net position	<u>\$ 5,029,254</u>

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

2. Workers Compensation and Health Insurance

The Town is exposed to various risks of loss related to workers' compensation, unemployment, and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. There is no change in coverage from past years, and settlements have not exceeded coverage for each of the past three fiscal years.

The Town also offers health insurance to certain employees through the City's self-funded health plan with excess coverage underwritten by a commercial carrier. Liabilities for retained risk claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNR").

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2016
(Continued)

V. Other Information (continued)

G. Risk Management (continued)

3. Workers Compensation and Health Insurance (continued)

The following is a summary of the changes in the balances of claims liabilities during 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Unpaid (prepaid) claims, beginning of year	\$ 160,992	114,160
New claims incurred	936,554	1,119,665
Claim payments	<u>(983,747)</u>	<u>(1,072,833)</u>
Unpaid (prepaid) claims, end of year	<u>\$ 113,799</u>	<u>160,992</u>

H. Claims and Contingencies

1. Legal Claims

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. The Town and legal counsel intend to vigorously defend such claims. In the opinion of the Town's management, such claims would 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, 2016.

2. Federal Funds

Funds received from Federal grants and programs are subject to audit and disallowance on ineligible costs. Management of the Town feels any potential questioned or disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Frisco, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
General property	143,577	143,577	143,493	(84)	128,253
Specific ownership	6,000	6,000	7,509	1,509	6,862
City sales tax	3,750,000	4,005,000	4,189,692	184,692	3,842,561
County sales tax	3,800,000	3,800,000	4,328,048	528,048	3,899,533
Franchise fees	319,000	319,000	320,432	1,432	319,524
Other taxes	229,600	229,600	356,527	126,927	302,658
Total - Taxes	8,248,177	8,503,177	9,345,701	842,524	8,499,391
License, Permits and Fees:					
Business and liquor licenses	131,000	131,000	136,954	5,954	132,953
Development	54,500	54,500	69,095	14,595	77,382
Building	150,000	150,000	128,691	(21,309)	200,922
Other	2,300	2,300	8,190	5,890	3,408
Total - License, Permits and Fees	337,800	337,800	342,930	5,130	414,665
Intergovernmental:					
Highway users	105,000	105,000	109,952	4,952	112,278
County road and bridge	65,000	65,000	73,074	8,074	65,423
Grants	6,500	6,500	5,091	(1,409)	10,841
Motor vehicle registration	14,500	14,500	15,236	736	15,644
Total - Intergovernmental	191,000	191,000	203,353	12,353	204,186
Charges for Services:					
Nordic Center	21,775	21,775	155,088	133,313	31,333
Historic Park	15,500	15,500	19,066	3,566	15,784
Special events	544,500	544,500	594,754	50,254	568,263
Recreation fees	255,000	255,000	274,551	19,551	261,864
Frisco Adventure Park fees	1,526,000	1,668,306	1,982,141	313,835	1,866,753
Building rents	40,000	40,000	70,427	30,427	68,207
Fines	153,000	153,000	219,034	66,034	166,348
Administration fees	62,500	62,500	62,000	(500)	62,500
Total - Charges for Services	2,618,275	2,760,581	3,377,061	616,480	3,041,052
Investment Income	12,000	12,000	48,364	36,364	18,748
Miscellaneous:					
Other	70,250	70,250	99,777	29,527	103,500
Total Revenues	11,477,502	11,874,808	13,417,186	1,542,378	12,281,542

(Continued)

Town of Frisco, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)
(Continued)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Expenditures:					
General Government:					
Interdepartmental services	1,879,556	2,134,556	2,007,677	126,879	1,993,979
Legislative	59,668	59,668	63,612	(3,944)	55,737
Finance	251,724	251,724	255,516	(3,792)	246,329
Municipal Court	21,926	21,926	24,420	(2,494)	21,282
Administrative	620,635	620,635	644,671	(24,036)	565,170
Discretionary funds	50,755	50,755	61,697	(10,942)	54,829
Total - General Government	<u>2,884,264</u>	<u>3,139,264</u>	<u>3,057,593</u>	<u>81,671</u>	<u>2,937,326</u>
Public Safety:					
Police and animal control	1,599,057	1,599,057	1,464,557	134,500	1,289,834
Community Development:					
Planning and building department	505,435	505,435	463,961	41,474	453,438
Marketing and communications	514,254	514,254	496,141	18,113	465,645
Community relations	259,820	259,820	243,884	15,936	231,817
Total - Community Development	<u>1,279,509</u>	<u>1,279,509</u>	<u>1,203,986</u>	<u>75,523</u>	<u>1,150,900</u>
Public Works:					
Streets/properties - Maintenance/improvements	1,933,271	1,933,271	1,680,766	252,505	1,635,124
Culture and Recreation:					
Historic Park	235,607	235,607	220,096	15,511	200,360
Special events	702,477	702,477	659,389	43,088	626,763
Recreation	312,196	312,196	304,289	7,907	276,448
Frisco Adventure Park	1,067,276	1,067,276	1,010,537	56,739	898,795
Nordic Center	-	142,306	79,793	62,513	-
Total - Culture and Recreation	<u>2,317,556</u>	<u>2,459,862</u>	<u>2,274,104</u>	<u>185,758</u>	<u>2,002,366</u>
Total Expenditures	<u>10,013,657</u>	<u>10,410,963</u>	<u>9,681,006</u>	<u>729,957</u>	<u>9,015,550</u>
Excess (Deficiency) of Revenues over Expenditures	1,463,845	1,463,845	3,736,180	2,272,335	3,265,992
Other Financing Sources (Uses):					
Transfers (out)	(1,242,298)	(1,242,298)	(4,716,665)	(3,474,367)	(2,915,517)
Total Other Financing Sources (Uses)	<u>(1,242,298)</u>	<u>(1,242,298)</u>	<u>(4,716,665)</u>	<u>(3,474,367)</u>	<u>(2,915,517)</u>
Net Change in Fund Balance	221,547	221,547	(980,485)	(1,202,032)	350,475
Fund Balance - January 1	<u>5,232,210</u>	<u>5,232,210</u>	<u>6,248,219</u>	<u>1,016,009</u>	<u>5,897,744</u>
Fund Balance - December 31	<u>5,453,757</u>	<u>5,453,757</u>	<u>5,267,734</u>	<u>(186,023)</u>	<u>6,248,219</u>

Town of Frisco, Colorado
Schedule of Employer's Proportionate Share of Net Pension (Asset) Liability
Statewide Defined Benefit Plan
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *
(Unaudited)

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's portion of the net pension (asset) liability	0.134622%	0.137171%	0.176403%
Town's proportionate share of the net pension (asset) liability	(2,375)	(154,808)	(157,737)
Town's covered-employee payroll	659,263	618,088	772,725
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	0.4%	25.0%	20.4%
Plan fiduciary net position as a percentage of the total pension (asset) liability	100.10%	106.80%	105.80%

* Information is only available beginning in measurement year 2013.

Notes to the Schedule of Employer's Proportionate Share of the Net Pension (Asset) Liability for the measurement year ended December 31, 2015

Note 1. Changes of assumptions.

Changes to assumptions or other inputs since the January 1, 2015 actuarial valuation are as follows:

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

Town of Frisco, Colorado
Schedule of Town Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *
(Unaudited)

Fiscal year ending December 31,	<u>2015</u>	<u>2014</u>
Contractually required contribution	52,741	49,447
Actual contributions	<u>(52,741)</u>	<u>(49,447)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>
Town's covered-employee payroll	659,263	618,088
Contributions as a percentage of covered-employee payroll	8.0%	8.0%

* Information is only available beginning in measurement year 2014.

