

**TOWN OF FREDERICK, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2019**

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## FINANCIAL SECTION



## JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the Town Council  
Town of Frederick  
Frederick, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frederick, Colorado, as of and for the year ended December 31, 2019, which collectively comprise the basic financial statements of the Town, as listed in the table of contents. These financial statements are the responsibility of the Town of Frederick, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

#### 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's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frederick, as of December 31, 2019, 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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 37-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fredericks' basic financial statements. The combining and individual fund schedules and State Compliance listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund schedules and State compliance are fairly stated in all material respects in relation to the financial statements as a whole.

The other financial information and the statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*John Luther & Associates, LLC*

July 24, 2020

# Management's Discussion and Analysis

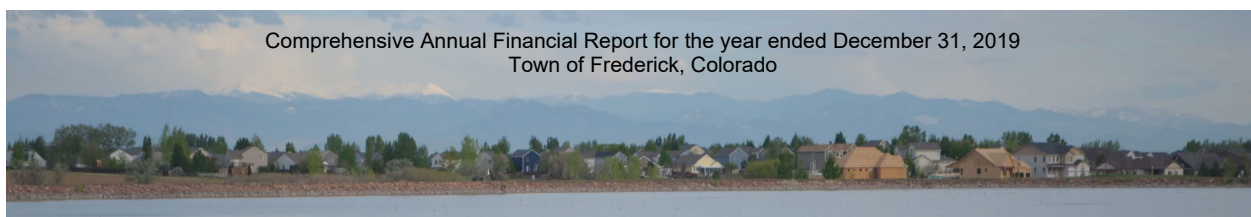
This section of the annual financial report offers readers of the Town of Frederick a discussion and analysis of the Town's financial performance during the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Town's financial statements, which immediately follow this section.

## Financial Highlights

- Assets and deferred outflow of resources for the Town exceeded liabilities and deferred inflow of resources by \$157 million, an increase of \$25 million, or 15.9 percent.
- As of December 31, 2019, net position for governmental activities was \$49 million, up \$6.48 million or 13.3 percent from December 31, 2018. Business type activities reported a net position of \$108.02 million, up \$18.76 million or 17.4 percent in the same time frame.
- General revenues account for \$22,902,369 or 38.6 percent of all revenues. The Town had \$18,381,859 in program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions.
- The Town had \$12,441,967 in expenses related to governmental activities, of which \$7,924,672 were offset by program specific charges for services and operating grants, contributions. Taxes of \$9,619,393 and other general revenues of \$845,544 and transfers in of \$-138,600 as shown on the statement of activities, offset the costs.
- The Town had water, electric, and storm water charges for service income totaling \$4,787,184. Grants and capital contributions revenues for these funds totaled \$5,670,276. The cost of providing water, electric, and storm water services totaled \$4,285,803.
- Outlays for capital assets were primarily comprised of street infrastructure, vehicles and equipment. See the Capital Assets Section of the Financial Statements for detail.
- The Town's governmental funds have outstanding debt consisting of capital leases, FURA tax increment revenue bonds, and the 2015 sales and use tax bond totaling \$8,163,912 at December 31, 2019.
- The Town's business-type funds have no outstanding debt at December 31, 2019.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) specific fund financial statements, and 3) notes to the financial statements.



Comprehensive Annual Financial Report for the year ended December 31, 2019  
Town of Frederick, Colorado

## **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.

There are two government-wide financial statements:

**Statement of net position** – This statement presents information on all of the Town's assets, liabilities, deferred inflows and deferred outflows, with the difference between them being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

**Statement of activities** – This statement presents information showing how the Town of Frederick's net position changed during 2019. 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 reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements reflect three distinct activities:

**Governmental Activities** – These activities are primarily supported by taxes and intergovernmental revenues. The Governmental Activities of the Town of Frederick include general government, public safety (police), public works, community development and events.

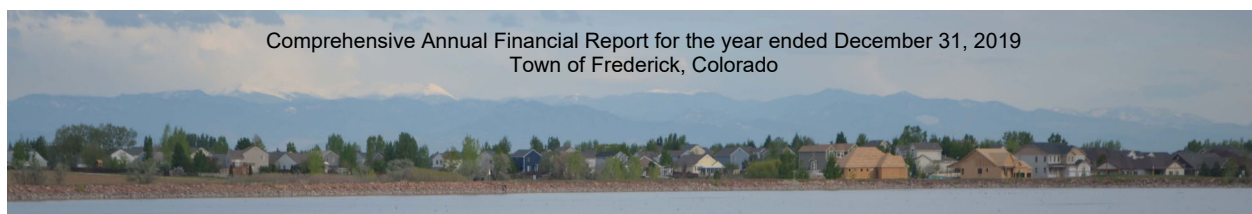
**Business-type Activities** - These activities are supported by user fees and service charges which are intended to recover all of their costs. The Business-type Activities of the Town of Frederick include Water, Electric, Storm Water and Golf. Governmental activities and business-type activities combined comprise the primary government.

**Component Units** – There is only one entity that is legally separate and is reported separately from the primary government; however, the Town of Frederick is financially accountable for it. That entity is the Frederick Urban Renewal Authority (FURA). It is reported as part of the Town as a blended component unit.

Governmental activities and business-type activities combine to comprise the primary government. The government wide financial statements begin on page 1 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. Some funds are required to be established by State law and bond covenants; however, the Town Board establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary 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 *short-term inflows 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 short-term financing requirements. The accounting method used is *modified accrual* accounting.

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 activities in the *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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and other major funds. The minor funds are combined in the *Other Governmental Funds* into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Governmental fund financial statements begin on page 3 of this report.

**Proprietary Funds** – The Town of Frederick maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its Water, Electric, Storm Water and Golf Course Funds. These funds are considered major funds of the Town of Frederick.

Proprietary fund statements begin on page 6 of this report.

**Fiduciary Funds** - The Town of Frederick maintains one type of fiduciary fund. Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals or other entities. The Oil Royalty Fund is the only fiduciary fund held by the Town.

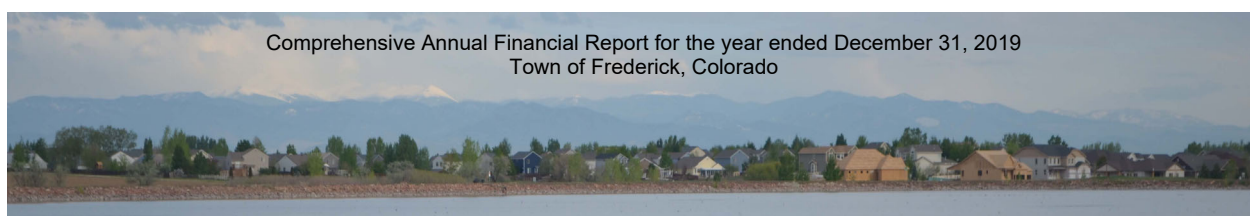
Fiduciary fund statements begin on page 9 of this report.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Town and fund financial statements. The notes can be found on pages 11 to 35 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the required supplemental data required for non-major fund information and budgetary comparison schedules. The budgetary comparisons are included on pages 35 to 51 of this report.



## Financial Analysis of the Town as a Whole

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ending December 31, 2019, the Town's combined assets exceeded liabilities and deferred inflows of resources by \$156,856,656.

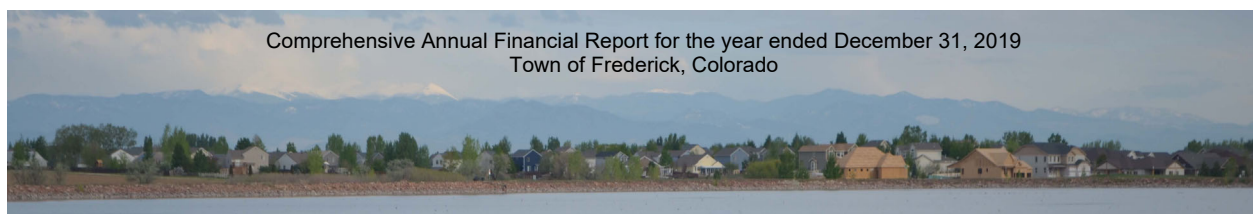
### TOWN OF FREDERICK, COLORADO CONDENSED STATEMENT OF NET POSITION 2019/2018

|                                          | Governmental Activities |                   | Business-Type Activities |                    | Total              |                    |
|------------------------------------------|-------------------------|-------------------|--------------------------|--------------------|--------------------|--------------------|
| Assets                                   | 2018                    | 2019              | 2018                     | 2019               | 2018               | 2019               |
| Current Assets                           | 20,139,501              | 26,969,483        | 8,920,776                | 26,944,117         | 29,060,277         | 53,913,600         |
| Capital Assets - Net                     | 34,774,908              | 34,350,693        | 81,455,372               | 81,587,757         | 116,230,280        | 115,938,450        |
| <b>Total Assets</b>                      | <b>54,914,409</b>       | <b>61,320,176</b> | <b>90,376,148</b>        | <b>108,531,874</b> | <b>145,290,557</b> | <b>169,852,050</b> |
| <b>Deferred Outflow of Resources</b>     |                         |                   |                          |                    |                    |                    |
| Related to Pensions                      | 281,995                 | 438,897           | -                        | -                  | 281,995            | 438,897            |
| <b>Liabilities</b>                       |                         |                   |                          |                    |                    |                    |
| Current Liabilities                      | 4,630,931               | 3,442,290         | 1,090,748                | 477,603            | 5,721,679          | 3,919,893          |
| Long-Term Liabilities                    | 6,202,958               | 6,615,083         | 30,804                   | 36,562             | 6,233,762          | 6,651,645          |
| <b>Total Liabilities</b>                 | <b>10,833,889</b>       | <b>10,057,373</b> | <b>1,121,552</b>         | <b>514,165</b>     | <b>11,955,441</b>  | <b>10,571,538</b>  |
| <b>Deferred Inflows of Resources</b>     |                         |                   |                          |                    |                    |                    |
| Related to Pensions                      | 169,361                 | 15,518            | -                        | -                  | 169,361            | 15,518             |
| Deferred Property Tax Revenue            | 1,838,153               | 2,847,239         | -                        | -                  | 1,838,153          | 2,847,239          |
| <b>Net Position</b>                      |                         |                   |                          |                    |                    |                    |
| Net Investment in Capital Assets         | 28,641,572              | 28,075,094        | 81,455,372               | 81,587,757         | 110,096,944        | 109,662,851        |
| Restricted                               | 388,000                 | 485,000           | -                        | -                  | 388,000            | 485,000            |
| Unrestricted                             | 13,325,429              | 20,278,853        | 7,799,224                | 26,429,952         | 21,124,653         | 46,708,805         |
| <b>Total Net Position at December 31</b> | <b>42,355,001</b>       | <b>48,838,947</b> | <b>89,254,596</b>        | <b>108,017,709</b> | <b>131,609,597</b> | <b>156,856,656</b> |
| Total Increase in Net Position           |                         |                   |                          |                    |                    | 25,247,059         |
| Percent Increase in Net Position         |                         |                   |                          |                    |                    | 19.18%             |

The largest portion of the Town of Frederick's net position (70%) reflects its investment in capital assets (e.g. land, buildings, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

The restricted portion of net position (.31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (\$46,708,805) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town reports positive balances in all three categories of net position, for the government as a whole, as well as for its separate Governmental and Business-type Activities.



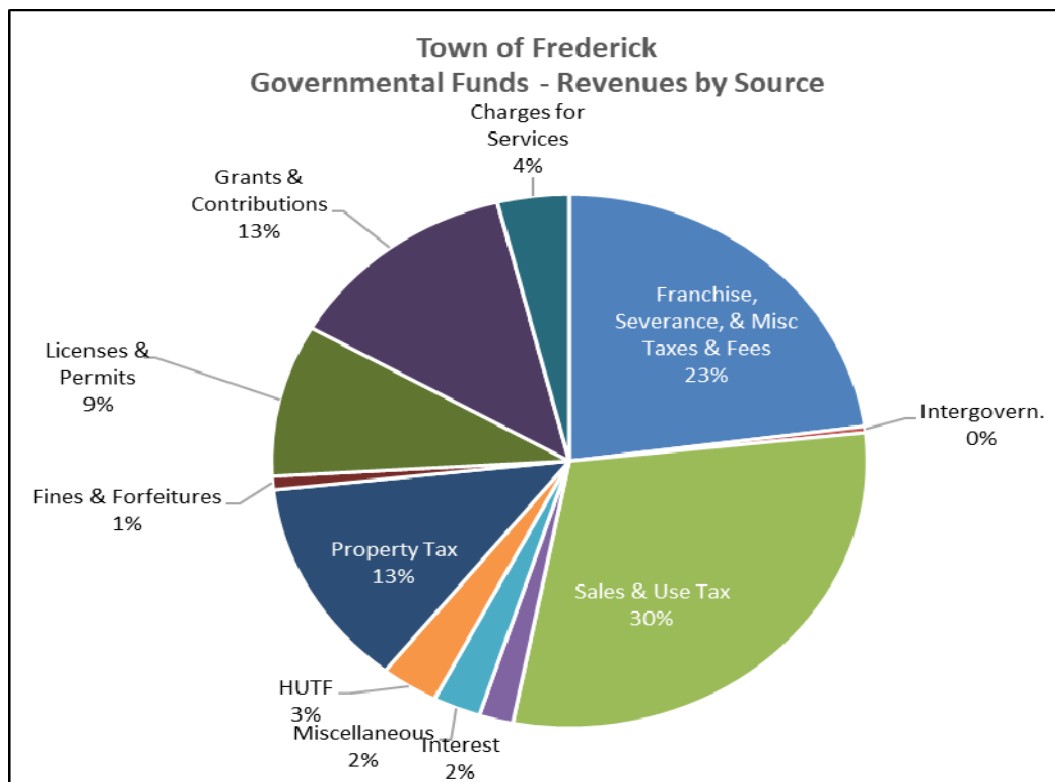
**TOWN OF FREDERICK, COLORADO**  
**CONDENSED STATEMENT OF ACTIVITIES**  
**2019/2018**

| <b>Revenues</b>                      | <b>Governmental Activities</b> |                   | <b>Business-Type Activities</b> |                   | <b>Total</b>      |                   |
|--------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| <u>Program Revenues</u>              | <u>2018</u>                    | <u>2019</u>       | <u>2018</u>                     | <u>2019</u>       | <u>2018</u>       | <u>2019</u>       |
| Charges for Services                 | 2,340,927                      | 2,754,351         | 10,857,260                      | 4,787,184         | 13,198,187        | 7,541,535         |
| Operating Grants and Contributions   | 137,599                        | 142,739           | -                               | -                 | 137,599           | 142,739           |
| Capital Grants and Contributions     | 2,453,625                      | 5,027,582         | 5,751,417                       | 5,670,276         | 8,205,042         | 10,697,858        |
| <b>General Revenues</b>              |                                |                   |                                 |                   |                   |                   |
| Property Taxes                       | 2,075,205                      | 2,415,798         | -                               | -                 | 2,075,205         | 2,415,798         |
| Sales and Use Taxes                  | 4,540,572                      | 5,678,575         | -                               | -                 | 4,540,572         | 5,678,575         |
| Franchise Taxes                      | 272,401                        | 574,238           | -                               | -                 | 272,401           | 574,238           |
| Other Taxes                          | 691,348                        | 950,782           | -                               | -                 | 691,348           | 950,782           |
| Interest                             | 322,981                        | 349,189           | 108,146                         | 311,554           | 431,127           | 660,743           |
| Other Revenues                       | 579,469                        | 496,355           | -                               | -                 | 579,469           | 496,355           |
| Sale of Electric Utility             | -                              | -                 | -                               | 18,000,000        | -                 | 18,000,000        |
| Loss on Disposal of Assets           | -                              | (15,424)          | -                               | (5,858,698)       | -                 | (5,874,122)       |
|                                      |                                |                   |                                 |                   |                   | -                 |
| <b>Total Revenues</b>                | <b>13,414,127</b>              | <b>18,374,185</b> | <b>16,716,823</b>               | <b>22,910,316</b> | <b>30,130,950</b> | <b>41,284,501</b> |
| <b>Expenses</b>                      |                                |                   |                                 |                   |                   |                   |
| General Government                   | 2,390,057                      | 2,799,200         | -                               | -                 | 2,390,057         | 2,799,200         |
| Public Safety                        | 2,786,937                      | 3,075,246         | -                               | -                 | 2,786,937         | 3,075,246         |
| Public Works                         | 5,745,509                      | 5,483,548         | -                               | -                 | 5,745,509         | 5,483,548         |
| Parks and Recreation                 | 13,026                         | 6,347             | -                               | -                 | 13,026            | 6,347             |
| Economic Development                 | 27,291                         | 874,841           | -                               | -                 | 27,291            | 874,841           |
| Interest on Long-Term Debt           | 282,843                        | 202,785           | -                               | -                 | 282,843           | 202,785           |
| Water                                | -                              | -                 | 2,223,019                       | 2,174,489         | 2,223,019         | 2,174,489         |
| Electric                             | -                              | -                 | 3,789,743                       | 821,618           | 3,789,743         | 821,618           |
| Storm Water                          | -                              | -                 | 449,860                         | 417,841           | 449,860           | 417,841           |
| Golf Course                          | -                              | -                 | 507,460                         | 871,855           | 507,460           | 871,855           |
| Interest on Long-Term Debt           | -                              | -                 | -                               | -                 | -                 | -                 |
| <b>Total Expenses</b>                | <b>11,245,663</b>              | <b>12,441,967</b> | <b>6,970,082</b>                | <b>4,285,803</b>  | <b>18,215,745</b> | <b>16,727,770</b> |
| Excess (deficiency) before transfers | 2,168,464                      | 5,932,218         | 9,746,741                       | 18,624,513        | 11,915,205        | 24,556,731        |
| Transfers                            | 1,167,335                      | (138,600)         | (1,167,335)                     | 138,600           | -                 | -                 |
| Prior Period Adjustment              | -                              | 690,328           | -                               | -                 | -                 | 690,328           |
| <b>Change in Net Position</b>        | <b>3,335,799</b>               | <b>6,483,946</b>  | <b>8,579,406</b>                | <b>18,763,113</b> | <b>11,915,205</b> | <b>25,247,059</b> |
| NET POSITION, Beginning              | 39,019,202                     | 42,355,001        | 80,675,190                      | 89,254,596        | 119,694,392       | 131,609,597       |
| NET POSITION, Ending                 | 42,355,001                     | 48,838,947        | 89,254,596                      | 108,017,709       | 131,609,597       | 156,856,656       |

