

**Town of Fraser
Fraser, Colorado**

**Financial Statements
December 31, 2020**



**Town of Fraser, Colorado
Financial Report
December 31, 2020**

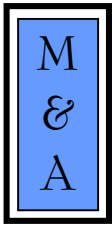
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Board Town of Fraser, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fraser (the "Town"), as of and for the year ended December 31, 2020, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 Fraser as of December 31, 2020, 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.

Member: American Institute of Certified Public Accountants

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Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
June 28, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Fraser, Colorado

Management's Discussion and Analysis

December 31, 2020

As management of the Town of Fraser, Colorado, ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2020.

The Town provides a high level of local government service and availability to the community including operation of the Town's water and wastewater systems, a public works department that provides for street maintenance, snow removal and management, park and open space preservation, public building and facility management and maintenance. Our planning department provides support for both our business/economic sectors in addition to community development support, all while maintaining our small town character in the bigger mountain resort community that we are a part of. The Town currently acts as the manager of the Upper Fraser Valley Wastewater Treatment Facility – providing both the operational expertise and financial management of the facility for the three member organizations who share the plant. In addition, the Town participates in a joint Fraser/Winter Park Police Department and a joint Winter Park/Fraser/Granby Building Services Department.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation. The business-type activities of the Town include water production, water distribution system operation and maintenance, and the operation and maintenance of the Town's wastewater collection system.

The government-wide financial statements can be found on pages C1 and C2 of this report.

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

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The fund financial statements for the governmental funds are shown on pages C3 and C5.

The Town's Budget includes the following governmental funds:

- General Fund (GF), which provides for the general functions and services such as administration, planning, law enforcement, streets and properties.
- Capital Asset Fund (CAF), which is intended to fund long term maintenance of capital assets (streets, buildings, parks, trails, etc.). The CAF is consolidated with the GF in the financial statements.
- Restricted Revenue Fund (RRF), which is funded by a dedicated sales tax to be used for transportation, trails, and capital project expenditures.
- Debt Service Fund (DSF), which provides for bonded debt service payments.
- Conservation Trust Fund (CTF), which is funded by lottery proceeds and provides for open space and recreational related capital projects.
- Capital Equipment Replacement Fund (CERF), which provides for vehicle and heavy equipment purchases.

The Town adopts an annually appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund, Restricted Revenue Fund, Conservation Trust Fund, Debt Service Fund and Capital Equipment Replacement Fund to demonstrate compliance with the State budget statutes. These are included in Sections E and F.

Proprietary funds: The Town maintains two proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water operations and one to account for its wastewater operations, which was established on December 31, 2009 by the dissolution of the Fraser Sanitation District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town.

The Town's Budget includes the following enterprise funds:

- Water Fund (WF), an enterprise fund for the Town's water utility.
- Wastewater Fund (WWF), an enterprise fund for the Town's wastewater utility.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The Town also presents a budgetary comparison for its proprietary funds on pages F3 and F4.

Fiduciary fund: As managers of the Upper Fraser Valley Wastewater Treatment Plant ("UFVWWTP"), the Town operates the Joint Facilities Fund ("JFF") as a fiduciary fund to account for the operations and maintenance of the facility along any capital expenditures related to the plant.

- JFF Operations and Maintenance (O&M) and the JFF Capital Replacement Reserve (CRR), both of which provide for operations and capital projects at the Wastewater Treatment Plant. The JFF activity is found on pages C10, C11, and F5.

Overview of the Financial Statements (continued)

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

The largest portion of the Town's assets are reflected in the investment in capital assets (i.e. land, streets, buildings, improvements, and equipment). Capital assets account for 65% of the total assets of \$47,191,024. The Town uses these assets to provide services to its citizens. The Town has to pay liabilities out of the remaining liquid assets. The Town also has assets that are considered restricted for a variety of purposes. Accordingly, these assets are not an available source for payment of future spending, other than as restricted. The Town shows the detail of restricted net position below on page B4 and also on page D19 of the footnotes.

Government-wide Fund Analysis

Financial Highlights

- On a short term view, the Town's governmental fund balances increased by \$2,202,471 in 2020. The Town's General Fund's fund balance increased by \$1,869,699.
- On a long-term view (including depreciation and excluding capital outlay, etc.) the Town had a 4% \$1,825,091 increase in net position from \$44,036,478 to \$45,861,569.