Notes to the Schedule of Town Contributions for the Year Ended December 31, 2015

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

SUPPLEMENTARY INFORMATION



Town of Frisco, Colorado
Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Real estate transfer fees	1,300,000	1,300,000	1,389,027	89,027	1,487,185
Investment income	7,000	7,000	9,811	2,811	3,040
Other	-	-	11,890	11,890	-
Capital interest subsidy	48,431	48,431	48,614	183	48,510
Total Revenues	<u>1,355,431</u>	<u>1,355,431</u>	<u>1,459,342</u>	<u>103,911</u>	<u>1,538,735</u>
Expenditures:					
Capital outlay	3,139,723	4,084,723	3,146,775	937,948	5,448,361
Debt service	497,249	497,249	825,480	(328,231)	1,024,580
Agent fees	1,525	1,525	1,500	25	1,537
Total Expenditures	<u>3,638,497</u>	<u>4,583,497</u>	<u>3,973,755</u>	<u>609,742</u>	<u>6,474,478</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,283,066)</u>	<u>(3,228,066)</u>	<u>(2,514,413)</u>	<u>713,653</u>	<u>(4,935,743)</u>
Other Financing Sources (Uses):					
Lease purchase proceeds	-	-	-	-	1,765,000
Sale of asset	10,000	10,000	25,600	15,600	796,590
Transfers in	1,242,298	1,242,298	4,716,665	3,474,367	3,015,517
Total Other Financing Sources (Uses)	<u>1,252,298</u>	<u>1,252,298</u>	<u>4,742,265</u>	<u>3,489,967</u>	<u>5,577,107</u>
Net Change in Fund Balance	(1,030,768)	(1,975,768)	2,227,852	4,203,620	641,364
Fund Balance - January 1	<u>2,457,461</u>	<u>2,457,461</u>	<u>2,174,649</u>	<u>(282,812)</u>	<u>1,533,285</u>
Fund Balance - December 31	<u><u>1,426,693</u></u>	<u><u>481,693</u></u>	<u><u>4,402,501</u></u>	<u><u>3,920,808</u></u>	<u><u>2,174,649</u></u>

Town of Frisco, Colorado
Enterprise Fund - Water Fund
Schedule of Revenues, Expenses and Change in Fund Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Operating Revenues:				
User charges	840,000	890,734	50,734	855,217
Water meter sales	20,000	8,626	(11,374)	33,436
Other operating	500	1,047	547	2,353
Total Operating Revenues	<u>860,500</u>	<u>900,407</u>	<u>39,907</u>	<u>891,006</u>
Operating Expenses:				
Salaries and benefits	371,416	351,141	20,275	308,467
Administrative fees	42,000	42,000	-	42,500
Professional fees	82,000	61,091	20,909	64,187
Supplies and chemicals	26,500	41,288	(14,788)	31,945
Utilities	52,000	48,086	3,914	60,366
Repair and maintenance	32,000	27,179	4,821	64,970
General expenses	57,650	54,360	3,290	51,379
Capital outlay	894,500	262,921	631,579	79,563
Water meter replacements	25,000	24,831	169	42,730
Total Expenses	<u>1,583,066</u>	<u>912,897</u>	<u>670,169</u>	<u>746,107</u>
Operating Income (Loss) - Budget Basis	<u>(722,566)</u>	<u>(12,490)</u>	<u>710,076</u>	<u>144,899</u>
Non-operating Revenues (Expenses):				
Principal repayment	132,000	154,698	22,698	160,462
Plant investment fees	110,000	153,241	43,241	117,137
Gain (loss) on asset disposal	-	9,940	9,940	-
Investment income	16,000	32,989	16,989	17,393
Total Non-operating Revenues (Expenses)	<u>258,000</u>	<u>350,868</u>	<u>92,868</u>	<u>294,992</u>
Change in Net Assets - Budget Basis	<u>(464,566)</u>	338,378	<u>802,944</u>	439,891
Reconciliation to GAAP Basis:				
Adjustments:				
Loan repayment		(154,698)		(160,462)
Capitalized assets		262,921		79,563
Depreciation		(304,102)		(317,770)
Change in Net Position - GAAP Basis		<u>142,499</u>		<u>41,222</u>

Town of Frisco, Colorado
Enterprise Fund - Marina Fund
Schedule of Revenues, Expenses and Change in Fund Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Operating Revenues:				
User charges	1,032,350	1,439,922	407,572	1,288,181
Total Operating Revenues	<u>1,032,350</u>	<u>1,439,922</u>	<u>407,572</u>	<u>1,288,181</u>
Operating Expenses:				
Salaries and benefits	409,643	457,619	(47,976)	388,318
Administrative fees	20,000	20,000	-	20,000
Professional fees	19,716	28,800	(9,084)	28,922
Supplies	41,400	16,702	24,698	63,822
Utilities	25,000	17,436	7,564	26,544
Repair and maintenance	56,000	63,824	(7,824)	57,226
General expenses	182,800	251,584	(68,784)	195,856
Capital outlay	127,000	84,180	42,820	277,201
Total Expenses	<u>881,559</u>	<u>940,145</u>	<u>(58,586)</u>	<u>1,057,889</u>
Operating Income (Loss) - Budget Basis	<u>150,791</u>	<u>499,777</u>	<u>348,986</u>	<u>230,292</u>
Non-operating Revenues (Expenses):				
State and federal grants	25,000	27,645	2,645	26,385
Intergovernmental	400	-	(400)	-
Investment income	-	4,239	4,239	348
Gain (loss) on asset disposal	5,000	8,809	3,809	11,511
Principal repayment	(121,600)	(129,298)	(7,698)	(128,528)
Interest expense	(10,400)	(2,702)	7,698	(3,472)
Total Non-operating Revenues (Expenses)	<u>(101,600)</u>	<u>(91,307)</u>	<u>10,293</u>	<u>(93,756)</u>
Change in Net Assets - Budget Basis	<u>49,191</u>	<u>408,470</u>	<u>359,279</u>	<u>136,536</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Principal repayment		129,298		128,528
Capitalized assets		84,180		277,201
Depreciation		(238,610)		(232,263)
Change in Net Position - GAAP Basis		<u>383,338</u>		<u>310,002</u>

NON-MAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Conservation Trust Fund – This fund is used to account for receipt and disbursement of lottery funds. Each year the State of Colorado distributes a percentage of profits from the sale of lottery tickets to municipalities which may only be used to maintain, acquire or construct recreational facilities, park facilities or open space.

Summit County Housing Authority 5A Fund – This fund is used to account for the voter approved temporary (10 year) sales and use tax of .125% and a development impact fee of two dollars or less per square foot of new construction to be used for affordable housing purposes.

Insurance Reserve Fund – This fund was established by resolution in 2005 to set aside an amount equivalent to six months' of insurance expenditures to cover substantial insurance claims and unforeseen increases in the cost of providing insurance.

Lodging Tax Fund – This fund accounts for the voter approved 2.35% tax imposed on lodging establishments. Expenditures are restricted to economic development, special events, advertising and promotion, recreation amenities and similar use.

Open Space Fund – This fund accounts for the acquisition and maintenance of open space.