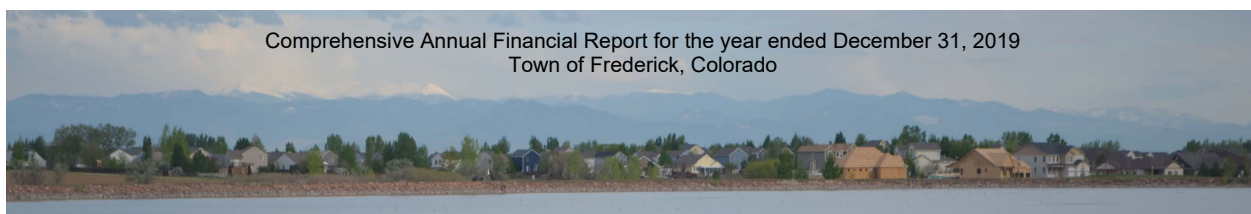
## Financial Analysis of the Town's Funds

**Governmental Activities.** The focus of the Town of Frederick'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.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$20,743,667, an increase of \$7,036,588. Overall revenue increased \$5,665,810, or 30 percent. The General Fund revenue increase of \$1,482,000 was the result of an increase in miscellaneous revenues, interest and all other revenues due to strong residential and commercial growth and the resulting sales and use tax collections. The revenue increase in the Street and Alley Fund of \$1,711,275 was primarily grant related. The increase in the Capital Facilities Fund of \$189,748 was primarily due to taxes and fees from expansion and economic growth. The increase in the Open Space Fund \$340,680 and the increase in Other Governmental Funds \$57,439 are all primarily due to a strong and growing economy indicated by increases in taxes and fees collected.



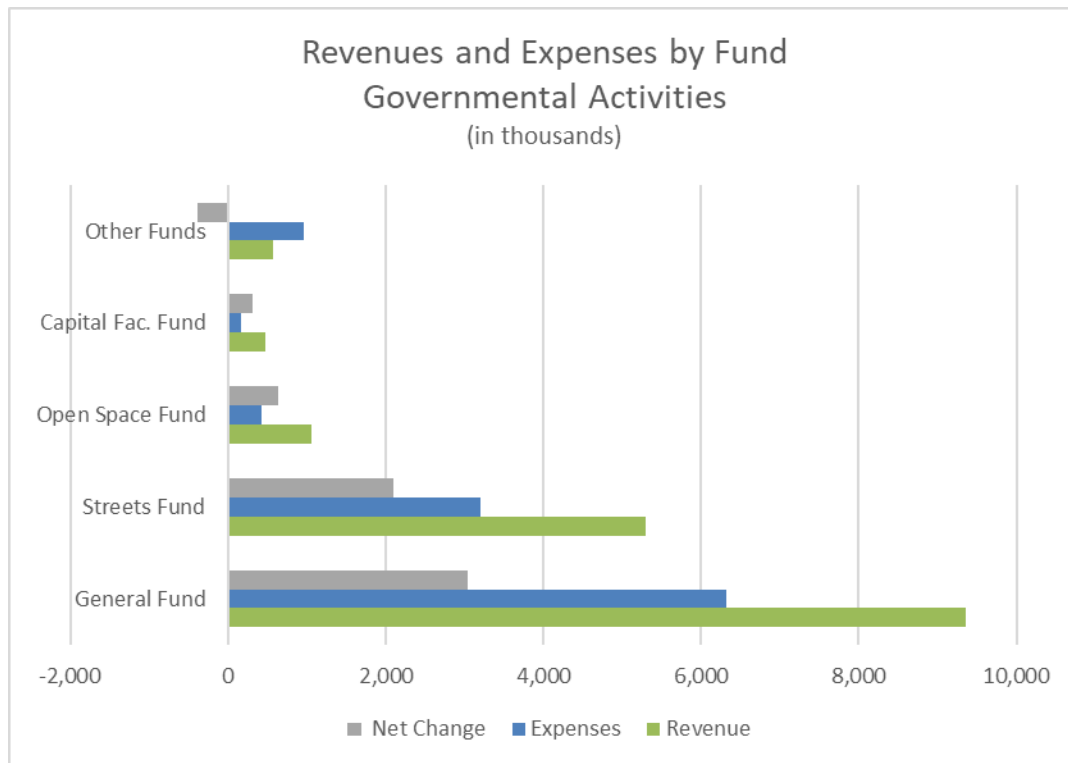
Expenditures for the current year decreased \$2,802,633 or 18.27 percent. The decrease in expenses is largely attributed to lower capital commitment in most governmental activities. The decrease in capital expenditures in 2019 caused the governmental activities fund balance to increase at a greater amount than the net position for those funds.



Comprehensive Annual Financial Report for the year ended December 31, 2019  
Town of Frederick, Colorado

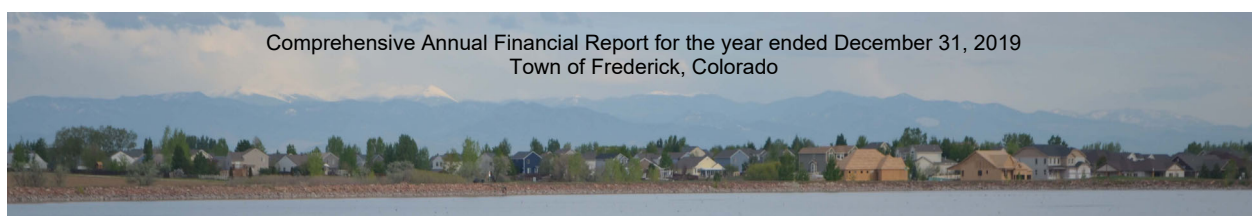
The statement of net position reports a combined net position for governmental activities of \$48,838,947, an increase of \$6,483,946. The increase is primarily attributed to an increase in capital assets, receivables and cash and investments.

The graph below provides the program revenue and expenses for each governmental activity as well as providing net change.

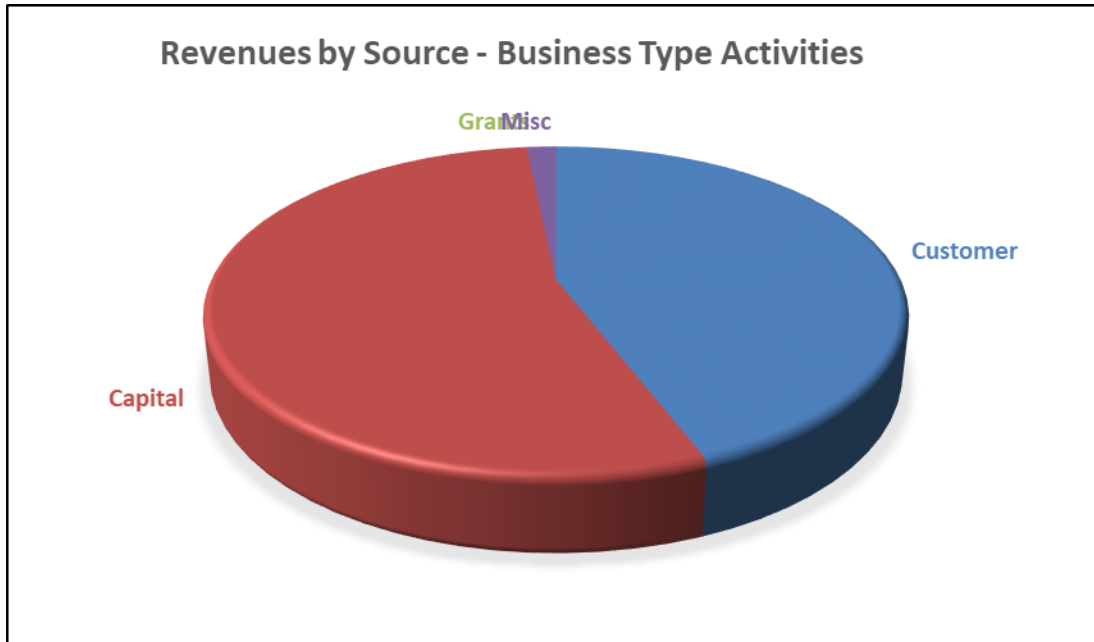


**Business-type Activities.** Net position of business-type activities increased by \$18.16 million primarily due to an increase in cash and investments and capital assets, including: sale of electric infrastructure, raw water lines, water projects and golf course equipment. The Electric Fund's Net Position increased \$11,974,572, Water Fund increased \$6,185,178, Storm Water increased \$929,123 and the Golf Course decreased \$325,760. This year was the first year that the Golf Course Fund incorporated restaurant operations. This net position is dedicated solely to finance the continuing operations of the water, storm water, electric and golf course operations.

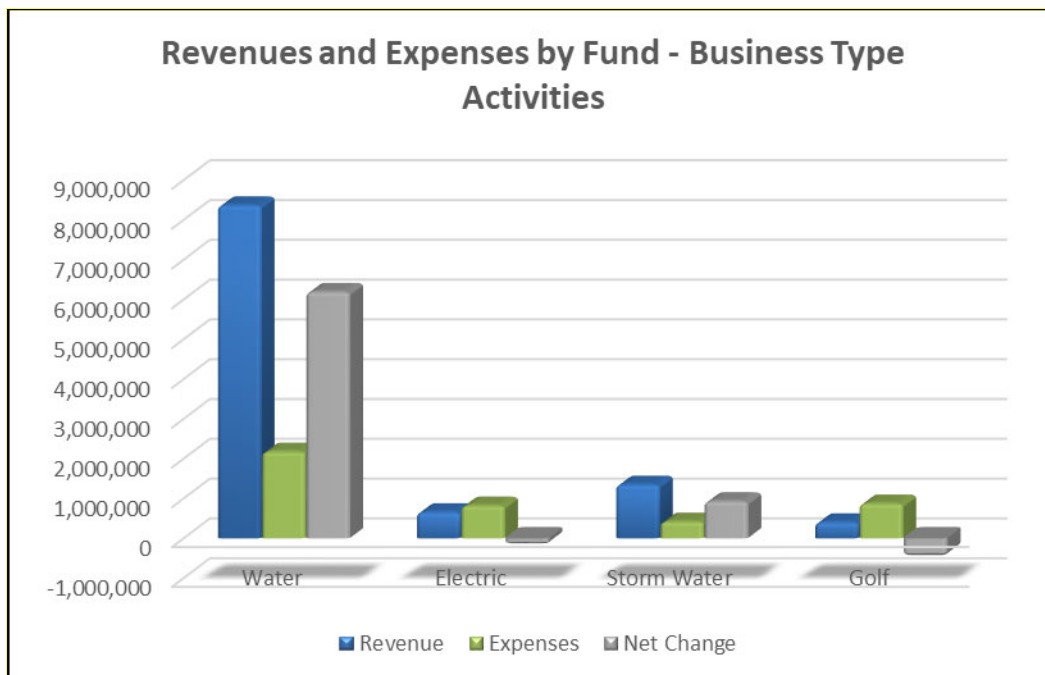
Revenues for the Town's business-type activities, net of the transfer out, were \$23,048,916, a 32.54 percent increase. The increase in revenues is largely attributed to the sale of the electric utility. Charges for services for business-type activities decreased \$4,215,082. Operating revenues decreased \$6,070,076. Operating expenses decreased \$2,684,279.



As you can see from the following graph, the highest source of revenue for business-type activities is Capital charges.



The following graph provides program revenue and expenses for each of the Business-Type activities operated by the Town.



## ***General Fund Budgetary Highlights***

The General Fund is the chief operating fund of the Town. It accounts for all of the general services provided by the Town. In 2019, total fund balance increased 7.4 percent or \$602,601. The unassigned fund balance of the General Fund at the end of 2019, totaled \$7,674,611 while the total fund balance totaled \$8,171,115. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. For 2019, unassigned fund balance represents approximately 121 percent of total General Fund Expenditures and transfers out, while total fund balance represents 129.1 percent of that same amount.

The Town budgeted for General Fund expenditures of \$10,072,100 for the year ended December 31, 2019 and actual expenditures were \$6,328,603. Expenditures were \$3,743,497 less than budgeted as a result of department spending less than projected in 2019. Revenues, excluding transfers, for 2019 were budgeted at \$9,242,753 and actual revenues were \$9,364,076. Revenues from sales taxes, use taxes and permitting for new construction were stronger than anticipated.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

By the end of 2018, the Town had invested \$115,938,450 in a broad range of capital assets, including land, buildings, site improvements, infrastructure, vehicles and other equipment. This amount represents an decrease of \$291,830 or .25 percent from last year. Additional information on the Town's capital assets can be found in Note 4 of the financial statements. Total accumulated depreciation expense was \$36,342,070 in the governmental activities and \$6,302,588 in the business-type activities. There have been no significant changes in the condition level of the capital assets of the Town.

### ***Long-Term Debt***

At year-end, the Town's governmental funds had outstanding capital leases, accrued compensated absences, Sales and Use Tax Revenue Refunding Bonds Series 2015A and Sales and Use Tax Revenue Bonds Series 2015B outstanding, and 2018 FURA Tax Increment Revenue Bonds, which totaled \$8,163,912 at December 31, 2019.

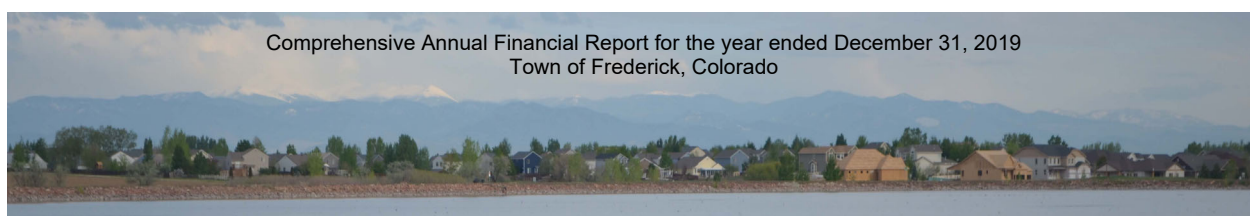
The Town's business-type funds have accrued compensated absences totaling \$40,625 at December 31, 2019.

Additional information on the Town's long-term debt can be found in Note 5 on pages 24 to 26 of this report.

## **Fiduciary Fund Activities**

### ***Oil Royalty Trust Fund***

The fund received \$116,956 in oil royalty and investment revenues and paid out \$59,732 in scholarships and support of other community organizations. The fund balance at December 31, 2019, is \$1,511,597.



## Economic Factors and Next Year's Budgets and Rates

The annual budget ensures the efficient and effective uses of Town funds, as well as highlights the priority objectives. Direction for the upcoming year is established by the Board when the budget is adopted, funds are appropriated and resources are allocated.

The following factors were taken into account when adopting the budget for 2020:

- The Town has forecast most revenues as relatively steady from 2019 through 2020. Revenues from sales taxes are expected to increase as a result of an increase of one percent (1.0%) with the passage of a Public Safety Sales Tax.
- The Town has conservatively forecast new growth which was projected at 150 homes and the mill levy for property tax revenues has been set at a steady 6.555.
- Expenditures exceed revenues by \$4.922 million, reflecting a large increase in Capital Outlay for the 2020 budget year. Capital projects planned for 2020 include vehicle and equipment improvements, raw water line extensions, alley improvements, construction of a skate park, playground and trail improvements. The difference between revenues and expenditures will be filled by accumulated fund balances which grew from unanticipated revenue growth and lower than expected expenditures in recent years.
- There are four new full-time positions, included in the 2020 Budget. Those positions include, 3 full-time Police Officers and 1 full-time Accountant position.
- The Town's business-type activities are expected to have revenues that remain steady compared to 2019 actuals. There was no rate increase in the storm water fund. There was a 5% increase in the usage rates in the water fund that go into effect January 1, 2020.

## Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

**Town of Frederick Finance Department**  
401 Locust Street  
Frederick, Colorado 80530-0435  
(720) 382-5500

## **BASIC FINANCIAL STATEMENTS**

## TOWN OF FREDERICK, COLORADO

## STATEMENT OF NET POSITION

As of December 31, 2019

|                                  | GOVERNMENTAL         | BUSINESS              | TOTALS                |                       |
|----------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                                  | ACTIVITIES           | TYPE                  | 2019                  | 2018                  |
|                                  | ACTIVITIES           | ACTIVITIES            |                       |                       |
| ASSETS                           |                      |                       |                       |                       |
| Cash and Investments             | \$ 22,525,003        | \$ 26,025,811         | \$ 48,550,814         | \$ 21,059,290         |
| Restricted Cash and Investments  | 78,195               | -                     | 78,195                | 299,626               |
| Receivables                      |                      |                       |                       |                       |
| Property Taxes                   | 2,847,239            | -                     | 2,847,239             | 1,838,153             |
| Sales and Other                  | 1,507,542            | 401,881               | 1,909,423             | 4,876,818             |
| Accounts                         | -                    | 333,754               | 333,754               | 640,527               |
| Prepaid Items                    | 11,504               | 168,656               | 180,160               | 183,228               |
| Inventory                        | -                    | 14,015                | 14,015                | 14,014                |
| Interfund Activity               | -                    | -                     | -                     | -                     |
| Net Pension Asset                | -                    | -                     | -                     | 148,621               |
| Capital Assets, Not Depreciated  | 7,616,007            | 70,941,904            | 78,557,911            | 75,074,618            |
| Capital Assets, Depreciated      |                      |                       |                       |                       |
| Net of Accumulated Depreciation  | 26,734,686           | 10,645,853            | 37,380,539            | 41,155,662            |
| TOTAL ASSETS                     | <u>61,320,176</u>    | <u>108,531,874</u>    | <u>169,852,050</u>    | <u>145,290,557</u>    |
| DEFERRED OUTFLOWS OF RESOURCES   |                      |                       |                       |                       |
| Related to Pensions              | <u>438,897</u>       | <u>-</u>              | <u>438,897</u>        | <u>281,995</u>        |
| LIABILITIES                      |                      |                       |                       |                       |
| Accounts Payable                 | 844,229              | 339,153               | 1,183,382             | 2,517,059             |
| Accrued Salaries and Benefits    | 94,976               | 23,220                | 118,196               | 255,588               |
| Unearned Revenues                | -                    | -                     | -                     | 30,900                |
| Accrued Interest                 | 39,498               | -                     | 39,498                | 36,662                |
| Developer Escrow                 | 1,575,976            | -                     | 1,575,976             | 1,774,906             |
| Deposits                         | -                    | 111,167               | 111,167               | 94,547                |
| Due to Oil Royalty Fund          | 863,396              | -                     | 863,396               | 863,396               |
| Accrued Compensated Absences     | 24,215               | 4,063                 | 28,278                | 3,080                 |
| Noncurrent Liabilities           |                      |                       |                       |                       |
| Accrued Compensated Absences     | 217,931              | 36,562                | 254,493               | 245,967               |
| Net Pension Liability            | 121,550              | -                     | 121,550               | -                     |
| Due within One Year              | 479,574              | -                     | 479,574               | 468,730               |
| Due in More Than One Year        | 5,796,025            | -                     | 5,796,025             | 5,664,606             |
| TOTAL LIABILITIES                | <u>10,057,369</u>    | <u>514,165</u>        | <u>10,571,534</u>     | <u>11,955,441</u>     |
| DEFERRED INFLOWS OF RESOURCES    |                      |                       |                       |                       |
| Related to Pensions              | 15,518               | -                     | 15,518                | 169,361               |
| Deferred Property Tax Revenue    | <u>2,847,239</u>     | <u>-</u>              | <u>2,847,239</u>      | <u>1,838,153</u>      |
| TOTAL DEFERRED INFLOWS           |                      |                       |                       |                       |
| OF RESOURCES                     | <u>2,862,757</u>     | <u>-</u>              | <u>2,862,757</u>      | <u>2,007,514</u>      |
| Net Investment in Capital Assets | 28,075,094           | 81,587,757            | 109,662,851           | 110,096,944           |
| Restricted for Emergencies       | 485,000              | -                     | 485,000               | 388,000               |
| Unrestricted                     | <u>20,278,853</u>    | <u>26,429,952</u>     | <u>46,708,805</u>     | <u>21,124,653</u>     |
| TOTAL NET POSITION               | <u>\$ 48,838,947</u> | <u>\$ 108,017,709</u> | <u>\$ 156,856,656</u> | <u>\$ 131,609,597</u> |

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

| FUNCTIONS/PROGRAMS                | EXPENSES      | PROGRAM REVENUES     |                                    |                                  |
|-----------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
|                                   |               | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| PRIMARY GOVERNMENT                |               |                      |                                    |                                  |
| Governmental Activities           |               |                      |                                    |                                  |
| General Government                | \$ 2,799,200  | \$ 1,761,056         | \$ 142,739                         | \$ 611,725                       |
| Public Safety                     | 3,075,246     | 154,533              | -                                  | -                                |
| Public Works                      | 5,483,548     | 835,662              | -                                  | 2,528,288                        |
| Parks and Recreation              | 6,347         | 3,100                | -                                  | 1,887,569                        |
| Economic Development              | 874,841       | -                    | -                                  | -                                |
| Interest and Other Fiscal Charges | 202,785       | -                    | -                                  | -                                |
| Total Governmental Activities     | 12,441,967    | 2,754,351            | 142,739                            | 5,027,582                        |
| Business-Type Activities          |               |                      |                                    |                                  |
| Water                             | 2,174,489     | 3,404,903            | -                                  | 4,930,586                        |
| Electric                          | 821,618       | 315,236              | -                                  | 102,325                          |
| Storm Water                       | 417,841       | 667,734              | -                                  | 637,365                          |
| Golf Course                       | 871,855       | 399,311              | -                                  | -                                |
| Total Business-Type Activities    | 4,285,803     | 4,787,184            | -                                  | 5,670,276                        |
| Total Primary Government          | \$ 16,727,770 | \$ 7,541,535         | \$ 142,739                         | \$ 10,697,858                    |

GENERAL REVENUES

Sales Taxes

Property Taxes

Franchise Taxes

Other Taxes

Interest

Other

TRANSFERS

SPECIAL ITEM

Sale of Electric Utility

Loss of Disposal of Capital Assets

TOTAL GENERAL REVENUES  
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

| GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTALS                |                       |
|----------------------------|-----------------------------|-----------------------|-----------------------|
|                            |                             | 2019                  | 2018                  |
| \$ (283,680)               | \$ -                        | \$ (283,680)          | \$ (456,495)          |
| (2,920,713)                | -                           | (2,920,713)           | (2,655,985)           |
| (2,119,598)                | -                           | (2,119,598)           | (3,344,172)           |
| 1,884,322                  | -                           | 1,884,322             | 453,274               |
| (874,841)                  | -                           | (874,841)             | (27,291)              |
| (202,785)                  | -                           | (202,785)             | (282,843)             |
| (4,517,295)                | -                           | (4,517,295)           | (6,313,512)           |
| -                          | 6,161,000                   | 6,161,000             | 6,924,813             |
| -                          | (404,057)                   | (404,057)             | 2,115,914             |
| -                          | 887,258                     | 887,258               | 718,735               |
| -                          | (472,544)                   | (472,544)             | (120,867)             |
| -                          | 6,171,657                   | 6,171,657             | 9,638,595             |
| (4,517,295)                | 6,171,657                   | 1,654,362             | 3,325,083             |
| 5,678,575                  | -                           | 5,678,575             | 4,540,572             |
| 2,415,798                  | -                           | 2,415,798             | 2,075,205             |
| 574,238                    | -                           | 574,238               | 272,401               |
| 950,782                    | -                           | 950,782               | 691,348               |
| 349,189                    | 311,554                     | 660,743               | 431,127               |
| 496,355                    | -                           | 496,355               | 579,469               |
| (138,600)                  | 138,600                     | -                     | -                     |
| -                          | 18,000,000                  | 18,000,000            | -                     |
| (15,424)                   | (5,858,698)                 | (5,874,122)           | -                     |
| 10,310,913                 | 12,591,456                  | 22,902,369            | 8,590,122             |
| 5,793,618                  | 18,763,113                  | 24,556,731            | 11,915,205            |
| 43,045,329                 | 89,254,596                  | 132,299,925           | 119,694,392           |
| <u>\$ 48,838,947</u>       | <u>\$ 108,017,709</u>       | <u>\$ 156,856,656</u> | <u>\$ 131,609,597</u> |

## TOWN OF FREDERICK, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2019

|                                                                 | General<br>Fund      | Street<br>and Alley<br>Fund | Open<br>Space<br>Fund | Park<br>Improvement<br>Fund | Capital<br>Facilities<br>Fund | Other<br>Governmental<br>Funds |
|-----------------------------------------------------------------|----------------------|-----------------------------|-----------------------|-----------------------------|-------------------------------|--------------------------------|
| <b>ASSETS</b>                                                   |                      |                             |                       |                             |                               |                                |
| Cash and Investments                                            | \$ 8,083,166         | \$ 5,351,989                | \$ 1,898,337          | \$ 2,927,563                | \$ 3,642,719                  | \$ 621,229                     |
| Restricted Cash and Investments                                 | -                    | -                           | -                     | -                           | -                             | 78,195                         |
| Taxes Receivable                                                | 2,847,239            | -                           | -                     | -                           | -                             | -                              |
| Accounts Receivable                                             | 704,239              | 593,333                     | 182,320               | 14,400                      | 9,000                         | 4,250                          |
| Prepaid Items                                                   | 11,504               | -                           | -                     | -                           | -                             | -                              |
| Due from Other Funds                                            | -                    | -                           | 569,683               | -                           | -                             | -                              |
| Advances to Other Funds                                         | 50,000               | -                           | -                     | -                           | -                             | -                              |
| Due from Other Governments                                      | -                    | -                           | -                     | -                           | -                             | -                              |
| <b>TOTAL ASSETS</b>                                             | <b>\$ 11,696,148</b> | <b>\$ 5,945,322</b>         | <b>\$ 2,650,340</b>   | <b>\$ 2,941,963</b>         | <b>\$ 3,651,719</b>           | <b>\$ 703,674</b>              |
| <b>LIABILITIES AND FUND EQUITY</b>                              |                      |                             |                       |                             |                               |                                |
| <b>LIABILITIES</b>                                              |                      |                             |                       |                             |                               |                                |
| Accounts Payable                                                | \$ 288,679           | \$ 166,431                  | \$ 26,260             | \$ 123,454                  | \$ -                          | \$ 239,405                     |
| Accrued Liabilities                                             | 69,445               | 8,526                       | 4,001                 | 13,004                      | -                             | -                              |
| Unearned Revenues                                               | -                    | -                           | -                     | -                           | -                             | -                              |
| Developer Escrows and Deposits                                  | 319,670              | 1,168,459                   | -                     | 87,847                      | -                             | -                              |
| Due to Other Funds                                              | -                    | -                           | -                     | -                           | -                             | -                              |
| Advances from Other Funds                                       | -                    | 1,433,079                   | -                     | -                           | -                             | 50,000                         |
| <b>TOTAL LIABILITIES</b>                                        | <b>677,794</b>       | <b>2,776,495</b>            | <b>30,261</b>         | <b>224,305</b>              | <b>-</b>                      | <b>289,405</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                            |                      |                             |                       |                             |                               |                                |
| Deferred Property Tax Revenue                                   | 2,847,239            | -                           | -                     | -                           | -                             | -                              |
| <b>FUND EQUITY</b>                                              |                      |                             |                       |                             |                               |                                |
| Fund Balance                                                    |                      |                             |                       |                             |                               |                                |
| Nonspendable                                                    | 11,504               | -                           | -                     | -                           | -                             | -                              |
| Restricted for Emergencies                                      | 485,000              | -                           | -                     | -                           | -                             | -                              |
| Restricted for Open Space                                       | -                    | -                           | 2,620,079             | -                           | -                             | -                              |
| Restricted for Street Improvements                              | -                    | 3,168,827                   | -                     | -                           | -                             | -                              |
| Restricted for Parks and Recreation                             | -                    | -                           | -                     | -                           | -                             | 82,254                         |
| Restricted for Urban Renewal                                    | -                    | -                           | -                     | -                           | -                             | 332,015                        |
| Committed for Parks, Open Space,<br>and Capital Outlay          | -                    | -                           | -                     | 2,717,658                   | 3,651,719                     | -                              |
| Unassigned                                                      | 7,674,611            | -                           | -                     | -                           | -                             | -                              |
| <b>TOTAL FUND EQUITY</b>                                        | <b>8,171,115</b>     | <b>3,168,827</b>            | <b>2,620,079</b>      | <b>2,717,658</b>            | <b>3,651,719</b>              | <b>414,269</b>                 |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS, AND FUND EQUITY</b> | <b>\$ 11,696,148</b> | <b>\$ 5,945,322</b>         | <b>\$ 2,650,340</b>   | <b>\$ 2,941,963</b>         | <b>\$ 3,651,719</b>           | <b>\$ 703,674</b>              |

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Long-term liabilities and related assets are not due and payable in the current period and are not reported in the fund. These include Bonds Payable of (\$4,158,524), Premium on Bonds (\$171,223), Notes Payable (\$1,855,444), Capital Lease Payable (\$90,408), Accrued Compensated Absences (\$242,145), Accrued Interest Payable (\$39,498), Net Pension Liability (\$121,550), Deferred Outflows Related to Pensions \$438,897, and Deferred Inflows Related to Pensions of (\$15,518).

Net position of governmental activities

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

| Total<br>Governmental<br>Funds |                      |
|--------------------------------|----------------------|
| 2019                           | 2018                 |
| \$ 22,525,003                  | \$ 13,720,704        |
| 78,195                         | 299,626              |
| 2,847,239                      | 1,838,153            |
| 1,507,542                      | 1,113,109            |
| 11,504                         | 19,288               |
| 569,683                        | 3,569,683            |
| 50,000                         | 50,000               |
| -                              | -                    |
| <u>\$ 27,589,166</u>           | <u>\$ 20,610,563</u> |

|                  |                  |
|------------------|------------------|
| \$ 844,229       | \$ 1,585,994     |
| 94,976           | 190,452          |
| -                | 30,900           |
| 1,575,976        | 1,774,906        |
| -                | -                |
| <u>1,483,079</u> | <u>1,483,079</u> |
| <u>3,998,260</u> | <u>5,065,331</u> |

|                  |                  |
|------------------|------------------|
| <u>2,847,239</u> | <u>1,838,153</u> |
|------------------|------------------|

|                   |                   |
|-------------------|-------------------|
| 11,504            | 19,288            |
| 485,000           | 388,000           |
| 2,620,079         | 1,634,771         |
| 3,168,827         | 1,320,327         |
| 82,254            | 48,300            |
| 332,015           | 109,574           |
| 6,369,377         | 3,025,593         |
| <u>7,674,611</u>  | <u>7,161,226</u>  |
| <u>20,743,667</u> | <u>13,707,079</u> |

|            |            |
|------------|------------|
| 34,350,693 | 34,774,908 |
|------------|------------|

|                      |                      |
|----------------------|----------------------|
| <u>(6,255,413)</u>   | <u>(6,126,986)</u>   |
| <u>\$ 48,838,947</u> | <u>\$ 42,355,001</u> |