**Town of Frisco, Colorado
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2016**

	Special Revenue Funds					Total Non-major Governmental Funds
	Conservation Trust Fund	Summit County Housing Authority 5A Fund	Insurance Reserve Fund	Lodging Tax Fund	Open Space Fund	
Assets:						
Cash and cash equivalents - Unrestricted	47,692	1,205,245	200,223	353,369	11,752	1,818,281
Receivables, net of allowance for uncollectible accounts:						
Other taxes	-	30,744	-	72,147	-	102,891
Inventory	-	-	-	13,194	-	13,194
Total Assets	<u>47,692</u>	<u>1,235,989</u>	<u>200,223</u>	<u>438,710</u>	<u>11,752</u>	<u>1,934,366</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts/vouchers payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Non spendable	-	-	-	13,194	-	13,194
Restricted	47,692	1,235,989	-	425,516	-	1,709,197
Committed	-	-	200,223	-	11,752	211,975
Total Fund Balances	<u>47,692</u>	<u>1,235,989</u>	<u>200,223</u>	<u>438,710</u>	<u>11,752</u>	<u>1,934,366</u>
Total Liabilities and Fund Balances	<u>47,692</u>	<u>1,235,989</u>	<u>200,223</u>	<u>438,710</u>	<u>11,752</u>	<u>1,934,366</u>

Town of Frisco, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds					Total Non-major Governmental Funds
	Conservation Trust Fund	Summit County Housing Authority 5A Fund	Insurance Reserve Fund	Lodging Tax Fund	Open Space Fund	
Revenues:						
Taxes	-	204,393	-	471,041	-	675,434
Licenses, permits, and fees	-	116,626	-	-	-	116,626
Intergovernmental revenue	31,520	-	-	30,000	-	61,520
Charges for services	-	-	-	2,118	-	2,118
Investment income	358	6,132	1,158	2,224	68	9,940
Miscellaneous	-	-	-	7,967	-	7,967
Total Revenues	31,878	327,151	1,158	513,350	68	873,605
Expenditures:						
General government	-	42,323	-	-	-	42,323
Community development	-	-	-	288,757	-	288,757
Culture and recreation	52,884	-	-	127,254	-	180,138
Capital outlay	-	405	-	-	-	405
Total Expenditures	52,884	42,728	-	416,011	-	511,623
Net Change in Fund Balances	(21,006)	284,423	1,158	97,339	68	361,982
Fund Balances - January 1	68,698	951,566	199,065	341,371	11,684	1,572,384
Fund Balances - December 31	47,692	1,235,989	200,223	438,710	11,752	1,934,366

Town of Frisco, Colorado
Special Revenue Funds - Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Intergovernmental - Lottery proceeds	26,000	31,520	5,520	26,489
Investment income	100	358	258	201
Total Revenues	<u>26,100</u>	<u>31,878</u>	<u>5,778</u>	<u>26,690</u>
Expenditures:				
Culture and recreation	53,000	52,884	116	25,885
Total Expenditures	<u>53,000</u>	<u>52,884</u>	<u>116</u>	<u>25,885</u>
Net Change in Fund Balance	(26,900)	(21,006)	5,894	805
Fund Balance - January 1	<u>66,493</u>	<u>68,698</u>	<u>2,205</u>	<u>67,893</u>
Fund Balance - December 31	<u><u>39,593</u></u>	<u><u>47,692</u></u>	<u><u>8,099</u></u>	<u><u>68,698</u></u>

Town of Frisco, Colorado
Special Revenue Funds - Summit County Housing Authority 5A Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	<u>2016</u>			Final Budget Variance Positive (Negative)	<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
County sales tax	170,000	170,000	204,393	34,393	186,973
Developer impact fees	50,000	50,000	116,626	66,626	139,848
Investment income	1,500	1,500	6,132	4,632	1,926
Total Revenues	<u>221,500</u>	<u>221,500</u>	<u>327,151</u>	<u>105,651</u>	<u>328,747</u>
Expenditures:					
Administration	45,000	45,000	42,323	2,677	35,962
Capital outlay	-	60,000	405	59,595	33,129
Total Expenditures	<u>45,000</u>	<u>105,000</u>	<u>42,728</u>	<u>62,272</u>	<u>69,091</u>
Net Change in Fund Balance	176,500	116,500	284,423	167,923	259,656
Fund Balance - January 1	<u>733,408</u>	<u>733,408</u>	<u>951,566</u>	<u>218,158</u>	<u>691,910</u>
Fund Balance - December 31	<u>909,908</u>	<u>849,908</u>	<u>1,235,989</u>	<u>386,081</u>	<u>951,566</u>

Town of Frisco, Colorado
Special Revenue Funds - Insurance Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	600	1,158	558	537
Total Revenues	600	1,158	558	537
Expenditures:				
Claims liability	65,000	-	65,000	-
Total Expenditures	65,000	-	65,000	-
Net Change in Fund Balance	(64,400)	1,158	65,558	537
Fund Balance - January 1	199,129	199,065	(64)	198,528
Fund Balance - December 31	134,729	200,223	65,494	199,065

Town of Frisco, Colorado
Special Revenue Funds - Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016		Final Budget Variance Positive (Negative)	2015
	Original and Final Budget	Actual		Actual
Revenues:				
Lodging tax	395,000	471,041	76,041	426,458
Local grants	30,000	30,000	-	30,000
Charges for services	1,250	2,118	868	974
Investment income	800	2,224	1,424	975
Other income	14,800	7,967	(6,833)	13,420
Total Revenues	441,850	513,350	71,500	471,827
Expenditures:				
Culture and recreation	167,200	127,254	39,946	216,680
Community development	314,939	288,757	26,182	247,125
Total Expenditures	482,139	416,011	66,128	463,805
Net Change in Fund Balance	(40,289)	97,339	137,628	8,022
Fund Balance - January 1	275,031	341,371	66,340	333,349
Fund Balance - December 31	234,742	438,710	203,968	341,371

Town of Frisco, Colorado
Special Revenue Funds - Open Space Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	<u>2016</u>		Final Budget Variance Positive (Negative)	<u>2015</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	200	68	(132)	275
Total Revenues	<u>200</u>	<u>68</u>	<u>(132)</u>	<u>275</u>
Expenditures:				
Culture and recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>200</u>	<u>68</u>	<u>(132)</u>	<u>275</u>
Other Financing Sources (Uses)				
Transfers (Out) - Capital Improvement Fund	-	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balance	200	68	(132)	(99,725)
Fund Balance - January 1	<u>11,609</u>	<u>11,684</u>	<u>75</u>	<u>111,409</u>
Fund Balance - December 31	<u><u>11,809</u></u>	<u><u>11,752</u></u>	<u><u>(57)</u></u>	<u><u>11,684</u></u>

Town of Frisco, Colorado
Capital Improvement Fund
Schedule of Capital Outlay Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016			Final Budget Variance Positive (Negative)	2015
	Original Budget	Final Budget	Actual		Actual
Capital Outlay:					
Asphalt overlay and resurface road	350,000	350,000	217,195	132,805	54,527
Bike path system upgrades	50,000	50,000	51,286	(1,286)	14,435
Community care center	-	20,000	20,000	-	-
Community survey	-	-	-	-	3,450
Computers and technology	66,092	66,092	49,820	16,272	70,314
Cost of issuance	-	-	-	-	39,160
Curb replacement	40,000	40,000	41,389	(1,389)	-
Environmental sustainability	30,000	30,000	30,000	-	30,000
Equipment and vehicle leases	388,631	388,631	23,343	365,288	30,647
Facility capital repair	214,000	214,000	144,090	69,910	62,340
First and Main building	-	-	9,016	(9,016)	2,597
Main St. master plan early action	1,300,000	1,600,000	1,443,951	156,049	3,152,188
Peninsula forestry management	25,000	25,000	22,826	2,174	6,269
PRA plan implementation	-	-	11,699	(11,699)	97,360
Property purchases	-	-	-	-	1,200,000
Summit Blvd. masonry work	200,000	200,000	142,562	57,438	100,000
Tiller-snowcat	-	-	1,508	(1,508)	-
Trails enhancement	75,000	75,000	69,061	5,939	-
Vehicles and equipment	301,000	926,000	820,470	105,530	575,574
Wayfinding	50,000	50,000	29,150	20,850	-
Zoning code update	50,000	50,000	19,409	30,591	9,500
Total Expenditures - Capital Outlay	3,139,723	4,084,723	3,146,775	937,948	5,448,361

LOCAL HIGHWAY FINANCE REPORT



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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Frisco
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of Town of Frisco)	Prepared By: Phone:	Chad M. Most, Revenue Specialist (970) 668-9127

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,940,557
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	80,022
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	819,547	b. Snow and ice removal	282,189
3. Other local imposts (from page 2)	1,720,491	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	282,189
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	361,877
a. Bonds - Original Issues		6. Total (1 through 5)	2,664,645
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,540,038	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	124,607	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,664,645	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)	2,664,645

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,664,645	2,664,645	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	
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	
1. Sales Taxes		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	1,720,490	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,720,490	h. Other	
c. Total (a. + b.)	1,720,490	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	109,952	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	14,655	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,655	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	124,607	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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		30,477	30,477
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		435,379	435,379
(4). System Enhancement & Operation		1,474,701	1,474,701
(5). Total Construction (1) + (2) + (3) + (4)	0	1,910,080	1,910,080
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,940,557	1,940,557
			(Carry forward to page 1)
Notes and Comments:			

STATISTICAL SECTION

This part of the Town of Frisco's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the government's most significant local revenue source: Town and county sales tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help readers understand how the information in the government's financial report relates to the services the government provides and the activities it performs.



Town of Frisco, Colorado
Government-wide Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 25,446,877	\$ 26,874,051	\$ 27,154,318	\$ 29,823,965	\$ 30,848,672	\$ 30,105,686	\$ 30,243,989	\$ 32,040,179	\$ 34,078,693	\$ 36,042,985
Restricted	312,000	330,000	275,000	442,000	781,946	869,064	880,133	1,136,803	1,980,373	2,179,572
Unrestricted	<u>14,316,244</u>	<u>13,721,221</u>	<u>12,581,617</u>	<u>8,808,664</u>	<u>6,648,940</u>	<u>8,017,252</u>	<u>12,710,588</u>	<u>12,037,042</u>	<u>12,679,733</u>	<u>14,249,460</u>
Subtotal Governmental Activities Net Position	<u>40,075,121</u>	<u>40,925,272</u>	<u>40,010,935</u>	<u>39,074,629</u>	<u>38,279,558</u>	<u>38,992,002</u>	<u>43,834,710</u>	<u>45,214,024</u>	<u>48,738,799</u>	<u>52,472,017</u>
Business-type Activities										
Net Investment in Capital Assets	4,905,815	7,504,391	7,612,836	7,857,164	7,762,155	7,999,727	7,802,593	7,948,393	7,723,018	7,521,763
Unrestricted	<u>6,237,680</u>	<u>4,054,324</u>	<u>4,062,075</u>	<u>3,877,339</u>	<u>4,064,798</u>	<u>3,992,272</u>	<u>4,505,019</u>	<u>4,791,659</u>	<u>5,368,258</u>	<u>6,095,350</u>
Subtotal Business-type Activities Net Position	<u>11,143,495</u>	<u>11,558,715</u>	<u>11,674,911</u>	<u>11,734,503</u>	<u>11,826,953</u>	<u>11,991,999</u>	<u>12,307,612</u>	<u>12,740,052</u>	<u>13,091,276</u>	<u>13,617,113</u>
Total Primary Government Net Position	<u>\$ 51,218,616</u>	<u>\$ 52,483,987</u>	<u>\$ 51,685,846</u>	<u>\$ 50,809,132</u>	<u>\$ 50,106,511</u>	<u>\$ 50,984,001</u>	<u>\$ 56,142,322</u>	<u>\$ 57,954,076</u>	<u>\$ 61,830,075</u>	<u>\$ 66,089,130</u>

Town of Frisco, Colorado
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 2,128,358	\$ 2,335,984	\$ 2,392,573	\$ 2,636,309	\$ 2,560,698	\$ 2,618,326	\$ 2,813,821	\$ 3,014,175	\$ 3,215,368	\$ 3,372,782
Public Safety	1,186,645	1,325,704	1,400,453	1,302,380	1,272,798	1,353,334	1,441,587	1,450,837	1,311,274	1,464,245
Public Works	2,284,503	2,422,999	2,630,715	2,331,184	2,772,067	2,523,672	2,463,718	2,661,950	2,604,258	2,390,051
Community Development	983,463	1,215,797	1,271,179	1,153,120	1,191,969	1,051,224	1,186,800	1,194,044	1,422,842	1,512,826
Culture and Recreation	1,136,151	1,298,595	1,140,096	1,498,443	2,098,979	2,387,598	2,665,626	2,813,730	2,673,080	3,098,379
Housing	27,822	75,881	20,929	196,697	198,887	171,015	201,348	179,043	69,091	42,728
Interest on long-term debt	89,500	96,825	101,220	163,719	268,101	238,667	246,315	228,200	271,129	262,753
Total Governmental Activities Expenses	7,836,442	8,771,785	8,957,165	9,281,852	10,363,499	10,343,836	11,019,215	11,541,979	11,567,042	12,143,764
Business-type Activities:										
Interest on long-term debt	63,600	53,640	23,158	14,336	7,665	5,824	4,840	4,144	3,427	2,702
Water Fund	699,536	635,490	697,749	775,773	771,209	823,419	875,880	1,025,562	1,016,423	1,097,277
Marina Fund	625,099	670,489	744,159	802,476	858,980	944,530	874,024	977,565	980,887	951,376
Total Business-type Activities Expenses	1,388,235	1,359,619	1,465,066	1,592,585	1,637,854	1,773,773	1,754,744	2,007,271	2,000,737	2,051,355
Total Primary Government Expenses	9,224,677	10,131,404	10,422,231	10,874,437	12,001,353	12,117,609	12,773,959	13,549,250	13,567,779	14,195,119
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	208,708	243,926	236,199	287,911	287,617	298,642	339,703	439,635	433,333	350,659
Public Safety	10,355	11,140	23,278	24,407	19,982	26,717	31,499	26,898	19,356	41,461
Public Works	12,333	12,044	10,480	17,819	23,530	15,830	13,052	9,447	10,997	8,422
Community Development	178,589	231,622	206,798	209,383	225,698	213,588	263,445	274,096	287,170	194,122
Culture and Recreation	332,952	378,719	463,878	680,245	1,246,113	1,550,609	2,048,170	2,184,285	2,708,891	2,998,380
Housing	6,300	39,957	71,914	53,040	58,691	76,515	54,950	200,279	139,848	116,626
Operating Grants and Contributions	256,768	215,884	254,764	237,379	235,399	233,261	225,754	306,029	323,147	363,938
Capital Grants and Contributions	906,059	5,000	30,000	64,645	182,189	188,375	396,097	112,228	78,510	78,614
Total Governmental Activities Program Revenues	1,912,064	1,138,292	1,297,311	1,574,829	2,279,219	2,603,537	3,372,670	3,552,897	4,001,252	4,152,222
Business-type Activities:										
Charges for Services:										
Water	692,500	735,095	793,588	804,291	885,274	804,159	1,112,007	802,865	891,006	900,407
Marina	767,474	790,298	741,687	764,486	827,234	751,417	793,406	1,021,668	1,288,181	1,439,922
Operating Grants and Contributions	535	2,789	26,837	20,982	20,868	4,975	18,915	26,376	26,385	27,645
Capital Grants and Contributions	147,002	12,010	-	36,226	-	-	104,046	532,386	117,137	153,241
Total Business-type Activities Program Revenues	1,607,511	1,540,192	1,562,112	1,625,985	1,733,376	1,560,551	2,028,374	2,383,295	2,322,709	2,521,215
Total Program Revenues	3,519,575	2,678,484	2,859,423	3,200,814	4,012,595	4,164,088	5,401,044	5,936,192	6,323,961	6,673,437
Net (Expense)/Revenue										
Governmental Activities	(5,834,878)	(7,536,668)	(7,558,634)	(7,543,304)	(7,816,179)	(7,501,632)	(7,400,230)	(7,760,882)	(7,294,661)	(7,728,789)
Business-type Activities	282,876	234,213	120,204	47,736	103,187	(207,398)	278,470	380,168	325,399	472,562
Interest on Long Term Debt	(153,100)	(150,465)	(124,378)	(178,055)	(275,766)	(244,491)	(251,155)	(232,344)	(274,556)	(265,455)
Total Primary Government Net (Expense) Revenue	(5,705,102)	(7,452,920)	(7,562,808)	(7,673,623)	(7,988,758)	(7,953,521)	(7,372,915)	(7,613,058)	(7,243,818)	(7,521,682)
General Revenues and Transfers										
Governmental Activities:										
Taxes:										
Property Taxes	110,603	133,809	134,281	165,309	163,923	131,194	133,336	133,516	135,115	151,002
Sales and use Taxes	6,319,048	6,227,472	5,323,363	5,342,233	5,513,403	5,675,383	6,044,997	7,006,282	7,929,300	8,722,133
Real Estate Transfer Tax	1,488,980	753,312	501,254	565,093	792,486	805,152	920,533	1,044,365	1,487,185	1,389,027
Franchise Taxes	268,928	307,143	279,227	297,721	300,992	287,203	313,906	328,507	319,524	320,432
Lodging Taxes	319,885	324,085	246,741	239,089	261,429	285,434	325,768	388,199	426,458	471,041
Other Taxes	28,488	27,629	38,926	25,871	27,602	57,740	55,795	179,962	302,658	366,527
Transfers	35,000	41,000	41,000	42,500	42,500	62,500	(21,445)	-	-	-
Interest and Other	820,644	669,194	180,725	92,901	186,874	1,148,141	4,716,360	287,565	283,144	314,599
Total General Activities	9,391,576	8,483,644	6,745,517	6,770,717	7,289,209	8,452,747	12,489,250	9,368,396	10,883,384	11,724,761
Business-type Activities										
Transfers	(35,000)	(41,000)	(41,000)	(42,500)	(42,500)	(62,500)	21,445	-	-	-
Interest and Other	344,184	275,647	60,153	68,689	39,430	440,771	20,538	56,416	29,252	55,977
Total Business-type Activities	309,184	234,647	19,153	26,189	(3,070)	378,271	41,983	56,416	29,252	55,977
Total General Revenues and Transfers	9,700,760	8,718,291	6,764,670	6,796,906	7,286,139	8,831,018	12,531,233	9,424,812	10,912,636	11,780,738
Changes in Net Position										
Governmental Activities	3,467,198	850,151	(914,337)	(936,306)	(795,071)	712,448	4,842,705	1,379,314	3,317,594	3,733,219
Business-type Activities	528,460	415,220	116,199	59,589	92,452	165,049	315,613	432,440	351,224	525,837
Total Government Changes in Net Position	\$ 3,995,658	\$ 1,265,371	\$ (798,138)	\$ (876,717)	\$ (702,619)	\$ 877,497	\$ 5,158,318	\$ 1,811,754	\$ 3,668,818	\$ 4,259,056