## TOWN OF FREDERICK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2019

|                                                 | General<br>Fund     | Street<br>and Alley<br>Fund | Open<br>Space<br>Fund | Park<br>Improvement<br>Fund | Capital<br>Facilities<br>Fund | Other<br>Governmental<br>Funds |
|-------------------------------------------------|---------------------|-----------------------------|-----------------------|-----------------------------|-------------------------------|--------------------------------|
| REVENUES                                        |                     |                             |                       |                             |                               |                                |
| Taxes and Fees                                  | \$ 6,738,936        | \$ 3,364,529                | \$ 1,381,610          | \$ 664,880                  | \$ 415,500                    | \$ 498,563                     |
| Licenses and Permits                            | 1,761,056           | -                           | -                     | -                           | -                             | -                              |
| Intergovernmental                               | -                   | -                           | -                     | -                           | -                             | 72,689                         |
| Charges for Services                            | -                   | 738,880                     | -                     | 3,100                       | -                             | -                              |
| Fines and Forfeitures                           | 154,533             | -                           | -                     | -                           | -                             | -                              |
| Grants and Contributions                        | 142,739             | 1,089,777                   | 57,600                | 1,150,000                   | -                             | -                              |
| Interest                                        | 132,416             | 93,712                      | 28,191                | 44,548                      | 48,257                        | 2,065                          |
| Miscellaneous                                   | 434,396             | 15,225                      | 608                   | 22,140                      | 17,687                        | 6,300                          |
| TOTAL REVENUES                                  | <u>9,364,076</u>    | <u>5,302,123</u>            | <u>1,468,009</u>      | <u>1,884,668</u>            | <u>481,444</u>                | <u>579,617</u>                 |
| EXPENDITURES                                    |                     |                             |                       |                             |                               |                                |
| General Government                              | 2,550,887           | -                           | -                     | -                           | -                             | -                              |
| Public Safety                                   | 3,050,923           | -                           | -                     | -                           | -                             | -                              |
| Public Works                                    | 627,287             | 1,951,230                   | 286,939               | 647,566                     | -                             | -                              |
| Parks and Recreation                            | -                   | -                           | -                     | -                           | -                             | 6,347                          |
| Economic Development                            | -                   | -                           | -                     | -                           | -                             | 874,841                        |
| Capital Outlay                                  | 99,506              | 837,413                     | 135,164               | 813,122                     | -                             | 32,445                         |
| Miscellaneous                                   | -                   | -                           | -                     | -                           | -                             | -                              |
| Debt Service                                    |                     |                             |                       |                             |                               |                                |
| Principal                                       | -                   | 300,000                     | -                     | -                           | 102,123                       | -                              |
| Interest and Other Fiscal Charges               | -                   | 111,850                     | -                     | -                           | 67,517                        | 43,325                         |
| TOTAL EXPENDITURES                              | <u>6,328,603</u>    | <u>3,200,493</u>            | <u>422,103</u>        | <u>1,460,688</u>            | <u>169,640</u>                | <u>956,958</u>                 |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>3,035,473</u>    | <u>2,101,630</u>            | <u>1,045,906</u>      | <u>423,980</u>              | <u>311,804</u>                | <u>(377,341)</u>               |
| OTHER FINANCING<br>SOURCES (USES)               |                     |                             |                       |                             |                               |                                |
| Transfers In                                    | 302,478             | -                           | -                     | 675,000                     | 1,950,000                     | -                              |
| Transfers Out                                   | (2,735,350)         | (253,130)                   | (60,598)              | (17,000)                    | -                             | -                              |
| Bonds Issued                                    | -                   | -                           | -                     | -                           | -                             | 633,736                        |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | <u>(2,432,872)</u>  | <u>(253,130)</u>            | <u>(60,598)</u>       | <u>658,000</u>              | <u>1,950,000</u>              | <u>633,736</u>                 |
| NET CHANGE IN<br>FUND BALANCES                  | 602,601             | 1,848,500                   | 985,308               | 1,081,980                   | 2,261,804                     | 256,395                        |
| FUND BALANCES, Beginning                        | <u>7,568,514</u>    | <u>1,320,327</u>            | <u>1,634,771</u>      | <u>1,635,678</u>            | <u>1,389,915</u>              | <u>157,874</u>                 |
| FUND BALANCES, Ending                           | <u>\$ 8,171,115</u> | <u>\$ 3,168,827</u>         | <u>\$ 2,620,079</u>   | <u>\$ 2,717,658</u>         | <u>\$ 3,651,719</u>           | <u>\$ 414,269</u>              |

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

Total  
Governmental  
Funds

| 2019          | 2018          |
|---------------|---------------|
| \$ 13,064,018 | \$ 9,976,301  |
| 1,761,056     | 1,442,963     |
| 72,689        | 61,810        |
| 741,980       | 692,550       |
| 154,533       | 130,952       |
| 2,440,116     | 207,100       |
| 349,189       | 322,981       |
| 496,356       | 579,470       |
| 19,079,937    | 13,414,127    |
| 2,550,887     | 2,126,884     |
| 3,050,923     | 2,788,195     |
| 3,513,022     | 3,239,336     |
| 6,347         | 13,026        |
| 874,841       | 27,291        |
| 1,917,650     | 6,455,837     |
| -             | 3,454         |
| 402,123       | 382,491       |
| 222,692       | 304,604       |
| 12,538,485    | 15,341,118    |
| 6,541,452     | (1,926,991)   |
| 2,927,478     | 1,428,840     |
| (3,066,078)   | (261,505)     |
| 633,736       | 859,788       |
| 495,136       | 2,027,123     |
| 7,036,588     | 100,132       |
| 13,707,079    | 13,606,947    |
| \$ 20,743,667 | \$ 13,707,079 |

TOWN OF FREDERICK, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

|                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net Changes in Fund Balances - Total Governmental Funds                                                                                                                                                                                                                                                                                                                                                                             | \$ 7,036,588        |
| 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 and reported as depreciation expense. This is the amount by which depreciation (\$2,168,465), exceeded capital outlay \$1,759,674 and loss on disposal of assets (\$15,424), in the current period.                                                     | (424,215)           |
| Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.                                                                                                                                                     | (633,736)           |
| Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include capital lease payments of \$43,500, bond payments of \$300,000, amortization of bond premium \$22,743, payment of notes payable \$100,981, change in accrued compensated absences of \$347, and change in accrued interest payable of (\$2,836). | 464,735             |
| Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.                                                                                                                                                                                                                                                                                              | (690,328)           |
| Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.                                                                                                                                                                                                                                                                 | <u>40,574</u>       |
| Change in Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                                                                                                   | <u>\$ 5,793,618</u> |

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

## TOWN OF FREDERICK, COLORADO

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPE  
 As of December 31, 2019

|                                                    | WATER<br>FUND | ELECTRIC<br>FUND | STORM<br>WATER<br>FUND | GOLF<br>COURSE<br>FUND |
|----------------------------------------------------|---------------|------------------|------------------------|------------------------|
| ASSETS                                             |               |                  |                        |                        |
| Current Assets                                     |               |                  |                        |                        |
| Cash and Investments                               | \$ 200        | \$ 23,257,712    | \$ 2,767,899           | \$ -                   |
| Accounts Receivable                                | 264,458       | 11,304           | 57,992                 | -                      |
| Other Accounts Receivable                          | 7,058         | 379,072          | 7,995                  | 7,756                  |
| Prepaid Items                                      | 168,656       | -                | -                      | -                      |
| Inventory                                          | -             | -                | -                      | 14,015                 |
| Due from Other Funds                               | -             | 5,770,679        | -                      | -                      |
| Total Current Assets                               | 440,372       | 29,418,767       | 2,833,886              | 21,771                 |
| Noncurrent Assets                                  |               |                  |                        |                        |
| Capital Assets, net of<br>Accumulated Depreciation | 78,215,361    | 615,340          | 2,674,424              | 82,632                 |
| TOTAL ASSETS                                       | 78,655,733    | 30,034,107       | 5,508,310              | 104,403                |
| LIABILITIES                                        |               |                  |                        |                        |
| Current Liabilities                                |               |                  |                        |                        |
| Accounts Payable                                   | 173,400       | 102,838          | 29,854                 | 33,061                 |
| Accrued Expenses                                   | 12,900        | 93               | 5,668                  | 4,559                  |
| Due to Other Funds                                 | 5,711,128     | -                | -                      | 59,551                 |
| Accrued Compensated Absences                       | 2,007         | -                | 775                    | 1,281                  |
| Total Current Liabilities                          | 5,899,435     | 102,931          | 36,297                 | 98,452                 |
| Noncurrent Liabilities                             |               |                  |                        |                        |
| Deposits                                           | 33,000        | 25,208           | 42,984                 | 9,975                  |
| Accrued Compensated Absences                       | 18,063        | -                | 6,971                  | 11,528                 |
| Total Noncurrent Liabilities                       | 51,063        | 25,208           | 49,955                 | 21,503                 |
| TOTAL LIABILITIES                                  | 5,950,498     | 128,139          | 86,252                 | 119,955                |
| NET POSITION                                       |               |                  |                        |                        |
| Net Investment in Capital Assets                   | 78,215,361    | 615,340          | 2,674,424              | 82,632                 |
| Unrestricted                                       | (5,510,126)   | 29,290,628       | 2,747,634              | (98,184)               |
| TOTAL NET POSITION                                 | \$ 72,705,235 | \$ 29,905,968    | \$ 5,422,058           | \$ (15,552)            |

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

TOTALS

| 2019                  | 2018                 |
|-----------------------|----------------------|
| \$ 26,025,811         | \$ 7,338,586         |
| 333,754               | 640,527              |
| 401,881               | 3,763,709            |
| 168,656               | 163,940              |
| 14,015                | 14,014               |
| 5,770,679             | 9,000,000            |
| <u>32,714,796</u>     | <u>20,920,776</u>    |
| <br>                  |                      |
| <u>81,587,757</u>     | <u>81,455,372</u>    |
| <br>                  |                      |
| <u>114,302,553</u>    | <u>102,376,148</u>   |
| <br>                  |                      |
| 339,153               | 931,065              |
| 23,220                | 65,136               |
| 5,770,679             | 12,000,000           |
| 4,063                 | 3,080                |
| <u>6,137,115</u>      | <u>12,999,281</u>    |
| <br>                  |                      |
| 111,167               | 94,547               |
| 36,562                | 27,724               |
| <u>147,729</u>        | <u>122,271</u>       |
| <br>                  |                      |
| <u>6,284,844</u>      | <u>13,121,552</u>    |
| <br>                  |                      |
| 81,587,757            | 81,455,372           |
| 26,429,952            | 7,799,224            |
| <u>\$ 108,017,709</u> | <u>\$ 89,254,596</u> |

## TOWN OF FREDERICK, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND TYPE  
Year Ended December 31, 2019

|                                                     | WATER<br>FUND        | ELECTRIC<br>FUND     | STORM<br>WATER<br>FUND | GOLF<br>COURSE<br>FUND |
|-----------------------------------------------------|----------------------|----------------------|------------------------|------------------------|
| OPERATING REVENUES                                  |                      |                      |                        |                        |
| Charges for Services                                | \$ 3,288,012         | \$ 273,553           | \$ 667,734             | \$ 387,483             |
| Miscellaneous                                       | 116,891              | 41,683               | -                      | 11,828                 |
| TOTAL OPERATING REVENUES                            | 3,404,903            | 315,236              | 667,734                | 399,311                |
| OPERATING EXPENSES                                  |                      |                      |                        |                        |
| Administration                                      | 373,025              | 28,823               | -                      | -                      |
| Operations                                          | 1,483,595            | 763,490              | 318,588                | 861,176                |
| Depreciation                                        | 317,869              | 29,305               | 99,253                 | 10,679                 |
| TOTAL OPERATING EXPENSES                            | 2,174,489            | 821,618              | 417,841                | 871,855                |
| OPERATING INCOME                                    | 1,230,414            | (506,382)            | 249,893                | (472,544)              |
| NON-OPERATING<br>REVENUES (EXPENSES)                |                      |                      |                        |                        |
| Interest Income                                     | 29,928               | 237,327              | 42,865                 | 1,434                  |
| Sale of Electric Utility                            | -                    | 18,000,000           | -                      | -                      |
| Loss of Disposal of Capital Assets                  | -                    | (5,858,698)          | -                      | -                      |
| TOTAL NON-OPERATING<br>REVENUES (EXPENSES)          | 29,928               | 12,378,629           | 42,865                 | 1,434                  |
| INCOME (LOSS) BEFORE<br>CONTRIBUTIONS AND TRANSFERS | 1,260,342            | 11,872,247           | 292,758                | (471,110)              |
| Capital Contributions                               | 4,930,586            | 102,325              | 637,365                | -                      |
| Transfers In                                        | -                    | -                    | -                      | 165,350                |
| Transfers Out                                       | (5,750)              | -                    | (1,000)                | (20,000)               |
| CHANGES IN NET POSITION                             | 6,185,178            | 11,974,572           | 929,123                | (325,760)              |
| NET POSITION, Beginning                             | 66,520,057           | 17,931,396           | 4,492,935              | 310,208                |
| NET POSITION, Ending                                | <u>\$ 72,705,235</u> | <u>\$ 29,905,968</u> | <u>\$ 5,422,058</u>    | <u>\$ (15,552)</u>     |

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

TOTALS

|                       | 2018                 |
|-----------------------|----------------------|
| \$ 4,616,782          | \$ 8,831,864         |
| 170,402               | 2,025,396            |
| 4,787,184             | 10,857,260           |
| 401,848               | 562,546              |
| 3,426,849             | 5,730,725            |
| 457,106               | 676,811              |
| 4,285,803             | 6,970,082            |
| 501,381               | 3,887,178            |
| 311,554               | 108,146              |
| 18,000,000            | -                    |
| (5,858,698)           | -                    |
| 12,452,856            | 108,146              |
| 12,954,237            | 3,995,324            |
| 5,670,276             | 5,751,417            |
| 165,350               | -                    |
| (26,750)              | (1,167,335)          |
| 18,763,113            | 8,579,406            |
| 89,254,596            | 80,675,190           |
| <u>\$ 108,017,709</u> | <u>\$ 89,254,596</u> |

TOWN OF FREDERICK, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 Year Ended December 31, 2019  
 Increase (Decrease) in Cash and Cash Equivalents

|                                                                                                  | WATER<br>FUND | ELECTRIC<br>FUND | STORM<br>WATER<br>FUND | GOLF<br>COURSE<br>FUND |
|--------------------------------------------------------------------------------------------------|---------------|------------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING<br>ACTIVITIES                                                          |               |                  |                        |                        |
| Cash Received from Customers                                                                     | \$ 3,341,221  | \$ 688,475       | \$ 664,950             | \$ 399,311             |
| Cash Paid to Suppliers                                                                           | (2,289,790)   | (1,036,358)      | (301,345)              | (829,928)              |
| Net Cash Provided (Used) by Operating Activities                                                 | 1,051,431     | (347,883)        | 363,605                | (430,617)              |
| CASH FLOWS FROM CAPITAL AND<br>RELATED FINANCING ACTIVITIES                                      |               |                  |                        |                        |
| Purchase of Property and Equipment                                                               | (6,462,249)   | -                | -                      | 14,060                 |
| Sale of Electric Utility                                                                         | -             | 18,000,000       | -                      | -                      |
| Grants and Contributions                                                                         | 3,626,477     | 17,127           | 118,551                | 1,554                  |
| Capital Contributions                                                                            | 4,923,528     | (276,747)        | 629,370                | (7,756)                |
| Deposits from Customers                                                                          | 11,000        | -                | -                      | 5,620                  |
| Payments (to) from Other Funds                                                                   | (6,294,622)   | 3,229,321        | (1,000)                | 204,901                |
| Net Cash Provided (Used) by Capital and Related<br>Financing Activities                          | (4,195,866)   | 20,969,701       | 746,921                | 218,379                |
| CASH FLOWS FROM INVESTING<br>ACTIVITIES                                                          |               |                  |                        |                        |
| Interest Received                                                                                | 29,928        | 237,327          | 42,865                 | 1,434                  |
| Net Cash Provided by Investing Activities                                                        | 29,928        | 237,327          | 42,865                 | 1,434                  |
| Net Increase (Decrease) in Cash and Cash Equivalents                                             | (3,114,507)   | 20,859,145       | 1,153,391              | (210,804)              |
| CASH AND INVESTMENTS, Beginning                                                                  | 3,114,707     | 2,398,567        | 1,614,508              | 210,804                |
| CASH AND INVESTMENTS, Ending                                                                     | \$ 200        | \$ 23,257,712    | \$ 2,767,899           | \$ -                   |
| RECONCILIATION OF OPERATING<br>INCOME TO NET CASH PROVIDED BY<br>OPERATING ACTIVITIES            |               |                  |                        |                        |
| Operating Income (Loss)                                                                          | \$ 1,230,414  | \$ (506,382)     | \$ 249,893             | \$ (472,544)           |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided by Operating Activities |               |                  |                        |                        |
| Depreciation and Amortization                                                                    | 317,869       | 29,305           | 99,253                 | 10,679                 |
| Changes in Assets and Liabilities                                                                |               |                  |                        |                        |
| Accounts Receivable                                                                              | (63,682)      | 373,239          | (2,784)                | -                      |
| Prepaid Items                                                                                    | (4,716)       | -                | -                      | -                      |
| Inventory                                                                                        | -             | -                | -                      | (1)                    |
| Accounts Payable                                                                                 | (412,619)     | (231,591)        | 28,854                 | 23,444                 |
| Accrued Expenses                                                                                 | (19,380)      | (9,126)          | (13,845)               | 435                    |
| Accrued Compensated Absences                                                                     | 3,545         | (3,328)          | 2,234                  | 7,370                  |
| Total Adjustments                                                                                | (178,983)     | 158,499          | 113,712                | 41,927                 |
| Net Cash Provided by Operating Activities                                                        | \$ 1,051,431  | \$ (347,883)     | \$ 363,605             | \$ (430,617)           |

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

TOTALS

| 2019         | 2018          |
|--------------|---------------|
| \$ 5,093,957 | \$ 11,139,343 |
| (4,457,421)  | (5,826,241)   |
| 636,536      | 5,313,102     |

|             |              |
|-------------|--------------|
| (6,448,189) | (19,910,375) |
| 18,000,000  | -            |
| 3,763,709   | 36,986       |
| 5,268,395   | 1,987,708    |
| 16,620      | 51,776       |
| (2,861,400) | 1,832,665    |
| 17,739,135  | (16,001,240) |

|         |         |
|---------|---------|
| 311,554 | 108,146 |
| 311,554 | 108,146 |

|               |              |
|---------------|--------------|
| 18,687,225    | (10,579,992) |
| 7,338,586     | 17,918,578   |
| \$ 26,025,811 | \$ 7,338,586 |

|            |              |
|------------|--------------|
| \$ 501,381 | \$ 3,887,178 |
|------------|--------------|

|            |              |
|------------|--------------|
| 457,106    | 676,811      |
| 306,773    | 282,083      |
| (4,716)    | 1,458        |
| (1)        | (6,948)      |
| (591,912)  | 442,245      |
| (41,916)   | 41,895       |
| 9,821      | (11,620)     |
| 135,155    | 1,425,924    |
| \$ 636,536 | \$ 5,313,102 |