Town of Frisco, Colorado
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011 (*)	2012	2013	2014	2015	2016
General Fund										
Reserved for:										
Prepaid items and inventory	\$ 3,514	\$ 16,964	\$ 2,172	\$ 23,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term loans receivable	-	-	27,539	23,920	-	-	-	-	-	-
Emergencies	312,000	330,000	275,000	442,000	-	-	-	-	-	-
Unreserved:										
Designated for capital projects	10,000	10,000	10,000	10,000	-	-	-	-	-	-
Undesignated, reported in:										
General Fund	5,144,127	3,825,701	3,636,267	2,462,794	-	-	-	-	-	-
Non-Spendable	-	-	-	-	40,412	40,865	63,151	54,861	49,193	46,433
Restricted	-	-	-	-	309,000	350,000	332,000	377,000	478,000	468,000
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	195,282	425,285	497,510	419,941	244,002	16,396
Unassigned	-	-	-	-	2,631,208	2,944,642	3,767,001	5,045,942	5,477,024	4,736,905
Total General Fund	5,469,641	4,182,665	3,950,978	2,962,611	3,175,902	3,760,792	4,659,662	5,897,744	6,248,219	5,267,734
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Designated for capital projects	-	-	-	274,861	-	-	-	-	-	-
Capital Improvement Fund	6,263,308	5,956,550	4,877,677	3,898,350	-	-	-	-	-	-
Other Non-Major Governmental Funds	2,574,401	2,963,925	3,101,548	1,188,048	-	-	-	-	-	-
Non-Spendable	-	-	-	-	-	-	-	-	14,070	13,194
Restricted	-	-	-	-	472,946	519,064	865,682	1,077,331	1,665,273	2,028,323
Committed	-	-	-	-	658,159	633,174	608,475	643,286	2,067,690	4,295,350
Assigned	-	-	-	-	3,232,313	4,064,942	3,169,091	1,215,757	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	8,837,709	8,920,475	7,979,225	5,361,259	4,363,418	5,217,180	4,643,248	2,936,374	3,747,033	6,336,867
Total Governmental Funds										
Reserved	315,514	346,964	304,711	489,817	-	-	-	-	-	-
Unreserved	13,991,836	12,756,176	11,625,492	7,834,053	-	-	-	-	-	-
Non-Spendable	-	-	-	-	40,412	40,865	63,151	54,861	63,263	59,627
Restricted	-	-	-	-	781,946	869,064	1,197,682	1,454,331	2,143,273	2,496,323
Committed	-	-	-	-	658,159	633,174	608,475	643,286	2,067,690	4,295,350
Assigned	-	-	-	-	3,427,595	4,490,227	3,666,601	1,635,698	244,002	16,396
Unassigned	-	-	-	-	2,631,208	2,944,642	3,767,001	5,045,942	5,477,024	4,736,905
Total Governmental Funds Balance	\$ 14,307,350	\$ 13,103,140	\$ 11,930,203	\$ 8,323,870	\$ 7,539,320	\$ 8,977,972	\$ 9,302,910	\$ 8,834,118	\$ 9,995,252	\$ 11,604,601

Town of Frisco, Colorado
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes	\$ 8,535,932	\$ 7,773,449	\$ 6,523,791	\$ 6,636,888	\$ 7,059,836	\$ 7,242,107	\$ 7,794,319	\$ 9,080,831	\$ 10,600,007	\$ 11,410,162
Licenses, Permits, and Fees	244,122	335,415	320,102	348,234	366,526	379,410	429,595	604,633	554,513	459,556
Intergovernmental Revenue	1,153,576	217,384	268,260	269,820	359,307	353,497	249,217	251,625	260,675	264,873
Charges for Services	525,524	600,479	689,490	919,204	1,473,766	1,810,988	2,299,298	2,527,796	3,042,026	3,379,179
Investment Income	788,731	555,535	141,463	79,631	46,219	24,054	18,426	26,019	25,702	68,115
Capital Interest Subsidy	-	-	-	-	52,189	52,189	48,040	48,405	48,510	48,614
Reimbursements	-	-	-	-	-	-	318,057	33,823	-	-
Miscellaneous	34,268	47,330	70,845	71,026	128,057	135,166	94,419	97,401	116,920	119,634
Total Revenues	<u>11,282,153</u>	<u>9,529,592</u>	<u>8,013,951</u>	<u>8,324,803</u>	<u>9,485,900</u>	<u>9,997,411</u>	<u>11,251,371</u>	<u>12,670,533</u>	<u>14,648,353</u>	<u>15,750,133</u>
Expenditures										
General Government	2,379,635	2,806,355	2,300,605	2,344,072	2,392,648	2,233,891	2,501,631	2,869,845	2,974,825	3,101,416
Public Safety	1,147,971	1,276,684	1,301,162	1,247,748	1,222,019	1,316,176	1,411,394	1,405,463	1,289,834	1,464,557
Community Development	971,211	943,756	1,255,222	1,153,994	1,232,307	1,229,758	1,347,553	1,327,128	1,398,025	1,492,743
Public Works	1,405,195	1,666,111	1,597,000	1,627,492	1,703,666	1,674,290	1,700,686	1,748,004	1,635,124	1,680,766
Culture and Recreation	1,004,832	1,037,820	1,037,660	1,436,439	1,599,962	1,773,975	1,939,011	2,068,343	2,244,931	2,454,242
Capital Outlay	4,049,145	2,944,567	1,463,891	6,578,913	1,695,474	779,913	1,819,204	3,479,100	5,481,490	3,147,180
Debt Service:										
Principal	142,161	267,979	172,778	219,186	277,534	409,078	502,582	665,122	780,197	578,488
Interest	103,899	98,208	95,368	146,135	219,859	828,328	211,538	206,668	244,383	246,992
Total Expenditures	<u>11,204,049</u>	<u>11,041,480</u>	<u>9,223,686</u>	<u>14,753,979</u>	<u>10,343,469</u>	<u>10,245,409</u>	<u>11,433,599</u>	<u>13,769,673</u>	<u>16,048,809</u>	<u>14,166,384</u>
Excess of Revenues Over/(Under) Expenditures	<u>78,104</u>	<u>(1,511,888)</u>	<u>(1,209,735)</u>	<u>(6,429,176)</u>	<u>(857,569)</u>	<u>(247,998)</u>	<u>(182,228)</u>	<u>(1,099,140)</u>	<u>(1,400,456)</u>	<u>1,583,749</u>
Other Financing Sources/(Uses)										
Certificate of Participation proceeds	-	-	-	4,450,000	-	-	-	-	-	-
Premium on COPs issued	-	-	-	20,791	-	-	-	-	-	-
Capital interest subsidy	-	-	-	24,645	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	(1,917,775)	-	-	-	-	-	-
Cost of issuance	-	-	-	(127,831)	-	-	-	-	-	-
Lease Purchase Proceeds	-	190,335	-	366,579	-	494,859	370,922	477,184	1,765,000	-
Sales of Assets	30,106	117,344	36,799	6,436	73,020	1,191,790	136,240	153,163	796,590	25,600
Transfers In	4,426,014	1,887,597	-	2,700,000	-	-	-	-	-	-
Transfers Out	(4,426,014)	(1,887,597)	-	(2,700,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>30,106</u>	<u>307,679</u>	<u>36,799</u>	<u>2,822,845</u>	<u>73,020</u>	<u>1,686,649</u>	<u>507,162</u>	<u>630,347</u>	<u>2,561,590</u>	<u>25,600</u>
Net Change in Fund Balances	<u>\$ 108,210</u>	<u>\$ (1,204,209)</u>	<u>\$ (1,172,936)</u>	<u>\$ (3,606,331)</u>	<u>\$ (784,549)</u>	<u>\$ 1,438,651</u>	<u>\$ 324,934</u>	<u>\$ (468,793)</u>	<u>\$ 1,161,134</u>	<u>\$ 1,609,349</u>
Debt Service as a Percentage of Noncapital Expenditures	3.4%	4.5%	3.5%	4.5%	5.8%	13.1%	7.4%	8.5%	9.7%	7.5%

Town of Frisco, Colorado
General Governmental Tax Revenues by Source
(Major Component of Revenue Base)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenue Source										
City Sales Tax	\$ 2,977,098	\$ 2,924,953	\$ 2,532,695	\$ 2,577,170	\$ 2,643,657	\$ 2,727,768	\$ 2,916,281	\$ 3,397,819	\$ 3,842,561	\$ 4,189,692
County Sales Tax	3,155,322	3,105,434	2,651,259	2,618,520	2,741,574	2,810,720	2,979,759	3,444,028	3,899,533	4,328,048
Housing Authority Tax	186,628	197,084	139,408	146,438	128,311	136,896	148,941	164,435	186,973	204,393
Property Tax	103,601	126,796	128,221	159,896	158,539	126,029	127,301	126,849	128,253	143,493
Lodging Tax	319,885	324,085	246,741	239,089	261,290	285,434	325,768	388,199	426,458	471,041
Real Estate Investment Fee Tax	1,488,980	753,312	501,254	565,093	792,486	805,152	920,533	1,044,365	1,487,185	1,389,027
Franchise Tax	268,928	307,143	279,227	297,721	300,992	287,203	313,906	328,507	319,524	320,432
Specific Ownership Tax	7,002	7,013	6,060	5,413	5,384	5,165	6,035	6,667	6,862	7,509
Miscellaneous Tax	28,488	27,629	38,926	27,547	27,602	57,740	55,795	179,962	302,658	356,527
Total Revenues	<u>\$ 8,535,932</u>	<u>\$ 7,773,449</u>	<u>\$ 6,523,791</u>	<u>\$ 6,636,887</u>	<u>\$ 7,059,835</u>	<u>\$ 7,242,107</u>	<u>\$ 7,794,319</u>	<u>\$ 9,080,831</u>	<u>\$ 10,600,007</u>	<u>\$ 11,410,162</u>
% change from prior year	8.3%	-8.9%	-16.1%	1.7%	6.4%	2.6%	7.6%	16.5%	16.7%	7.6%
Percentage of Total										
City Sales Tax	34.9%	37.6%	38.8%	38.8%	37.4%	37.7%	37.4%	37.4%	42.3%	46.1%
County Sales Tax	37.0%	39.9%	40.6%	39.5%	38.8%	38.8%	38.2%	37.9%	42.9%	47.7%
Housing Authority Tax	2.2%	2.5%	2.1%	2.2%	1.8%	1.9%	1.9%	1.8%	2.1%	2.3%
Property Tax	1.2%	1.6%	2.0%	2.4%	2.2%	1.7%	1.6%	1.4%	1.4%	1.6%
Lodging Tax	3.7%	4.2%	3.8%	3.6%	3.7%	3.9%	4.2%	4.3%	4.7%	5.2%
Real Estate Investment Fee Tax	17.4%	9.7%	7.7%	8.5%	11.2%	11.1%	11.8%	11.5%	16.4%	15.3%
Franchise Tax	3.2%	4.0%	4.3%	4.5%	4.3%	4.0%	4.0%	3.6%	3.5%	3.5%
Specific Ownership Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Miscellaneous Tax	0.3%	0.4%	0.6%	0.4%	0.4%	0.8%	0.7%	2.0%	3.3%	3.9%
Total Revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>116.7%</u>	<u>125.7%</u>

Source: Town of Frisco Financial Statements

Town of Frisco, Colorado
Taxable Sales and Sales Tax Collections by Category
Fiscal Years 2015 - 2016

Taxable Sales	2016	Percentage of Total	2015	Percentage of Total
Retail - General	\$41,582,225	20%	\$40,289,125	21%
Grocery	\$43,208,775	20%	\$38,176,500	20%
Restaurants	\$36,662,925	17%	\$33,167,975	17%
Hotels & Inns	\$13,103,850	6%	\$12,671,750	7%
Utility	\$10,022,475	5%	\$10,087,375	5%
Home Improvement	\$10,704,500	5%	\$9,262,600	5%
Automotive	\$9,318,900	4%	\$8,466,700	4%
Recreation	\$9,413,650	4%	\$8,955,050	5%
Liquor	\$8,658,600	4%	\$7,661,150	4%
Home Furnishings	\$8,037,600	4%	\$6,097,875	3%
Vacation Rentals	\$7,315,175	3%	\$6,059,050	3%
Clothing	\$3,822,725	2%	\$3,119,125	2%
Gifts	\$3,129,850	1%	\$2,871,750	1%
Marijuana	\$5,327,100	2%	\$4,319,100	2%
Health & Beauty	\$1,442,575	1%	\$1,066,850	1%
Office	\$947,325	0%	\$866,350	0%
Arts & Crafts	\$487,275	0%	\$672,875	0%
Total	\$ 213,185,525	100%	\$ 193,811,200	100%