TOWN OF FREDERICK, COLORADO

STATEMENT OF NET POSITION  
OIL ROYALTY TRUST FUND  
December 31, 2019

|                                    | PRIVATE<br>PURPOSE<br>TRUST |
|------------------------------------|-----------------------------|
| ASSETS                             |                             |
| Cash and Investments               | \$ 646,100                  |
| Accounts Receivable                | 3,939                       |
| Due from Other Funds               | 863,396                     |
|                                    |                             |
| TOTAL ASSETS                       | 1,513,435                   |
| LIABILITIES                        |                             |
| Accounts Payable                   | 1,838                       |
|                                    |                             |
| NET POSITION                       | \$ 1,511,597                |
|                                    |                             |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,513,435                |

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF CHANGES IN NET POSITION  
OIL ROYALTY TRUST FUND  
Year Ended December 31, 2019

|                         | PRIVATE<br>PURPOSE<br>TRUST |
|-------------------------|-----------------------------|
| ADDITIONS               |                             |
| Oil Royalties           | \$ 95,568                   |
| Interest                | 21,397                      |
| TOTAL ADDITIONS         | 116,965                     |
| DEDUCTIONS              |                             |
| Purchased Services      | 35,562                      |
| Scholarships            | 15,500                      |
| Donations               | 8,670                       |
| TOTAL DEDUCTIONS        | 59,732                      |
| CHANGE IN NET POSITION  | 57,233                      |
| NET POSITION, Beginning | 1,454,364                   |
| NET POSITION, Ending    | \$ 1,511,597                |

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Frederick, Colorado was incorporated in 1907. The Town is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the Town of Frederick, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

**Reporting Entity**

In accordance with governmental accounting standards, the Town of Frederick has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization’s governing body and either it is 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. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

**Frederick Urban Renewal Authority**

The Frederick Urban Renewal Authority (the “Authority”) is considered to be financially accountable to the Town. The purpose of the Authority is to improve condition of blighted areas of the Town. The Authority is considered to be part of the Town for financial reporting purposes because its resources are entirely for the direct benefit of the Town and is blended into the Town’s financial statements as a special revenue fund. Separate financial statements are not available.

**Government-Wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

**Government-Wide and Fund Financial Statements** (Continued)

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

In the fund financial statements, 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 *Street and Alley Fund* accounts for revenues from specific sources and to account for the construction and maintenance of the Town's streets and alleys

The *Open Space Fund* accounts for allocated impact fees and sales tax revenues approved by voters to provide funding for the acquisition and maintenance of open space areas within the Town.

The *Park Improvement Fund* accounts for allocated impact fees, grants, and contributions to provide funding for the acquisition and maintenance of parks and recreation areas within the Town.

The *Capital Facilities Fund* accounts for allocated impact fee revenues to provide funding for the acquisition of property and equipment, construction of streets, drainage, and planning and engineering studies.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Electric Fund* accounts for the financial activities associated with the provision of electric services.

The *Storm Water Fund* accounts for the financial activities associated with the provision of drainage services.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

The *Golf Course Fund* accounts for the financial activities associated with the operation of the Bella Rosa Golf Course.

Additionally, the Town reports the following fund type:

The *Fiduciary Fund* accounts for the activities of the Town's oil royalties.

**Cash and Investments**

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

**Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value on the date of donation.

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

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

|                         |               |
|-------------------------|---------------|
| Buildings               | 20 - 50 years |
| Water System            | 10 - 50 years |
| Machinery and Equipment | 5 - 10 years  |
| Vehicles                | 5 - 10 years  |
| Infrastructure          | 10 - 30 years |

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

**Compensated Absences**

Employees of the Town are allowed to accumulate unused vacation time up to 160 hours if they have less than 15 years of service. Employees with over 15 years can accumulate 400 hours. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time at their current pay rate. Employees are not compensated for any of their accrued sick time.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

**Net Position**

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The Town reports prepaid expenses as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Town has also classified the Open Space Fund as restricted because its use is restricted by taxpayer initiative, the Street and Alley Fund as restricted as the revenues are restricted through taxpayer initiatives and State Statute, and the Conservation Trust Fund is classified as restricted because its revenues are restricted by State Statute.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town reports the fund balances of the Park Improvement Fund and the Capital Facilities Fund as committed as the Town has passed ordinances to create impact fees that are committed for the costs of infrastructure necessary to support new development.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

**Fund Balance Classification** (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

**Property Taxes**

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

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

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

**Budgets and Budgetary Accounting** (Continued)

- Budgets are legally adopted for all funds of the Town. Budgets for the General, Special Revenue, and Private Purpose Trust Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

**Legal Compliance**

At December 31, 2019, actual expenditures in the Golf Fund exceeded its budgeted amounts by \$57,451. This may be a violation of State Statute.

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2019 follows:

|               |                             |
|---------------|-----------------------------|
| Petty Cash    | \$ 450                      |
| Cash Deposits | 19,092,506                  |
| Investments   | <u>30,182,153</u>           |
| Total         | <u><b>\$ 49,275,109</b></u> |

The above amounts are classified in the statement of net position as follows:

|                                 |                             |
|---------------------------------|-----------------------------|
| Cash and Investments            | \$ 48,550,814               |
| Restricted Cash and Investments | 78,195                      |
| Fiduciary Funds                 | <u>646,100</u>              |
| Total                           | <u><b>\$ 49,275,109</b></u> |

Cash in the amount of \$78,195 is restricted for debt service and capital improvements in the Frederick Urban Renewal Authority Fund.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Deposits**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Town has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the Town had deposits with financial institutions with a carrying amount of \$19,092,506. The bank balances with the financial institutions were \$19,241,277. Of these balances, \$1,078,195 was covered by federal depository insurance and \$18,163,082 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

As of December 31, 2019, the Town had the following investments and maturities:

| <u>Type of Investment</u>         | <u>Fair Value</u>           | <u>Maturities (in Years)</u> |                    |
|-----------------------------------|-----------------------------|------------------------------|--------------------|
|                                   |                             | <u>0 – 1 Years</u>           | <u>1 – 5 Years</u> |
| U.S. Government Agencies          | \$ 999,070                  | \$ 999,070                   | \$ -               |
| Local Government Investment Pools | <u>29,183,083</u>           | <u>29,183,083</u>            | <u>-</u>           |
| <b>Total</b>                      | <b><u>\$ 30,182,153</u></b> | <b><u>\$ 30,182,153</u></b>  | <b><u>\$ -</u></b> |

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities. The Town's securities at December 31, 2019, are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Services for its U.S. Government Agencies and Securities.

Local Government Investment Pools

The Town had invested \$15,448,456 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE reports its underlying investments at amortized and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 3: DEPOSITS AND INVESTMENTS** (Continued)

**Investments** (Continued)

Local Government Investment Pools (Continued)

The Town had invested \$13,734,627 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2019, the Town held investments in U.S. Government Agencies and Securities in the amount of \$999,070 with maturity dates of less than one year. Given the low risk of this type of investment, the Town has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2019 is summarized below:

|                                                 | Balances<br><u>12/31/2018</u> | <u>Additions</u>    | <u>Deletions</u>    | Balances<br><u>12/31/2019</u> |
|-------------------------------------------------|-------------------------------|---------------------|---------------------|-------------------------------|
| <b>Governmental Activities</b>                  |                               |                     |                     |                               |
| Capital Assets, not depreciated                 |                               |                     |                     |                               |
| Land                                            | \$ 6,592,410                  | \$ -                | \$ -                | \$ 6,592,410                  |
| Construction in Process                         | <u>2,434,137</u>              | <u>890,925</u>      | <u>2,301,465</u>    | <u>1,023,597</u>              |
| Total Capital Assets, not depreciated           | <u>9,026,547</u>              | <u>890,925</u>      | <u>2,301,465</u>    | <u>7,616,007</u>              |
| Capital Assets, depreciated                     |                               |                     |                     |                               |
| Buildings                                       | 5,720,865                     | -                   | -                   | 5,720,865                     |
| Improvements other than buildings               | 11,171,187                    | 749,177             | -                   | 11,920,364                    |
| Infrastructure                                  | 38,331,397                    | 2,299,713           | -                   | 40,631,110                    |
| Equipment                                       | <u>4,710,301</u>              | <u>121,324</u>      | <u>37,944</u>       | <u>4,710,301</u>              |
| Total Capital Assets, depreciated               | <u>59,933,750</u>             | <u>3,170,214</u>    | <u>37,944</u>       | <u>63,066,020</u>             |
| Less Accumulated Depreciation                   |                               |                     |                     |                               |
| Buildings                                       | 1,403,710                     | 131,715             | -                   | 1,535,425                     |
| Improvements                                    | 2,949,300                     | 351,629             | -                   | 3,300,929                     |
| Infrastructure                                  | 26,485,316                    | 1,431,427           | -                   | 27,916,743                    |
| Equipment                                       | <u>3,347,063</u>              | <u>253,694</u>      | <u>22,520</u>       | <u>3,578,237</u>              |
| Total Accumulated Depreciation                  | <u>34,185,389</u>             | <u>2,168,465</u>    | <u>22,520</u>       | <u>36,331,334</u>             |
| Total Capital Assets, depreciated, Net          | <u>25,748,361</u>             | <u>1,001,749</u>    | <u>15,424</u>       | <u>26,734,686</u>             |
| Governmental Activities,<br>Capital Assets, Net | <u>\$ 34,774,908</u>          | <u>\$ 1,892,674</u> | <u>\$ 2,316,889</u> | <u>\$ 34,350,693</u>          |

Depreciation expense was charged to functions/programs of the Town as follows:

**Governmental Activities**

|                    |                     |
|--------------------|---------------------|
| General Government | \$ 248,660          |
| Public Safety      | 64,897              |
| Public Works       | <u>1,854,908</u>    |
| Total              | <u>\$ 2,168,465</u> |

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 4: CAPITAL ASSETS (Continued)**

|                                                  | Balances<br><u>12/31/2018</u> | <u>Additions</u>    | <u>Deletions</u>    | Balances<br><u>12/31/2019</u> |
|--------------------------------------------------|-------------------------------|---------------------|---------------------|-------------------------------|
| <b>Business-Type Activities</b>                  |                               |                     |                     |                               |
| Capital Assets, not depreciated                  |                               |                     |                     |                               |
| Land                                             | \$ 1,229,794                  | \$ -                | \$ -                | \$ 1,229,794                  |
| Water Rights                                     | 60,267,612                    | 5,792,671           | -                   | 66,060,283                    |
| System Enhancement                               | 1,019,000                     | -                   | -                   | 1,019,000                     |
| Construction in Progress                         | <u>3,531,665</u>              | <u>669,577</u>      | <u>1,568,415</u>    | <u>2,632,827</u>              |
| Total Capital Assets, not depreciated            | <u>66,048,071</u>             | <u>6,462,248</u>    | <u>1,568,415</u>    | <u>70,941,904</u>             |
| Capital Assets, depreciated                      |                               |                     |                     |                               |
| Intangible Assets                                | 74,850                        | -                   | -                   | 74,850                        |
| Buildings                                        | 490,826                       | -                   | -                   | 490,826                       |
| Utility Systems                                  | 22,726,509                    | 17,278              | 7,178,532           | 15,565,255                    |
| Equipment                                        | <u>849,801</u>                | <u>-</u>            | <u>30,394</u>       | <u>819,407</u>                |
| Total Capital Assets, depreciated                | <u>24,141,986</u>             | <u>17,278</u>       | <u>7,208,926</u>    | <u>16,950,338</u>             |
| Less: Accumulated Depreciation                   |                               |                     |                     |                               |
| Intangible Assets                                | 74,850                        | -                   | -                   | 74,850                        |
| Buildings                                        | 148,268                       | 12,646              | -                   | 160,914                       |
| Utility Systems                                  | 8,107,519                     | 374,849             | 2,876,822           | 5,605,546                     |
| Equipment                                        | <u>404,048</u>                | <u>69,611</u>       | <u>10,484</u>       | <u>463,175</u>                |
| Total Accumulated Depreciation                   | <u>8,734,685</u>              | <u>457,106</u>      | <u>2,887,306</u>    | <u>6,304,485</u>              |
| Total Capital Assets, depreciated, Net           | <u>15,407,301</u>             | <u>(439,828)</u>    | <u>4,321,620</u>    | <u>10,645,853</u>             |
| Business-Type Activities,<br>Capital Assets, Net | <u>\$ 81,455,372</u>          | <u>\$ 6,022,420</u> | <u>\$ 5,890,035</u> | <u>\$ 81,587,757</u>          |

Depreciation expense was charged to functions/programs of the Town as follows:

**Business-type Activities**

|                  |                   |
|------------------|-------------------|
| Water Fund       | \$ 317,869        |
| Storm Water Fund | 99,253            |
| Electric Fund    | 29,305            |
| Golf Course Fund | <u>10,679</u>     |
| Total            | <u>\$ 457,106</u> |

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 5: LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019.

|                                       | Balance<br><u>12/31/2018</u> | <u>Additions</u>         | <u>Payments</u>          | Balance<br><u>12/31/2019</u> | Due In<br><u>One Year</u> |
|---------------------------------------|------------------------------|--------------------------|--------------------------|------------------------------|---------------------------|
| PW Facility – Loan                    | \$ 1,956,425                 | \$ -                     | \$ 100,981               | \$ 1,855,444                 | \$ 104,421                |
| 2015 Revenue and Refunding Bonds      | 2,965,000                    | -                        | 300,000                  | 2,665,000                    | 305,000                   |
| 2015 Bond Premium                     | 193,966                      | -                        | 22,743                   | 171,223                      | -                         |
| 2018 FURA Tax Increment Revenue Bonds | 859,788                      | 633,736                  | -                        | 1,493,524                    | 30,093                    |
| Street Sweeper – Lease                | 133,908                      | -                        | 43,500                   | 90,408                       | 44,626                    |
| Accrued Compensated Absences          | <u>242,492</u>               | <u>203,842</u>           | <u>204,189</u>           | <u>242,145</u>               | <u>24,215</u>             |
| Total                                 | <u><b>\$ 6,351,579</b></u>   | <u><b>\$ 837,578</b></u> | <u><b>\$ 671,413</b></u> | <u><b>\$ 6,517,744</b></u>   | <u><b>\$ 508,355</b></u>  |

Compensated Absences are expected to be liquidated with resources of the Governmental Funds. The Town currently estimates that 10% of the accrued compensated absences shown above will be liquidated currently.

**Public Works Facility Loan**

In December 2013, the Town entered into a loan payable and lease agreement with Valley Bank and Trust to finance the construction of a public works facility. Principal and interest payments are due semi-annually on January 20 and July 20 through July 20, 2033. Interest accrues at a rate of 3.50%.

**2015 Revenue Refunding Bonds**

In December 2015, the Town issued Sales and Use Tax Revenue Refunding Bonds Series 2015A and Sales and Tax Revenue Bonds Series 2015B to refund the Town's 2006 Revenue Bonds and to finance capital improvements and bond issuance costs. Principal and interest payments are due annually on December 15 through December 15, 2029. Interest accrues at rates ranging from 2.00% of 4.00%.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 5: LONG-TERM DEBT**(Continued)

**2018 FURA Tax Increment Revenue Bonds**

In June 2018, the Frederick Urban Renewal Authority (FURA) was authorized for up to \$3,550,000 in Tax Increment Revenue Bonds Series 2018 to finance capital improvements within the Meadowlark Business Park Plan Area and to finance bond issuance costs. These bonds are issued as a draw down bond and funds will be available to the FURA as requested. For the years ended December 31, 2018 and 2019, the FURA has drawn \$859,788 and 633,736, respectively, on these bonds. Principal and Interest on the amounts drawn are due annually on December 1, 2018 through December 1, 2040. Interest is currently accruing at rates ranging from 3.808% to 4.832%. This is a variable rate equal to 80% of the Taxable Rate, which is 3.0% plus the five-year Federal Home Loan Bank Des Moines Fixed Advance regular rate as of the date of the date of the draw request. This rate shall not exceed 8.00% per annum.

**Street Sweeper Lease**

In November 2016, the Town entered into lease purchase agreement with Wells Fargo Bank to finance the acquisition of a Street Sweeper. Principal and interest payments are due annually on January 31 through January 31, 2021. Interest accrues at a rate of 2.59%.