Sales Tax Collected	2016 (*)	Percentage of Total	2015 (*)	Percentage of Total
Retail - General	\$1,663,289	20%	\$1,611,565	21%
Grocery	\$1,728,351	20%	\$1,527,060	20%
Restaurants	\$1,466,517	17%	\$1,326,719	17%
Hotels & Inns	\$524,154	6%	\$506,870	7%
Utility	\$400,899	5%	\$403,495	5%
Home Improvement	\$428,180	5%	\$370,504	5%
Automotive	\$372,756	4%	\$338,668	4%
Recreation	\$376,546	4%	\$358,202	5%
Liquor	\$346,344	4%	\$306,446	4%
Home Furnishings	\$321,504	4%	\$243,915	3%
Vacation Rentals	\$292,607	3%	\$242,362	3%
Clothing	\$152,909	2%	\$124,765	2%
Gifts	\$125,194	1%	\$114,870	1%
Marijuana	\$213,084	2%	\$172,764	2%
Health & Beauty	\$57,703	1%	\$42,674	1%
Office	\$37,893	0%	\$34,654	0%
Arts & Crafts	\$19,491	0%	\$26,915	0%
Total	\$ 8,527,421	100%	\$ 7,752,448	100%

Revenues and sales taxes are reported by category. Publication of revenues and sales taxes paid by a specific individual business is prohibited (Frisco Town Code Section 160-3.3).

Source: Town of Frisco Sales Tax Reports

(*) Sales tax collected includes penalties and interest for late filings.

Town of Frisco, Colorado
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	Town of Frisco	Summit County	State of Colorado	Special District SCHA	Total
2007	2.00%	2.75%	2.90%	0.125%	7.775%
2008	2.00%	2.75%	2.90%	0.125%	7.775%
2009	2.00%	2.75%	2.90%	0.125%	7.775%
2010	2.00%	2.75%	2.90%	0.125%	7.775%
2011	2.00%	2.75%	2.90%	0.125%	7.775%
2012	2.00%	2.75%	2.90%	0.125%	7.775%
2013	2.00%	2.75%	2.90%	0.125%	7.775%
2014	2.00%	2.75%	2.90%	0.125%	7.775%
2015	2.00%	2.75%	2.90%	0.125%	7.775%
2016	2.00%	2.75%	2.90%	0.125%	7.775%

SCHA = Summit Combined Housing Authority

Source: Town of Frisco

Town of Frisco, Colorado
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Tax-Exempt Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	\$ 96,947,820	\$ 51,984,600	8,807,010	\$ 2,255,480	\$ (6,275,412)	\$ 159,994,910	0.798	\$ 1,435,371,713	11.15%
2008	99,633,810	51,693,020	8,735,530	2,136,200	(6,187,832)	162,198,560	0.798	1,467,451,515	11.05%
2009	120,968,250	58,622,980	10,764,800	2,132,760	(7,098,250)	192,488,790	0.798	1,766,355,300	10.90%
2010	121,948,300	58,252,590	9,515,580	2,261,970	(7,088,055)	191,978,840	0.798	1,773,527,010	10.82%
2011	97,099,380	50,124,330	7,915,720	2,535,720	(6,897,170)	157,675,150	0.798	1,428,753,740	11.04%
2012	98,265,000	49,966,770	8,024,510	3,289,950	(7,152,781)	159,546,230	0.798	1,445,828,980	11.03%
2013	97,741,030	49,960,620	7,781,030	3,485,300	(7,144,447)	158,967,980	0.798	1,439,060,360	11.05%
2014	99,013,910	51,214,520	7,145,550	3,408,490	(7,145,527)	160,782,470	0.798	1,456,917,990	11.04%
2015	111,708,420	57,215,610	7,552,220	3,453,070	(7,285,660)	179,929,320	0.798	1,638,616,050	10.98%
2016	113,382,220	59,152,950	6,161,630	3,475,090	7,569,380	182,171,890	0.798	1,661,604,940	10.96%

(1) Tax-Exempt Property is not included in any other columns and therefore is not taken out of Total Taxable Assessed Value

Source: Summit County Assessor's Office

**Town of Frisco, Colorado
Property Tax Levies and Collections
Last Ten Fiscal Years**

Tax Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Levy
2006	2007	103,454	103,360	99.91%	23	103,383	99.93%
2007	2008	126,817	125,929	99.30%	(241)	125,688	99.11%
2008	2009	129,434	128,005	98.90%	(46)	127,959	98.86%
2009	2010	153,606	152,802	99.48%	752	153,554	99.97%
2010	2011	153,199	152,900	99.80%	(328)	152,572	99.59%
2011	2012	125,825	125,556	99.79%	195	125,751	99.94%
2012	2013	127,318	127,135	99.86%	(43)	127,092	99.82%
2013	2014	126,849	126,677	99.86%	(72)	126,605	99.81%
2014	2015	128,304	127,899	99.68%	162	128,061	99.81%
2015	2016	143,577	143,261	99.78%	(2)	143,259	99.78%

Property taxes are levied in year X1 and are paid in the following year X2

Source: Summit County Treasurer's Office

Town of Frisco, Colorado
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Direct	Overlapping			Total	
	Town of Frisco	Summit County	Summit School District	Lake Dillon Fire Protection District		Frisco Sanitation District
2007	0.798	11.491	22.090	8.275	0.000	42.654
2008	0.798	11.448	22.291	8.286	0.000	42.823
2009	0.798	12.602	20.936	8.295	0.000	42.631
2010	0.798	12.595	18.364	8.279	0.000	40.036
2011	0.798	12.796	20.202	8.284	0.000	42.080
2012	0.798	12.824	20.031	9.021	0.000	42.674
2013	0.798	12.789	20.275	9.014	0.000	42.876
2014	0.798	15.173	20.135	9.016	0.000	45.122
2015	0.798	15.072	19.618	9.026	0.000	44.514
2016	0.798	15.086	21.151	9.023	0.000	46.058

Sources: Summit County Assessor's Office, Summit County School District, Lake Dillon Fire District, Town of Frisco Financial Statements

Town of Frisco, Colorado
Legal Debt Margin
Fiscal Year 2016

	Assessed Value
Maximum Debt Allowed:	
Actual Value	1,661,604,940
Debt Limit (3% of valuation)	0.03
Legal Debt Limit	\$ 49,848,148
Debt Applicable to Limit:	
Total Bonds Outstanding	\$ 3,359,381
Less: Sales and Use Tax Revenue Bonds	-
Debt Subject to Limitation	\$ 3,359,381
Debt Limit	\$ 49,848,148
less: Total Net Debt Applicable to Limit	3,359,381
Legal Debt Margin	\$ 46,488,767
Total Net Debt Applicable to Limit as a percentage of debt limit	6.7%

Note: Per Colorado Revised Statutes, Section 31-15-302, legal debt margin is limited to 3% of actual taxable value, excepting general obligation debt serviced by enterprise funds and revenue bonds.

Sources: Summit County Assessor's Office and Town of Frisco Financial Statements

Town of Frisco, Colorado
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Median Family Income (1)	Outstanding Debt per Median Income	Population	Outstanding Debt Per Capita
	Capital Leases	Certificates of Participation	Ground Lease and Lease Option	Notes Payable					
2007	167,827	1,980,000	-	-	2,147,827	78,800	3.67%	2,782	772
2008	195,183	1,875,000	-	-	2,070,183	81,300	3.93%	2,806	738
2009	132,405	1,765,000	-	-	1,897,405	85,100	4.49%	2,852	665
2010	354,797	4,395,790	-	-	4,750,587	87,200	1.84%	2,694	1,763
2011	237,263	4,232,281	-	-	4,469,544	88,600	1.98%	2,675	1,671
2012	488,044	4,064,070	-	-	4,552,114	89,800	1.97%	2,712	1,679
2013	526,384	3,891,168	-	-	4,417,552	92,100	2.08%	2,753	1,605
2014	508,445	3,718,584	-	-	4,227,029	90,800	2.15%	2,829	1,494
2015	1,668,248	3,541,319	-	-	5,209,567	86,600	1.66%	2,927	1,780
2016	1,269,759	3,359,381	-	-	4,629,140	81,500	1.76%	*	*

* Statistics not yet released for 2016

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements. Population and Personal Income information is found in the Demographic and Economic Statistics schedule.

Sources: State of Colorado, Department of Local Affairs (DOLA), Demography Office, Town of Frisco Financial Statements

(1) Information from the Summit Combined Housing Authority's Annual Area Median Income (AMI) for a four-person household, Summit County only.

Town of Frisco, Colorado
Computation of Direct and Overlapping Debt
Fiscal Year 2016

<u>Jurisdiction</u>	<u>2016 Assessed Value</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
Direct Debt:				
Town of Frisco	\$ 182,171,890	\$ 4,629,140	100.00%	\$ 4,629,140
<i>Total Direct Debt</i>		<u>4,629,140</u>		
Summit County	1,733,916,850	-	10.51%	-
Summit School District	1,725,995,920	26,530,000	10.55%	2,800,134
Lake Dillon Fire Protection District	790,183,030	-	23.05%	-
Frisco Sanitation District	193,874,960	-	93.96%	-
<i>Total Direct and Overlapping Debt</i>		<u>26,530,000</u>		
Total Direct and Overlapping Debt				<u><u>\$ 7,429,274</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by Summit County Assessor's Office. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of outstanding debt of those overlapping governments that are borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

**Town of Frisco, Colorado
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Frisco Population (1)	Summit County Population (1)	Median Family Income (2)	Per Capita Income (3)	School Enrollment (4)	Unemployment Rate (5)
2007	2,782	27,163	78,800	44,012	848	2.8%
2008	2,806	27,464	81,300	45,957	808	3.8%
2009	2,852	27,783	85,100	41,321	816	6.40%
2010	2,694	28,073	87,200	42,835	811	7.80%
2011	2,675	27,906	88,600	44,800	815	7.50%
2012	2,712	28,145	89,800	46,220	815	7.20%
2013	2,753	28,637	92,100	49,369	770	4.40%
2014	2,829	29,404	90,800	50,685	807	3.40%
2015	2,927	30,299	86,600	54,615	832	2.50%
2016	*	*	81,500	*	963	2.10%

* Statistics not yet released for 2016

Sources:

- (1) Information from the State of Colorado, Department of Local Affairs (DOLA), Demography Office.
- (2) Information from the Summit Combined Housing Authority's Annual Area Median Income (AMI) for a four person household, Summit County only.
- (3) Bureau of Economic Analysis, U.S. Department of Commerce, Summit County only
- (4) Summit County School District
- (5) Colorado Department of Labor and Employment - LMI Gateway

**Town of Frisco, Colorado
Principal Employers
Fiscal Year 2016**

Employer	Employee # Range 2016	(1) Percentage of Total County Employment
St. Anthony Summit Medical Center *	100 - 249	0.005 - 0.013%
Summit High School *	100 - 249	0.005 - 0.013%
Wal-Mart	100 - 249	0.005 - 0.013%
Backcountry Brewery	50 - 99	0.003 - 0.005%
Best Western-Lake Dillon Lodge	50 - 99	0.003 - 0.005%
Holiday Inn Frisco	50 - 99	0.003 - 0.005%
Safeway	50 - 99	0.003 - 0.005%
Summit County Ambulance *	50 - 99	0.003 - 0.005%
Summit Middle School *	50 - 99	0.003 - 0.005%
Summit Stage *	50 - 99	0.003 - 0.005%
Town of Frisco	50 - 99	0.003 - 0.005%
Whole Foods	50 - 99	0.003 - 0.005%
(1) Total Employees within Summit County:	21,068	

* Business not within municipal limits of the Town of Frisco

Number of employees is only given in ranges

(1) Colorado LMI Gateway

Unable to get total employees within Town of Frisco

Information is not available for previous years

Town of Frisco, Colorado
Full-Time Equivalent Town Government Employees by Function / Program
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government *	9	9	9	9	9	9	8	9	9	9
Public Safety	15	15	15	15	15	15	16	15	16	17
Public Works	16	18	19	19	19	19	19	19	19	20
Community Development	6	6	6	6	6	6	6	6	6	6
Culture and Recreation	4	4	6	11	11	11	14	14	16	17
Water	4	3	3	3	3	3	3	3	4	4
Marina	2	2	2	2	2	2	3	3	3	3
Total	56	57	60	65	65	65	69	69	73	76

Note: Full-time equivalents are for budgeted positions as of December 31st.

Source: Town of Frisco Human Resources

* Does not include Town Council (7)

Town of Frisco, Colorado
Operating Indicators by Function
Fiscal Years 2007 - 2016

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>General Government</u>										
Council meetings	*	21	19	20	20	22	20	22	21	25
Business licenses	*	935	1,135	1,193	1,321	1,357	1,464	1,457	1,472	1,498
Sales tax licenses	*	813	830	848	900	934	967	1,003	1,034	1,096
Elections	*	2	1	1	0	0	1	0	0	1
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	8	8	8	8	8	8	8
Physical arrests	421	605	146	141	176	215	175	157	186	135
Traffic violations	798	710	1,079	1,411	1,288	951	631	883	638	653
Parking violations	27	14	22	23	35	22	16	44	30	23
<u>Public Works</u>										
Miles of streets	17.5	17.75	17.75	17.75	17.75	18	18	18	18	18
Total Town area (square miles)	1.75	2	2	2	2	2	2	2	2	2
<u>Community Development</u>										
Building permits issued	*	102	145	154	167	158	169	157	209	190
COs issued	*	146	32	35	124	91	83	73	46	59
Planning Commission meetings	*	20	18	18	13	15	16	16	14	14
<u>Culture and Recreation</u>										
Parks	10	10	10	10	10	10	10	10	10	10
Historic Park and Museum	1	1	1	1	1	1	1	1	1	1
Skateboard parks	1	1	1	1	1	1	1	1	1	1
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Miles of trails	11.5	11.5	11.5	11.5	11.5	12	12	12	12	12
Nordic ski trails	43 km	43 km	43 km	43 km	43 km	43 km	43 km	43 km	43 km	43 km
Outdoor ice rinks	1	1	1	1	1	1	1	1	1	1
Baseball, soccer, and multi-use fields	2	2	2	2	2	2	2	2	2	2
Bike Park	0	0	0	0	1	1	1	1	1	1
<u>Housing</u>										
Impact Fees (\$2 or less/sq ft, new construction)	*	70,242 sq ft	21,024 sq ft	34,626 sq ft	29,812 sq ft	45,101 sq ft	40,613 sq ft	105,053 sq ft	85,066 sq ft	70,176 sq ft
<u>Municipal Water</u>										
Number of water service connections	1,825	1,825	1,916	1,925	2,105	1,903	1,906	1,935	1,954	1,960
Daily average water consumption in million gallons	0.72 mgd	0.70 mgd	0.758 mgd	0.786 mgd	0.658 mgd	0.740 mgd	0.607 mgd	0.600 mgd	0.617 mgd	.657 mgd
Miles of water mains	31	31	32.5	32.5	32.5	32.5	32.8	33	33	33
<u>Marina</u>										
Service and storage buildings	3	3	3	4	4	4	4	4	4	4
Offices	1	1	1	1	1	1	1	1	1	1
Lighthouses	1	1	1	1	1	1	1	1	1	1
Restaurants	1	1	1	1	1	1	1	1	1	1
Docks	4	5	11	11	11	13	12	12	11	12
Paddle boats	21	36	36	44	45	45	62	33	36	56
Power boats	13	13	13	15	14	14	14	10	14	14

Source: Town of Frisco Human Resources