**Future Debt Service Requirements**

Annual debt service requirements for the outstanding loan at December 31, 2019 are as follows:

| <u>Year Ended December 31,</u>         | <u>Principal</u>           | <u>Interest</u>          | <u>Total</u>               |
|----------------------------------------|----------------------------|--------------------------|----------------------------|
| 2020                                   | \$ 104,421                 | \$ 65,220                | \$ 169,641                 |
| 2021                                   | 108,335                    | 61,305                   | 169,640                    |
| 2022                                   | 112,214                    | 57,247                   | 169,641                    |
| 2023                                   | 116,231                    | 53,409                   | 169,640                    |
| 2024                                   | 120,260                    | 49,380                   | 169,640                    |
| 2025 – 2029                            | 669,674                    | 178,527                  | 848,201                    |
| 2030 – 2033                            | <u>624,309</u>             | <u>51,191</u>            | <u>675,500</u>             |
| Total Debt Service Requirements - Loan | <b><u>\$ 1,855,444</u></b> | <b><u>\$ 516,459</u></b> | <b><u>\$ 2,371,903</u></b> |

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 5: LONG-TERM DEBT**(Continued)

**Future Debt Service Requirements** (Continued)

Annual debt service requirements for the outstanding bonds at December 31, 2019 are as follows:

| <u>Year Ended December 31,</u>          | <u>Principal</u>           | <u>Interest</u>            | <u>Total</u>               |
|-----------------------------------------|----------------------------|----------------------------|----------------------------|
| 2020                                    | \$ 335,093                 | \$ 169,788                 | \$ 504,881                 |
| 2021                                    | 367,274                    | 158,984                    | 526,258                    |
| 2022                                    | 382,274                    | 144,748                    | 527,022                    |
| 2023                                    | 389,805                    | 129,211                    | 519,016                    |
| 2024                                    | 403,539                    | 113,570                    | 517,109                    |
| 2025 – 2029                             | 1,332,376                  | 344,266                    | 1,676,642                  |
| 2030 – 2034                             | 413,886                    | 174,591                    | 588,477                    |
| 2035 – 2039                             | 446,249                    | 79,767                     | 526,016                    |
| 2040                                    | <u>88,028</u>              | <u>3,955</u>               | <u>91,983</u>              |
| Total Debt Service Requirements - Bonds | <b><u>\$ 4,158,524</u></b> | <b><u>\$ 1,318,880</u></b> | <b><u>\$ 5,477,404</u></b> |

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2019.

| <u>Year Ended December 31,</u>                 |                         |
|------------------------------------------------|-------------------------|
| 2020                                           | \$ 46,968               |
| 2021                                           | <u>46,968</u>           |
| Total Minimum Lease Payments                   | 93,936                  |
| Less: Interest                                 | <u>(3,528)</u>          |
| Present Value of Future Minimum Lease Payments | <b><u>\$ 90,408</u></b> |

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2019.

|                              | <u>Balance</u><br><u>12/31/2018</u> | <u>Additions</u>        | <u>Payments</u>         | <u>Balance</u><br><u>12/31/2019</u> | <u>Due In</u><br><u>One Year</u> |
|------------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------------------|----------------------------------|
| Accrued Compensated Absences | \$ 30,804                           | \$ 44,079               | \$ 34,258               | \$ 40,625                           | \$ 4,063                         |
| Total                        | <b><u>\$ 30,804</u></b>             | <b><u>\$ 44,079</u></b> | <b><u>\$ 34,258</u></b> | <b><u>\$ 40,625</u></b>             | <b><u>\$ 4,063</u></b>           |

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 5: LONG-TERM DEBT** (Continued)

**Business-Type Activities** (Continued)

Compensated Absences are expected to be liquidated with resources of the Proprietary Funds and the Town currently estimates that 10% of the accrued compensated absences shown above will be liquidated currently.

**NOTE 6: INTERFUND TRANSFERS**

Below is a schedule of interfund transfers made during the year ended December 31, 2019.

| <u>Transfers To Other Funds</u> | <u>Transfers From Other Funds</u> | <u>Amount</u>              |
|---------------------------------|-----------------------------------|----------------------------|
| General Fund                    | Street Improvement Fund           | \$ 253,130                 |
| General Fund                    | Open Space Fund                   | 5,598                      |
| General Fund                    | Park Improvement Fund             | 17,000                     |
| General Fund                    | Water Fund                        | 5,750                      |
| General Fund                    | Drainage Fund                     | 1,000                      |
| General Fund                    | Golf Fund                         | 20,000                     |
| Park Improvement Fund           | General Fund                      | 675,000                    |
| Capital Facilities Fund         | General Fund                      | 1,950,000                  |
| Golf Fund                       | General Fund                      | 110,350                    |
| Golf Fund                       | Open Space Fund                   | <u>55,000</u>              |
| <b>Total</b>                    |                                   | <b><u>\$ 3,092,828</u></b> |

The transfers to the General Fund were made to assist with operating and administrative costs and the one percent fee charged to capital construction projects to support the Art in Public Places program. The transfers to the Park Improvement and Capital Facilities Funds were made to offset the cost of park improvements and capital construction projects. The transfer to the Golf Fund were made to offset additional operating and capital costs in the Golf Fund. These transfers are budgeted annually.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 7: TAX ABATEMENTS**

The Town entered into a Developer Incentive agreement with a local business under Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31 of the Colorado Revised Statutes ("C.R.S.") and under C.R.S. § 30-11-123 which provides that the Town may negotiate incentive payments to taxpayers who establish new business facilities or who expand existing business facilities.

During the year ended December 31, 2016, the Town entered into an incentive agreement with a new local business to promote economic development within the Town and to generate employment opportunities for residents of the Town. Under this agreement, the Town abated sales taxes totaling \$273,179, \$4,731, and \$0, for the years ended December 31, 2017, 2018 and 2019, respectively. In addition, this agreement provided for permit and plan review fee waivers totaling \$5,512 and \$0, for the years ended December 31, 2018 and 2019, respectively.

**NOTE 8: DEFINED BENEFIT PENSION PLANS**

**Statewide Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The Town contributes to the Statewide Defined Benefit Pension Plan ("SWDB Plan"), a cost-sharing multiple employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

**General Information about the Pension Plan**

*Plan description.* The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the Pension Plan** (Continued)

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB 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.

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 a least five years of accredited service may leave contributions with the SWDP Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

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

Members of the SWDB Plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

**General Information about the Pension Plan** (Continued)

Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

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

At December 31, 2019 the Town reported a net pension liability in the amount of \$121,550 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The Town's proportion of the net pension asset was based on the Town's contributions to the SWDB Plan for the calendar year 2018 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2018, the Town's proportion was 0.09614%, which was a decrease of 0.00716% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019 the Town recognized pension expense of \$19,444. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

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

|                                                                                                                 | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference between expected and actual experience                                                               | \$156,181                                     | \$1,299                                      |
| Net difference between projected and actual earnings on pension plan investments                                | \$95,617                                      | N/A                                          |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | \$9,363                                       | \$14,219                                     |
| Change in assumptions and other inputs                                                                          | \$117,717                                     | N/A                                          |
| Contributions subsequent to the measurement date                                                                | \$60,019                                      | N/A                                          |
| Total                                                                                                           | <b>\$438,897</b>                              | <b>\$15,518</b>                              |

\$60,019 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31 |           |
|------------------------|-----------|
| 2020                   | \$68,663  |
| 2021                   | \$48,702  |
| 2022                   | \$41,299  |
| 2023                   | \$69,107  |
| 2024                   | \$33,038  |
| Thereafter             | \$102,551 |

*Actuarial assumptions.* The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumptions and other inputs:

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

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

Total Pension Liability:

|                                      |                      |
|--------------------------------------|----------------------|
| Actuarial Valuation Date             | January 1, 2019      |
| Actuarial Method                     | Entry Age Normal     |
| Amortization Method                  | N/A                  |
| Amortization Period                  | N/A                  |
| Long-term investment Rate of Return* | 7.00 percent         |
| Projected salary increases*          | 4.25 – 11.25 percent |
| Cost of Living Adjustments (COLA)    | 0.00 percent         |
| *Includes Inflation at 2.5%          |                      |

Actuarially Determined Contributions:

|                                      |                          |
|--------------------------------------|--------------------------|
| Actuarial Valuation Date             | January 1, 2018          |
| Actuarial Method                     | Entry Age Normal         |
| Amortization Method                  | Level % of Payroll, Open |
| Amortization Period                  | 30 Years                 |
| Long-term investment Rate of Return* | 7.50 percent             |
| Projected salary increases*          | 4.00 – 14.00 percent     |
| Cost of Living Adjustments (COLA)    | 0.00 percent             |
| *Includes Inflation at 2.5%          |                          |

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

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

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, 2018 are summarized in the following table:

| Asset Class           | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|----------------------------------------|
| Global Equity         | 37.00%            | 8.03%                                  |
| Equity Long/Short     | 9.00%             | 6.45%                                  |
| Illiquid Alternatives | 24.00%            | 10.00%                                 |
| Fixed Income          | 15.00%            | 2.90%                                  |
| Absolute Return       | 9.00%             | 5.08%                                  |
| Managed Futures       | 4.00%             | 5.35%                                  |
| Cash                  | 2.00%             | 2.52%                                  |
| Total                 | 100.00%           |                                        |

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

**NOTE 8: DEFINED BENEFIT PENSION PLANS** (Continued)

**Statewide Defined Benefit Pension Plan** (Continued)

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

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

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

|                                                          | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|----------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net pension liability (asset) | \$471,355              | \$121,550                           | (\$168,607)            |

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 9: OTHER RETIREMENT COMMITMENTS**

**Deferred Compensation Plan**

All full-time employees are eligible to participate in a voluntary 457 Deferred Comp Plan. The Plan is administered by the International Town/County Management Association (ICMA-RC). The Town matches up to 6% of employee contributions. The Town contributed \$148,658, \$162,524, and \$168,177 to the plan for the years ended December 31, 2017, 2018 and 2019, respectively, equal to the required contribution.

**NOTE 10: RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town carries commercial insurance to cover these risks. The Town has not had any claims that exceeded insurable amounts for the last three years.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 2013, voters within the Town approved the collection, retention and expenditure the full amount of the town taxes, grants and all other revenue collected from all sources including property taxes, received in 2012 and each subsequent year, without regard to any revenue or expenditure limitations including those contained in Article X, Section 20 of the Colorado constitution or any other law.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$485,000 was recorded in the General Fund.

**NOTE 12: SPECIAL ITEM**

In January 2019, the Town sold of its electrical infrastructure and operations to United Power in the amount of \$18,000,000. Going forward, United Power, an electric cooperative utility, will provide on-going services to the citizens in the Town's original municipal utility. In addition, Town reported a loss on disposal of its electric infrastructure assets in the amount of (\$5,858,698). The Electric Fund is expected to close during the year ended December 31, 2020, through a transfer of cash and remaining assets to the Water Fund.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 13: RESTATEMENT OF NET POSITION**

The beginning net position of governmental activities was increased by \$690,328 to recognize grant funds received during the year ended December 31, 2019, to reimburse 2018 grant expenditures. Because the funds were received outside the period of availability for the year ended December 31, 2018, they would not be considered currently available for the governmental fund financial statements, however, they should have been recognized as grant revenue in the government-wide statement of activities.

**NOTE 14: DEFICIT FUND NET POSITION**

At December 31, 2019, the Golf Fund reported a deficit net position in the amount of \$15,552 as the Town assumed operations at the Bella Rosa Golf Course which were previously contracted to third party consultants. This deficit is expected to be financed through future revenues of the fund.

**NOTE 15: SUBSEQUENT EVENTS**

Potential subsequent events were considered through July 24, 2020. It was determined that the following event is required to be disclosed through this date.

**COVID-19**

As a result of the 2020 novel coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the District. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF FREDERICK, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                                 | 2019               |                 |              | VARIANCE               | 2018<br>ACTUAL |
|-------------------------------------------------|--------------------|-----------------|--------------|------------------------|----------------|
|                                                 | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL       | Positive<br>(Negative) |                |
| REVENUES                                        |                    |                 |              |                        |                |
| Taxes and Fees                                  | \$ 4,745,653       | \$ 4,745,653    | \$ 6,738,936 | \$ 1,993,283           | \$ 5,448,898   |
| Licenses and Permits                            | 822,500            | 822,500         | 1,761,056    | 938,556                | 1,442,963      |
| Fines and Forfeitures                           | 110,000            | 110,000         | 154,533      | 44,533                 | 130,952        |
| Grants and Contributions                        | 317,900            | 317,900         | 142,739      | (175,161)              | 137,599        |
| Interest                                        | 12,600             | 12,600          | 132,416      | 119,816                | 230,112        |
| Miscellaneous                                   | 43,050             | 43,050          | 434,396      | 391,346                | 491,552        |
| TOTAL REVENUES                                  | 6,051,703          | 6,051,703       | 9,364,076    | 3,312,373              | 7,882,076      |
| EXPENDITURES                                    |                    |                 |              |                        |                |
| General Government                              | 3,601,653          | 3,601,653       | 2,550,887    | 1,050,766              | 2,126,884      |
| Public Safety                                   | 3,379,442          | 3,379,442       | 3,050,923    | 328,519                | 2,788,195      |
| Public Works                                    | 573,005            | 573,005         | 627,287      | (54,282)               | 433,603        |
| Capital Outlay                                  | 121,000            | 121,000         | 99,506       | 21,494                 | 921,962        |
| TOTAL EXPENDITURES                              | 7,675,100          | 7,675,100       | 6,328,603    | 1,346,497              | 6,270,644      |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (1,623,397)        | (1,623,397)     | 3,035,473    | 4,658,870              | 1,611,432      |
| OTHER FINANCING SOURCES (USES)                  |                    |                 |              |                        |                |
| Transfers In                                    | 3,342,478          | 3,342,478       | 302,478      | (3,040,000)            | 265,990        |
| Transfers Out                                   | (2,665,000)        | (2,775,350)     | (2,735,350)  | 40,000                 | -              |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | 677,478            | 567,128         | (2,432,872)  | (3,000,000)            | 265,990        |
| NET CHANGE IN FUND BALANCE                      | (945,919)          | (1,056,269)     | 602,601      | 1,658,870              | 1,877,422      |
| FUND BALANCE, Beginning                         | 3,693,884          | 3,693,884       | 7,568,514    | 3,874,630              | 5,691,092      |
| FUND BALANCE, Ending                            | \$ 2,747,965       | \$ 2,637,615    | \$ 8,171,115 | \$ 5,533,500           | \$ 7,568,514   |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

STREET AND ALLEY FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                                 | 2019                            |              |                                    |                |
|-------------------------------------------------|---------------------------------|--------------|------------------------------------|----------------|
|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                                        |                                 |              |                                    |                |
| Taxes and Fees                                  | \$ 1,974,000                    | \$ 3,364,529 | \$ 1,390,529                       | \$ 2,769,157   |
| Charges for Services                            | 692,900                         | 738,880      | 45,980                             | 688,300        |
| Grants and Contributions                        | -                               | 1,089,777    | 1,089,777                          | 69,501         |
| Interest                                        | 7,500                           | 93,712       | 86,212                             | 33,315         |
| Miscellaneous                                   | 416,000                         | 15,225       | (400,775)                          | 30,575         |
| TOTAL REVENUES                                  | 3,090,400                       | 5,302,123    | 2,211,723                          | 3,590,848      |
| EXPENDITURES                                    |                                 |              |                                    |                |
| Public Works                                    | 2,370,953                       | 1,951,230    | 419,723                            | 1,902,124      |
| Capital Outlay                                  | 824,050                         | 837,413      | (13,363)                           | 1,743,318      |
| Miscellaneous                                   | -                               | -            | -                                  | 3,454          |
| Debt Service                                    |                                 |              |                                    |                |
| Principal                                       | 300,000                         | 300,000      | -                                  | 285,000        |
| Interest                                        | -                               | 111,850      | (111,850)                          | 120,400        |
| TOTAL EXPENDITURES                              | 3,495,003                       | 3,200,493    | 294,510                            | 4,054,296      |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (404,603)                       | 2,101,630    | 2,506,233                          | (463,448)      |
| OTHER FINANCING SOURCES (USES)                  |                                 |              |                                    |                |
| Transfers In                                    | -                               | -            | -                                  | 707,000        |
| Transfers Out                                   | (253,130)                       | (253,130)    | -                                  | (258,896)      |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | (253,130)                       | (253,130)    | -                                  | 448,104        |
| NET CHANGE IN FUND BALANCE                      | (657,733)                       | 1,848,500    | 2,506,233                          | (15,344)       |
| FUND BALANCE, Beginning                         | 1,584,536                       | 1,320,327    | (264,209)                          | 1,335,671      |
| FUND BALANCE, Ending                            | \$ 926,803                      | \$ 3,168,827 | \$ 2,242,024                       | \$ 1,320,327   |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

OPEN SPACE FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                                 | 2019                            |              |                                    |                |
|-------------------------------------------------|---------------------------------|--------------|------------------------------------|----------------|
|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                                        |                                 |              |                                    |                |
| Taxes                                           | \$ 692,000                      | \$ 1,242,985 | \$ 550,985                         | \$ 1,000,238   |
| Open Space Fees                                 | -                               | 138,625      | 138,625                            | 88,250         |
| Grants and Contributions                        |                                 | 57,600       | 57,600                             | -              |
| Interest Income                                 | 1,000                           | 28,191       | 27,191                             | 13,537         |
| Miscellaneous                                   | 328,500                         | 608          | (327,892)                          | 25,304         |
| TOTAL REVENUES                                  | 1,021,500                       | 1,468,009    | 446,509                            | 1,127,329      |
| EXPENDITURES                                    |                                 |              |                                    |                |
| Public Works                                    | 1,004,573                       | 286,939      | 717,634                            | 278,054        |
| Capital Outlay                                  | 846,000                         | 135,164      | 710,836                            | 2,908,643      |
| TOTAL EXPENDITURES                              | 1,850,573                       | 422,103      | 1,428,470                          | 3,186,697      |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (829,073)                       | 1,045,906    | 1,874,979                          | (2,059,368)    |
| OTHER FINANCING USES                            |                                 |              |                                    |                |
| Transfers Out                                   | (60,598)                        | (60,598)     | -                                  | (2,609)        |
| TOTAL OTHER FINANCING USES                      | (60,598)                        | (60,598)     | -                                  | (2,609)        |
| NET CHANGE IN FUND BALANCES                     | (889,671)                       | 985,308      | 1,874,979                          | (2,061,977)    |
| FUND BALANCES, Beginning                        | 1,428,440                       | 1,634,771    | 206,331                            | 3,696,748      |
| FUND BALANCES, Ending                           | \$ 538,769                      | \$ 2,620,079 | \$ 2,081,310                       | \$ 1,634,771   |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

PARK IMPROVEMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                                 | 2019                            |              |                                    |                |
|-------------------------------------------------|---------------------------------|--------------|------------------------------------|----------------|
|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                                        |                                 |              |                                    |                |
| Park Impact Fees                                | \$ 362,800                      | \$ 664,880   | \$ 302,080                         | \$ 400,240     |
| Charges for Services                            | -                               | 3,100        | 3,100                              | 4,250          |
| Grants and Contributions                        | -                               | 1,150,000    | 1,150,000                          | -              |
| Interest Income                                 | 1,200                           | 44,548       | 43,348                             | 17,748         |
| Miscellaneous                                   | 760,000                         | 22,140       | (737,860)                          | 15,458         |
| TOTAL REVENUES                                  | 1,124,000                       | 1,884,668    | 760,668                            | 437,696        |
| EXPENDITURES                                    |                                 |              |                                    |                |
| Public Works                                    | 876,574                         | 647,566      | 229,008                            | 625,555        |
| Capital Outlay                                  | 2,027,000                       | 813,122      | 1,213,878                          | 13,895         |
| TOTAL EXPENDITURES                              | 2,903,574                       | 1,460,688    | 1,442,886                          | 639,450        |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (1,779,574)                     | 423,980      | 2,203,554                          | (201,754)      |
| OTHER FINANCING SOURCES (USES)                  |                                 |              |                                    |                |
| Transfers In                                    | 1,080,850                       | 675,000      | (405,850)                          | 455,850        |
| Transfers Out                                   | (17,000)                        | (17,000)     | -                                  | -              |
| TOTAL OTHER FINANCING SOURCES                   | 1,063,850                       | 658,000      | (405,850)                          | 455,850        |
| NET CHANGE IN FUND BALANCES                     | (715,724)                       | 1,081,980    | 1,797,704                          | 254,096        |
| FUND BALANCES, Beginning                        | 1,423,440                       | 1,635,678    | 212,238                            | 1,381,582      |
| FUND BALANCES, Ending                           | \$ 707,716                      | \$ 2,717,658 | \$ 2,009,942                       | \$ 1,635,678   |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

|                                                                                                              | <u>2013</u> | <u>2014</u>  | <u>2015</u>  | <u>2016</u>  | <u>2017</u>  | <u>2018</u>  |
|--------------------------------------------------------------------------------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Town's proportionate share of the<br>Net Pension Liability (Asset)                                           | 0.108%      | 0.119%       | 0.127%       | 0.116%       | 0.103%       | 0.096%       |
| Town's proportionate share of the<br>Net Pension Liability (Asset)                                           | \$ (96,865) | \$ (134,339) | \$ (2,238)   | \$ 42,056    | \$ 148,621   | \$ 121,550   |
| Town's covered payroll                                                                                       | \$ 941,000  | \$ 1,068,711 | \$ 1,230,975 | \$ 1,191,312 | \$ 1,208,518 | \$ 1,288,016 |
| Town's proportionate share of the<br>Net Pension Liability (Asset) as a<br>percentage of its covered payroll | -10.3%      | -12.6%       | -0.2%        | 3.5%         | 12.3%        | 9.4%         |
| Plan fiduciary net position as a percentage<br>of the total pension liability                                | 105.8%      | 106.8%       | 100.1%       | 98.2%        | 98.2%        | 95.2%        |

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

|                                                                           | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>   |
|---------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Statutorily required contributions                                        | \$ 37,640     | \$ 42,824     | \$ 49,239     | \$ 47,653     | \$ 48,341     | \$ 51,521     | \$ 60,019     |
| Contributions in relation to the<br>Statutorily required<br>contributions | <u>37,640</u> | <u>42,824</u> | <u>49,239</u> | <u>47,653</u> | <u>48,341</u> | <u>51,521</u> | <u>60,019</u> |
| Contribution deficiency (excess)                                          | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Town's covered payroll                                                    | \$ 941,000    | \$ 1,068,711  | \$ 1,230,975  | \$ 1,191,312  | \$ 1,208,518  | \$ 1,288,016  | \$ 1,500,466  |
| Contributions as a percentage<br>of covered payroll                       | 4.00%         | 4.01%         | 4.00%         | 4.00%         | 4.00%         | 4.00%         | 4.00%         |

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

TOWN OF FREDERICK, COLORADO

CAPITAL FACILITIES FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                                 | 2019                            |              |                                    |                |
|-------------------------------------------------|---------------------------------|--------------|------------------------------------|----------------|
|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                                        |                                 |              |                                    |                |
| Capital Improvement Fees                        | \$ 225,000                      | \$ 415,500   | \$ 190,500                         | \$ 264,750     |
| Interest Income                                 | -                               | 48,257       | 48,257                             | 25,504         |
| Miscellaneous                                   | 1,900                           | 17,687       | 15,787                             | 1,442          |
| TOTAL REVENUES                                  | 226,900                         | 481,444      | 254,544                            | 291,696        |
| EXPENDITURES                                    |                                 |              |                                    |                |
| Capital Outlay                                  | 170,800                         | -            | 170,800                            | -              |
| Debt Service                                    |                                 |              |                                    |                |
| Principal                                       | -                               | 102,123      | (102,123)                          | 97,491         |
| Interest                                        | -                               | 67,517       | (67,517)                           | 81,479         |
| TOTAL EXPENDITURES                              | 170,800                         | 169,640      | 1,160                              | 178,970        |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 56,100                          | 311,804      | 255,704                            | 112,726        |
| OTHER FINANCING SOURCES (USES)                  |                                 |              |                                    |                |
| Transfers In                                    | 1,950,000                       | 1,950,000    | -                                  | -              |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | 1,950,000                       | 1,950,000    | -                                  | -              |
| NET CHANGE IN FUND BALANCES                     | 2,006,100                       | 2,261,804    | 255,704                            | 112,726        |
| FUND BALANCES, Beginning                        | 1,348,038                       | 1,389,915    | 41,877                             | 1,277,189      |
| FUND BALANCES (DEFICIT), Ending                 | \$ 3,354,138                    | \$ 3,651,719 | \$ 297,581                         | \$ 1,389,915   |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
December 31, 2019

|                                        | SPECIAL REVENUE  |                               | TOTALS            |                   |
|----------------------------------------|------------------|-------------------------------|-------------------|-------------------|
|                                        | Conservation     | Frederick                     |                   |                   |
|                                        | Trust<br>Fund    | Urban<br>Renewal<br>Authority | 2019              | 2018              |
| ASSETS                                 |                  |                               |                   |                   |
| Cash and Investments                   | \$ 82,254        | \$ 538,975                    | \$ 621,229        | \$ 152,044        |
| Restricted Cash and Investments        | -                | 78,195                        | 78,195            | 299,626           |
| Accounts Receivable                    | -                | 4,250                         | 4,250             | 1,485             |
|                                        |                  |                               |                   |                   |
| TOTAL ASSETS                           | <u>\$ 82,254</u> | <u>\$ 621,420</u>             | <u>\$ 703,674</u> | <u>\$ 453,155</u> |
| LIABILITIES AND FUND BALANCE           |                  |                               |                   |                   |
| LIABILITIES                            |                  |                               |                   |                   |
| Accounts Payable                       | \$ -             | \$ 239,405                    | \$ 239,405        | \$ 245,281        |
| Advances from Other Funds              | -                | 50,000                        | 50,000            | 50,000            |
|                                        |                  |                               |                   |                   |
| TOTAL LIABILITIES                      | <u>-</u>         | <u>289,405</u>                | <u>289,405</u>    | <u>295,281</u>    |
| FUND EQUITY                            |                  |                               |                   |                   |
| Fund Balance                           |                  |                               |                   |                   |
| Restricted for Parks & Recreation      | 82,254           | -                             | 82,254            | 48,300            |
| Restricted for Urban Renewal           | -                | 332,015                       | 332,015           | 109,574           |
|                                        |                  |                               |                   |                   |
| TOTAL FUND EQUITY                      | <u>82,254</u>    | <u>332,015</u>                | <u>414,269</u>    | <u>157,874</u>    |
|                                        |                  |                               |                   |                   |
| TOTAL LIABILITIES<br>AND FUND BALANCES | <u>\$ 82,254</u> | <u>\$ 621,420</u>             | <u>\$ 703,674</u> | <u>\$ 453,155</u> |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended December 31, 2019

|                                                 | SPECIAL REVENUE |                               | TOTALS     |            |
|-------------------------------------------------|-----------------|-------------------------------|------------|------------|
|                                                 | Conservation    | Frederick                     |            |            |
|                                                 | Trust<br>Fund   | Urban<br>Renewal<br>Authority | 2019       | 2018       |
| REVENUES                                        |                 |                               |            |            |
| Taxes                                           | \$ -            | \$ 498,563                    | \$ 498,563 | \$ 4,768   |
| Intergovernmental                               | 72,689          | -                             | 72,689     | 61,810     |
| Interest Income                                 | 57              | 2,008                         | 2,065      | 2,765      |
| Miscellaneous                                   | -               | 6,300                         | 6,300      | 15,139     |
| TOTAL REVENUES                                  | 72,746          | 506,871                       | 579,617    | 84,482     |
| EXPENDITURES                                    |                 |                               |            |            |
| Parks and Recreation                            | 6,347           | -                             | 6,347      | 13,026     |
| Economic Development                            | -               | 874,841                       | 874,841    | 27,291     |
| Capital Outlay                                  | 32,445          | -                             | 32,445     | 868,019    |
| Debt Service                                    |                 |                               |            |            |
| Principal                                       | -               | -                             | -          | -          |
| Interest and Other Fiscal Charges               | -               | 43,325                        | 43,325     | 102,725    |
| TOTAL EXPENDITURES                              | 38,792          | 918,166                       | 956,958    | 1,011,061  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 33,954          | (411,295)                     | (377,341)  | (926,579)  |
| OTHER FINANCING SOURCES (USES)                  |                 |                               |            |            |
| Bonds Issued                                    | -               | 633,736                       | 633,736    | 859,788    |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | -               | 633,736                       | 633,736    | 859,788    |
| NET CHANGE IN FUND BALANCES                     | 33,954          | 222,441                       | 256,395    | (66,791)   |
| FUND BALANCES, Beginning                        | 48,300          | 109,574                       | 157,874    | 224,665    |
| FUND BALANCES, Ending                           | \$ 82,254       | \$ 332,015                    | \$ 414,269 | \$ 157,874 |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

CONSERVATION TRUST FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                            | 2019                            |           |                                    |                |
|----------------------------|---------------------------------|-----------|------------------------------------|----------------|
|                            | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL    | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                   |                                 |           |                                    |                |
| Intergovernmental          | \$ 51,200                       | \$ 72,689 | \$ 21,489                          | \$ 61,810      |
| Interest Income            | 40                              | 57        | 17                                 | 69             |
| TOTAL REVENUES             | 51,240                          | 72,746    | 21,506                             | 61,879         |
| EXPENDITURES               |                                 |           |                                    |                |
| Parks and Recreation       | 15,000                          | 6,347     | 8,653                              | 13,026         |
| Capital Outlay             | 55,250                          | 32,445    | 22,805                             | 163,000        |
| TOTAL EXPENDITURES         | 70,250                          | 38,792    | 31,458                             | 176,026        |
| NET CHANGE IN FUND BALANCE | (19,010)                        | 33,954    | 52,964                             | (114,147)      |
| FUND BALANCE, Beginning    | 33,737                          | 48,300    | 14,563                             | 162,447        |
| FUND BALANCE, Ending       | \$ 14,727                       | \$ 82,254 | \$ 67,527                          | \$ 48,300      |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

FREDERICK URBAN RENEWAL AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                                 | 2019                            |            |                                    |            |
|-------------------------------------------------|---------------------------------|------------|------------------------------------|------------|
|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL     | VARIANCE<br>Positive<br>(Negative) | 2018       |
| REVENUES                                        |                                 |            |                                    |            |
| Taxes                                           | \$ 25,000                       | \$ 498,563 | \$ 473,563                         | \$ 4,768   |
| Interest Income                                 | -                               | 2,008      | 2,008                              | 2,696      |
| Miscellaneous                                   | 7,704                           | 6,300      | (1,404)                            | 15,139     |
| TOTAL REVENUES                                  | 32,704                          | 506,871    | 474,167                            | 22,603     |
| EXPENDITURES                                    |                                 |            |                                    |            |
| Economic Development                            | \$ 49,997                       | \$ 874,841 | \$ (824,844)                       | \$ 27,291  |
| Capital Outlay                                  | 1,200,000                       | -          | 1,200,000                          | 705,019    |
| Debt Service                                    |                                 |            |                                    |            |
| Principal                                       | -                               | -          | -                                  | -          |
| Interest and Other Fiscal Charges               | -                               | 43,325     | (43,325)                           | 102,725    |
| TOTAL EXPENDITURES                              | 1,249,997                       | 918,166    | 331,831                            | 835,035    |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (1,217,293)                     | (411,295)  | 805,998                            | (812,432)  |
| OTHER FINANCING SOURCES (USES)                  |                                 |            |                                    |            |
| Bonds Issued                                    | 1,200,000                       | 633,736    | (566,264)                          | 859,788    |
| TOTAL OTHER FINANCING SOURCES                   | 1,200,000                       | 633,736    | (566,264)                          | 859,788    |
| NET CHANGE IN FUND BALANCES                     | (17,293)                        | 222,441    | 239,734                            | 47,356     |
| FUND BALANCES, Beginning                        | 62,218                          | 109,574    | 47,356                             | 62,218     |
| FUND BALANCES, Ending                           | \$ 44,925                       | \$ 332,015 | \$ 287,090                         | \$ 109,574 |

See the accompanying independent auditors' report.

## TOWN OF FREDERICK, COLORADO

WATER FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                         | 2019               |                 |               | VARIANCE               | 2018         |
|-----------------------------------------|--------------------|-----------------|---------------|------------------------|--------------|
|                                         | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL        | Positive<br>(Negative) | ACTUAL       |
| REVENUES                                |                    |                 |               |                        |              |
| Charges for Services                    | \$ 2,257,000       | \$ 2,257,000    | \$ 3,288,012  | \$ 1,031,012           | 3,944,469    |
| Contributions                           | 2,654,800          | 2,654,800       | 4,930,586     | 2,275,786              | 5,120,771    |
| Reimbursed Expenses                     | -                  | -               | 53,846        | 53,846                 | 52,269       |
| Interest Income                         | -                  | -               | 29,928        | 29,928                 | 34,696       |
| Miscellaneous                           | 28,933,155         | 28,933,155      | 63,045        | (28,870,110)           | 30,323       |
| TOTAL REVENUES                          | 33,844,955         | 33,844,955      | 8,365,417     | (25,479,538)           | 9,182,528    |
| EXPENDITURES                            |                    |                 |               |                        |              |
| Administration                          | -                  | -               | 373,025       | (373,025)              | 346,304      |
| Operations                              | 3,523,300          | 3,773,300       | 1,483,595     | 2,289,705              | 1,557,389    |
| Capital Outlay                          | 4,675,000          | 4,675,000       | 6,462,248     | (1,787,248)            | 18,197,098   |
| Depreciation Expense                    | 365,000            | 365,000         | 317,869       | 47,131                 | 319,326      |
| Debt Service                            | 13,000,000         | 13,000,000      | -             | 13,000,000             | -            |
| Transfers Out                           | 3,950              | 3,950           | 5,750         | (1,800)                | 135,600      |
| TOTAL EXPENDITURES                      | 21,567,250         | 21,817,250      | 8,642,487     | 13,174,763             | 20,555,717   |
| CHANGE IN NET<br>POSITION, Budget Basis | \$ 12,277,705      | \$ 12,027,705   | (277,070)     | \$ (12,304,775)        | (11,373,189) |
| GAAP BASIS ADJUSTMENTS                  |                    |                 |               |                        |              |
| Capital Outlay                          |                    |                 | 6,462,248     |                        | 18,197,098   |
| CHANGE IN NET<br>POSITION, GAAP Basis   |                    |                 | 6,185,178     |                        | 6,823,909    |
| NET POSITION, Beginning                 |                    |                 | 66,520,057    |                        | 59,696,148   |
| NET POSITION, Ending                    |                    |                 | \$ 72,705,235 |                        | 66,520,057   |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

ELECTRIC FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                      | 2019                            |               |                                    |                |
|--------------------------------------|---------------------------------|---------------|------------------------------------|----------------|
|                                      | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL        | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                             |                                 |               |                                    |                |
| Charges for Services                 | \$ 690,000                      | \$ 273,553    | \$ (416,447)                       | \$ 3,895,583   |
| Contribution                         | 21,385                          | 102,325       | 80,940                             | 136,060        |
| Reimbursed Expenses                  | -                               | 1,541         | 1,541                              | 1,784,650      |
| Interest Income                      | 3,000                           | 237,327       | 234,327                            | 57,170         |
| Miscellaneous                        | 9,025,025                       | 40,142        | (8,984,883)                        | 89,364         |
| Sale of Electric Utility             | 18,000,000                      | 18,000,000    | -                                  | -              |
| Loss of Disposal of Capital Assets   | -                               | (5,858,698)   | (5,858,698)                        | -              |
| TOTAL REVENUES                       | 27,739,410                      | 12,796,190    | (14,943,220)                       | 5,962,827      |
| EXPENDITURES                         |                                 |               |                                    |                |
| Administration                       | 518,600                         | 28,823        | 489,777                            | 216,242        |
| Operations                           | -                               | 763,490       | (763,490)                          | 3,331,709      |
| Capital Outlay                       | 965,000                         | -             | 965,000                            | 1,590,206      |
| Depreciation Expense                 | 25,000                          | 29,305        | (4,305)                            | 241,792        |
| Transfers Out                        | 27,416,655                      | -             | 27,416,655                         | 304,485        |
| TOTAL EXPENDITURES                   | 28,925,255                      | 821,618       | 28,103,637                         | 5,684,434      |
| CHANGE IN NET POSITION, Budget Basis | \$ (1,185,845)                  | 11,974,572    | \$ 13,160,417                      | 278,393        |
| GAAP BASIS ADJUSTMENTS               |                                 |               |                                    |                |
| Capital Outlay                       |                                 | -             |                                    | 1,590,206      |
| CHANGE IN NET POSITION, GAAP Basis   |                                 | 11,974,572    |                                    | 1,868,599      |
| NET POSITION, Beginning              |                                 | 17,931,396    |                                    | 16,062,797     |
| NET POSITION, Ending                 |                                 | \$ 29,905,968 |                                    | \$ 17,931,396  |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

STORM WATER FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                      | 2019                            |                     |                                    |                     |
|--------------------------------------|---------------------------------|---------------------|------------------------------------|---------------------|
|                                      | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL              | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL      |
| REVENUES                             |                                 |                     |                                    |                     |
| Drainage Fees                        | \$ 584,900                      | \$ 667,734          | \$ 82,834                          | \$ 616,777          |
| Contributions                        | 171,000                         | 637,365             | 466,365                            | 494,586             |
| Reimbursed Expenses                  | -                               | -                   | -                                  | 57,232              |
| Interest Income                      | 500                             | 42,865              | 42,365                             | 13,832              |
| Miscellaneous                        | 2,000                           | -                   | (2,000)                            | -                   |
| TOTAL REVENUES                       | 758,400                         | 1,347,964           | 589,564                            | 1,182,427           |
| EXPENDITURES                         |                                 |                     |                                    |                     |
| Operations                           | 876,720                         | 318,588             | 558,132                            | 346,585             |
| Capital Outlay                       | -                               | -                   | -                                  | 74,500              |
| Depreciation Expense                 | -                               | 99,253              | (99,253)                           | 103,275             |
| Transfers Out                        | 1,000                           | 1,000               | -                                  | 727,250             |
| TOTAL EXPENDITURES                   | 877,720                         | 418,841             | 458,879                            | 1,251,610           |
| CHANGE IN NET POSITION, Budget Basis | <u>\$ (119,320)</u>             | 929,123             | <u>\$ 1,048,443</u>                | (69,183)            |
| GAAP BASIS ADJUSTMENTS               |                                 |                     |                                    |                     |
| Capital Outlay                       |                                 | -                   |                                    | 74,500              |
| CHANGE IN NET POSITION, GAAP Basis   |                                 | 929,123             |                                    | 5,317               |
| NET POSITION, Beginning              |                                 | 4,492,935           |                                    | 4,487,618           |
| NET POSITION, Ending                 |                                 | <u>\$ 5,422,058</u> |                                    | <u>\$ 4,492,935</u> |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

GOLF COURSE FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                                      | 2019                |                     |                    | VARIANCE               | 2018              |
|--------------------------------------|---------------------|---------------------|--------------------|------------------------|-------------------|
|                                      | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET     | ACTUAL             | Positive<br>(Negative) | ACTUAL            |
| REVENUES                             |                     |                     |                    |                        |                   |
| Golf Fees and Passes                 | \$ -                | \$ -                | \$ 202,879         | \$ 202,879             | \$ 239,820        |
| Merchandise Sales                    | -                   | -                   | 120,584            | 120,584                | 31,818            |
| Rental Income                        | -                   | -                   | 64,020             | 64,020                 | 103,397           |
| Reimbursed Expenses                  | -                   | -                   | 11,053             | 11,053                 | 11,494            |
| Interest Income                      | -                   | -                   | 1,434              | 1,434                  | 2,448             |
| Miscellaneous                        | 450,715             | 529,890             | 775                | (529,115)              | 64                |
| Transfers In                         | -                   | 110,350             | 165,350            | 55,000                 | -                 |
| TOTAL REVENUES                       | 450,715             | 640,240             | 566,095            | (74,145)               | 389,041           |
| EXPENDITURES                         |                     |                     |                    |                        |                   |
| Operations                           | 632,680             | 822,204             | 861,176            | (38,972)               | 495,042           |
| Capital Outlay                       | 12,200              | 12,200              | -                  | 12,200                 | 48,570            |
| Depreciation Expense                 | -                   | -                   | 10,679             | (10,679)               | 12,418            |
| Transfers Out                        | -                   | -                   | 20,000             | (20,000)               | -                 |
| TOTAL EXPENDITURES                   | 644,880             | 834,404             | 891,855            | (57,451)               | 556,030           |
| CHANGE IN NET POSITION, Budget Basis | <u>\$ (194,165)</u> | <u>\$ (194,164)</u> | (325,760)          | <u>\$ (131,596)</u>    | (166,989)         |
| GAAP BASIS ADJUSTMENTS               |                     |                     |                    |                        |                   |
| Capital Outlay                       |                     |                     | -                  |                        | 48,570            |
| CHANGE IN NET POSITION, GAAP Basis   |                     |                     | (325,760)          |                        | (118,419)         |
| NET POSITION, Beginning              |                     |                     | 310,208            |                        | 428,627           |
| NET POSITION, Ending                 |                     |                     | <u>\$ (15,552)</u> |                        | <u>\$ 310,208</u> |

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

OIL ROYALTY TRUST FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2019

|                         | 2019                            |              |                                    |                |
|-------------------------|---------------------------------|--------------|------------------------------------|----------------|
|                         | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) | 2018<br>ACTUAL |
| REVENUES                |                                 |              |                                    |                |
| Oil Royalties           | \$ 18,000                       | \$ 95,568    | \$ 77,568                          | \$ 135,153     |
| Investment Income       | 400                             | 21,397       | 20,997                             | 11,794         |
| TOTAL REVENUES          | 18,400                          | 116,965      | 98,565                             | 146,947        |
| EXPENDITURES            |                                 |              |                                    |                |
| Purchased Services      | 62,000                          | 35,562       | 26,438                             | 16,361         |
| Scholarships            | -                               | 15,500       | (15,500)                           | 13,500         |
| Donations               | -                               | 8,670        | (8,670)                            | 7,660          |
| TOTAL EXPENDITURES      | 62,000                          | 59,732       | 2,268                              | 37,521         |
| CHANGE IN NET POSITION  | (43,600)                        | 57,233       | 96,297                             | 109,426        |
| NET POSITION, Beginning | 351,955                         | 1,454,364    | 1,102,409                          | 1,344,938      |
| NET POSITION, Ending    | \$ 308,355                      | \$ 1,511,597 | \$ 1,198,706                       | \$ 1,454,364   |

See the accompanying independent auditors' report.

## **STATE COMPLIANCE**

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

|                                                                                              |                                  |                                                        |                                                  |                                                        |                   |
|----------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|-------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                                                          |                                  | City or County:<br>Town of Frederick                   |                                                  |                                                        |                   |
|                                                                                              |                                  | YEAR ENDING :<br>December 2019                         |                                                  |                                                        |                   |
| This Information From The Records Of (example - City of _ or County of<br>Town of Frederick) |                                  | Prepared By:<br>Phone: Jason Leslie<br>720-382-5500    |                                                  |                                                        |                   |
| <b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>    |                                  |                                                        |                                                  |                                                        |                   |
| ITEM                                                                                         | <b>A. Local Motor-Fuel Taxes</b> | <b>B. Local Motor-Vehicle Taxes</b>                    | <b>C. Receipts from State Highway-User Taxes</b> | <b>D. Receipts from Federal Highway Administration</b> |                   |
| 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                                                       |                                  |                                                        |                                                  |                                                        |                   |
| <b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>                                             |                                  | <b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b> |                                                  |                                                        |                   |
| ITEM                                                                                         | AMOUNT                           | ITEM                                                   | AMOUNT                                           |                                                        |                   |
| <b>A. Receipts from local sources:</b>                                                       |                                  | <b>A. Local highway disbursements:</b>                 |                                                  |                                                        |                   |
| 1. Local highway-user taxes                                                                  |                                  | 1. Capital outlay (from page 2)                        | 1,000,555                                        |                                                        |                   |
| a. Motor Fuel (from Item I.A.5.)                                                             |                                  | 2. Maintenance:                                        | 720,053                                          |                                                        |                   |
| 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                                                               | 0                                | b. Snow and ice removal                                | 40,124                                           |                                                        |                   |
| 3. Other local imposts (from page 2)                                                         | 2,454,629                        | c. Other                                               | 70,621                                           |                                                        |                   |
| 4. Miscellaneous local receipts (from page 2)                                                | 359,818                          | d. Total (a. through c.)                               | 110,745                                          |                                                        |                   |
| 5. Transfers from toll facilities                                                            |                                  | 4. General administration & miscellaneous              | 519,005                                          |                                                        |                   |
| 6. Proceeds of sale of bonds and notes:                                                      |                                  | 5. Highway law enforcement and safety                  |                                                  |                                                        |                   |
| a. Bonds - Original Issues                                                                   |                                  | 6. Total (1 through 5)                                 | 2,350,358                                        |                                                        |                   |
| b. Bonds - Refunding Issues                                                                  |                                  | <b>B. Debt service on local obligations:</b>           |                                                  |                                                        |                   |
| c. Notes                                                                                     |                                  | 1. Bonds:                                              |                                                  |                                                        |                   |
| d. Total (a. + b. + c.)                                                                      | 0                                | a. Interest                                            | 111,850                                          |                                                        |                   |
| 7. Total (1 through 6)                                                                       | 2,814,447                        | b. Redemption                                          | 300,000                                          |                                                        |                   |
| <b>B. Private Contributions</b>                                                              |                                  | c. Total (a. + b.)                                     | 411,850                                          |                                                        |                   |
| <b>C. Receipts from State government (from page 2)</b>                                       | 1,748,797                        | 2. Notes:                                              |                                                  |                                                        |                   |
| <b>D. Receipts from Federal Government (from page 2)</b>                                     | 0                                | a. Interest                                            |                                                  |                                                        |                   |
| <b>E. Total receipts (A.7 + B + C + D)</b>                                                   | 4,563,244                        | b. Redemption                                          |                                                  |                                                        |                   |
|                                                                                              |                                  | c. Total (a. + b.)                                     |                                                  |                                                        |                   |
|                                                                                              |                                  | 3. Total (1.c + 2.c)                                   | 411,850                                          |                                                        |                   |
|                                                                                              |                                  | <b>C. Payments to State for highways</b>               |                                                  |                                                        |                   |
|                                                                                              |                                  | <b>D. Payments to toll facilities</b>                  |                                                  |                                                        |                   |
|                                                                                              |                                  | <b>E. Total disbursements (A.6 + B.3 + C + D)</b>      | 2,762,208                                        |                                                        |                   |
| <b>IV. LOCAL HIGHWAY DEBT STATUS</b><br>(Show all entries at par)                            |                                  |                                                        |                                                  |                                                        |                   |
|                                                                                              | Opening Debt                     | Amount Issued                                          | Redemptions                                      | Closing Debt                                           |                   |
| <b>A. Bonds (Total)</b>                                                                      |                                  |                                                        |                                                  | 0                                                      |                   |
| 1. Bonds (Refunding Portion)                                                                 |                                  | 0                                                      |                                                  |                                                        |                   |
| <b>B. Notes (Total)</b>                                                                      |                                  |                                                        |                                                  | 0                                                      |                   |
| <b>V. LOCAL ROAD AND STREET FUND BALANCE</b>                                                 |                                  |                                                        |                                                  |                                                        |                   |
|                                                                                              | A. Beginning Balance             | B. Total Receipts                                      | C. Total Disbursements                           | D. Ending Balance                                      | E. Reconciliation |
|                                                                                              | 1,280,319                        | 4,563,244                                              | 2,762,208                                        | 3,081,355                                              |                   |
| <b>Notes and Comments:</b>                                                                   |                                  |                                                        |                                                  |                                                        |                   |

|                                     |  |                                       |  |
|-------------------------------------|--|---------------------------------------|--|
| <b>LOCAL HIGHWAY FINANCE REPORT</b> |  | STATE:<br>Colorado                    |  |
|                                     |  | YEAR ENDING (mm/yy):<br>December 2019 |  |

| II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL |           |                                           |         |
|----------------------------------------------------|-----------|-------------------------------------------|---------|
| ITEM                                               | AMOUNT    | ITEM                                      | AMOUNT  |
| <b>A.3. Other local imposts:</b>                   |           | <b>A.4. Miscellaneous local receipts:</b> |         |
| a. Property Taxes and Assessments                  |           | a. Interest on investments                | 93,712  |
| b. Other local imposts:                            |           | b. Traffic Fines & Penalties              |         |
| 1. Sales Taxes                                     | 1,013,203 | c. Parking Garage Fees                    |         |
| 2. Infrastructure & Impact Fees                    | 1,315,720 | d. Parking Meter Fees                     |         |
| 3. Liens                                           |           | e. Sale of Surplus Property               |         |
| 4. Licenses                                        |           | f. Charges for Services                   |         |
| 5. Specific Ownership &/or Other                   | 125,707   | g. Other Misc. Receipts                   | 266,105 |
| 6. Total (1. through 5.)                           | 2,454,629 | h. Other                                  |         |
| c. Total (a. + b.)                                 | 2,454,629 | i. Total (a. through h.)                  | 359,818 |
|                                                    |           |                                           |         |
| (Carry forward to page 1)                          |           | (Carry forward to page 1)                 |         |

| ITEM                                     | AMOUNT    | ITEM                                       | AMOUNT |
|------------------------------------------|-----------|--------------------------------------------|--------|
| <b>C. Receipts from State Government</b> |           | <b>D. Receipts from Federal Government</b> |        |
| 1. Highway-user taxes                    | 597,317   | 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           | 61,703    | d. Federal Transit Admin                   |        |
| d. Other (Specify) - CDOT Grant          | 1,089,777 | e. U.S. Corps of Engineers                 |        |
| e. Other (Specify)                       |           | f. Other Federal                           |        |
| f. Total (a. through e.)                 | 1,151,480 | g. Total (a. through f.)                   | 0      |
| 4. Total (1. + 2. + 3.f)                 | 1,748,797 | 3. Total (1. + 2.g)                        |        |
|                                          |           |                                            |        |
|                                          |           | (Carry forward to page 1)                  |        |

| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL |                                         |                                          |              |
|----------------------------------------------------------|-----------------------------------------|------------------------------------------|--------------|
|                                                          | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b) | TOTAL<br>(c) |
| <b>A.1. Capital outlay:</b>                              |                                         |                                          |              |
| a. Right-Of-Way Costs                                    |                                         |                                          | 0            |
| b. Engineering Costs                                     |                                         |                                          | 0            |
| c. Construction:                                         |                                         |                                          |              |
| (1). New Facilities                                      |                                         |                                          | 0            |
| (2). Capacity Improvements                               |                                         |                                          | 0            |
| (3). System Preservation                                 |                                         |                                          |              |
| (4). System Enhancement & Operation                      |                                         | 1,000,555                                | 1,000,555    |
| (5). Total Construction (1) + (2) + (3) + (4)            |                                         | 1,000,555                                | 1,000,555    |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)      |                                         | 1,000,555                                | 1,000,555    |
|                                                          |                                         |                                          |              |
|                                                          |                                         | (Carry forward to page 1)                |              |

**Notes and Comments:**