"Net Position" for the Town refers to both the governmental and business-type (Water Fund (WF) and Wastewater Fund (WWF)) activities. The business-type activities (WF & WWF) had a decrease in net position of \$14,728, while the governmental activities had an increase in net position of \$1,839,819.

The "long-term" view includes depreciation expense. The schedule the Town uses to depreciate its assets is on page D6 and the corresponding schedules for depreciation and additions to capital assets (capital outlay) is on pages D15 - D16. It's important to review the depreciation schedule and compare it to the age of the assets being depreciated. Annual depreciation expense for streets exceeds \$500,000 and there is no designated revenue source or reserves associated with this asset. Annual depreciation expense on water and wastewater assets exceeds \$800,000, with almost \$500,000 of that depreciation relating to underground utilities. Over half the Town's underground utilities have exceeded their depreciation life cycle. At December 31, 2020, the Fraser Town Board has many committed reserves in its General Fund and both of its Enterprise Funds, along with a reserve for unforeseen Joint Facility emergencies. These reserves will allow the Town to meet its short term obligations for safe, reliable and sustainable water and wastewater systems. Available resources will be freed up in the Budget to address annual street maintenance. The Town continues to allow for additional growth in utilities and streets, while the issue of the cost of maintenance reflected by service fees and GF revenues remains a community concern.

Government-wide Fund Analysis (continued)

The Town's restricted net position for 2020 is shown in the following schedule:

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
General Fund:				
Fees in lieu of Park	\$ 6,379	-	-	6,379
Affordable housing impact fee	134,426	-	-	134,426
Emergency reserves	145,000	55,000	-	200,000
Conservation Trust Fund	13,763	6,845	-	20,608
Restricted Revenue Fund	158,332	948,985	(569,740)	537,577
Wastewater Fund				
Operating reserve	51,246	2,614	-	53,860
Capital replacement reserve	1,697,314	992,633	(1,769,234)	920,713
	<u>\$ 2,206,460</u>	<u>2,006,077</u>	<u>(2,338,974)</u>	<u>1,873,563</u>

The following shows the Town's net position for 2020:

Town of Fraser's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 8,226,100	6,631,009	8,210,212	9,332,858	16,436,312	15,963,867
Capital assets	10,450,773	10,865,402	20,303,939	19,317,868	30,754,712	30,183,270
Total Assets	<u>18,676,873</u>	<u>17,496,411</u>	<u>28,514,151</u>	<u>28,650,726</u>	<u>47,191,024</u>	<u>46,147,137</u>
Liabilities:						
Other liabilities	582,987	1,167,708	204,380	326,227	787,367	1,493,935
Long-term liabilities outstanding	189,419	281,684	-	-	189,419	281,684
Total Liabilities	<u>772,406</u>	<u>1,449,392</u>	<u>204,380</u>	<u>326,227</u>	<u>976,786</u>	<u>1,775,619</u>
Deferred Inflows of Resources:						
Property taxes	352,669	335,040	-	-	352,669	335,040
Total Deferred Inflows of Resources	<u>352,669</u>	<u>335,040</u>	<u>-</u>	<u>-</u>	<u>352,669</u>	<u>335,040</u>
Net Position:						
Net investment in capital assets	10,261,354	10,583,718	20,303,939	19,317,868	30,565,293	29,901,586
Restricted	898,990	457,900	974,573	1,748,560	1,873,563	2,206,460
Unrestricted	6,391,454	4,670,361	7,031,259	7,258,071	13,422,713	11,928,432
Total Net Position	<u>\$17,551,798</u>	<u>15,711,979</u>	<u>28,309,771</u>	<u>28,324,499</u>	<u>45,861,569</u>	<u>44,036,478</u>

Government-wide Financial Analysis (continued)

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following chart is a summary of the Town's Change in Net Position:

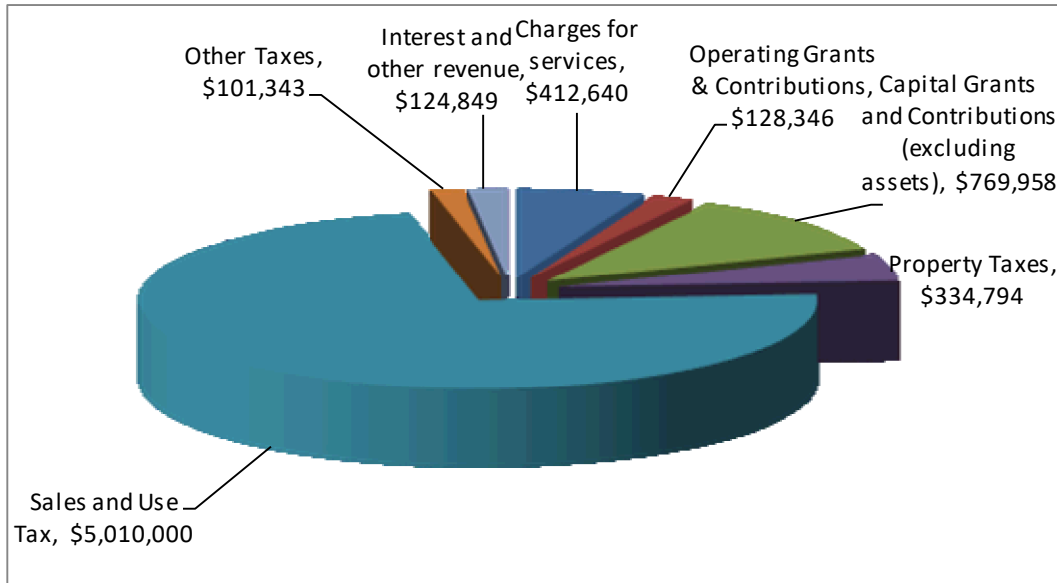
	Town of Fraser's Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES:						
Program revenues:						
Charges for services	\$ 412,640	277,042	2,003,370	1,943,566	2,416,010	2,220,608
Operating grants and contributions	128,346	351,624	-	1,388,679	128,346	1,740,303
Capital grants and contributions	769,958	1,753,120	362,389	730,100	1,132,347	2,483,220
General revenues:						
Property taxes	334,794	253,916	-	-	334,794	253,916
Sales and Use taxes	5,010,000	4,436,786	-	-	5,010,000	4,436,786
Other taxes	101,343	93,911	-	-	101,343	93,911
Interest and other revenue	124,849	216,670	66,407	195,877	191,256	412,547
Total Revenues	6,881,930	7,383,069	2,432,166	4,258,222	9,314,096	11,641,291
EXPENSES:						
General government	2,082,093	2,114,114	-	-	2,082,093	2,114,114
Culture and recreation	42,427	73,247	-	-	42,427	73,247
Public safety	669,405	577,192	-	-	669,405	577,192
Public works	2,233,881	2,211,522	-	-	2,233,881	2,211,522
Interest	14,305	7,737	-	-	14,305	7,737
Water	-	-	1,180,564	1,564,127	1,180,564	1,564,127
Wastewater	-	-	1,266,330	1,329,724	1,266,330	1,329,724
Total Expenses	5,042,111	4,983,812	2,446,894	2,893,851	7,489,005	7,877,663
Change in Net Position						
Before Transfers	1,839,819	2,399,257	(14,728)	1,364,371	1,825,091	3,763,628
Transfers in (out)	-	23,145	-	(23,145)	-	-
Change in Net Position	1,839,819	2,422,402	(14,728)	1,341,226	1,825,091	3,763,628
Net Position-Jan 1	15,711,979	13,289,577	28,324,499	26,983,273	44,036,478	40,272,850
Net Position - December 31	\$17,551,798	15,711,979	28,309,771	28,324,499	45,861,569	44,036,478

Governmental activities: Governmental activities increased the Town's net position by \$1,839,819 during 2020, as compared to an increase in net position of \$2,422,402 during 2019. The following are the major elements of the change in net position of governmental activities from December 31, 2019 to December 31, 2020:

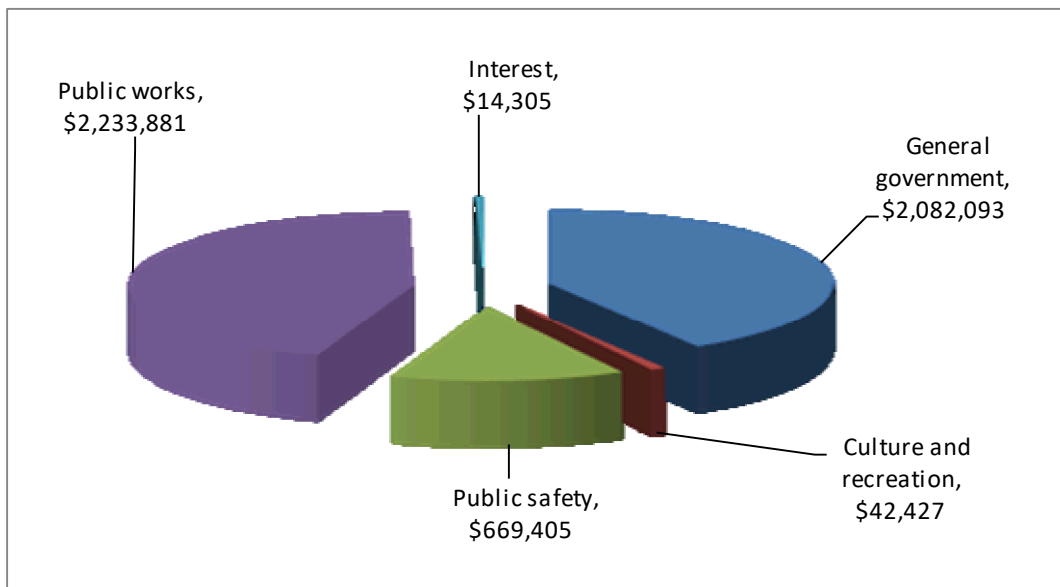
- Higher property taxes revenue compared to prior year.
- Sales and use taxes and regulated industry fees increased significantly compared to prior year.
- The Town received CDOT grants for CR 8 bridge project.

Government-wide Financial Analysis (continued)

The following is a graph of the Town's governmental activities revenues by source for 2020. The Town continues to be challenged by its dependence on the very volatile resort based sales tax revenues. Fortunately, the Town has the grocery, hardware, and department stores within its municipal boundaries. The Town will continue to help the local business community, attract and develop a more varied mixture of vendors appealing to both the community's residents and resort vacationers.



The following is a graph of the Town's governmental activities expenditures by function for 2020.

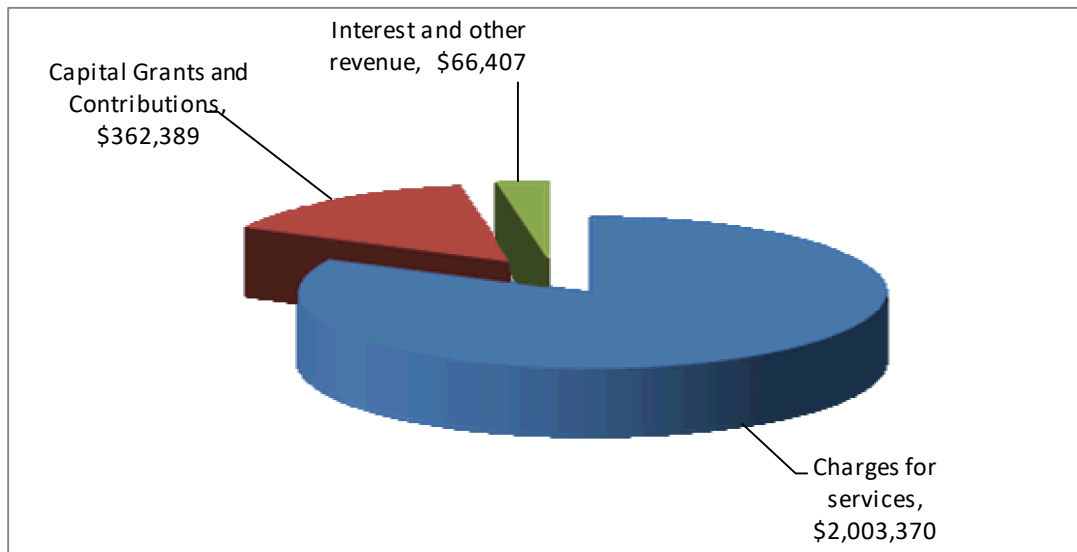


Government-wide Financial Analysis (continued)

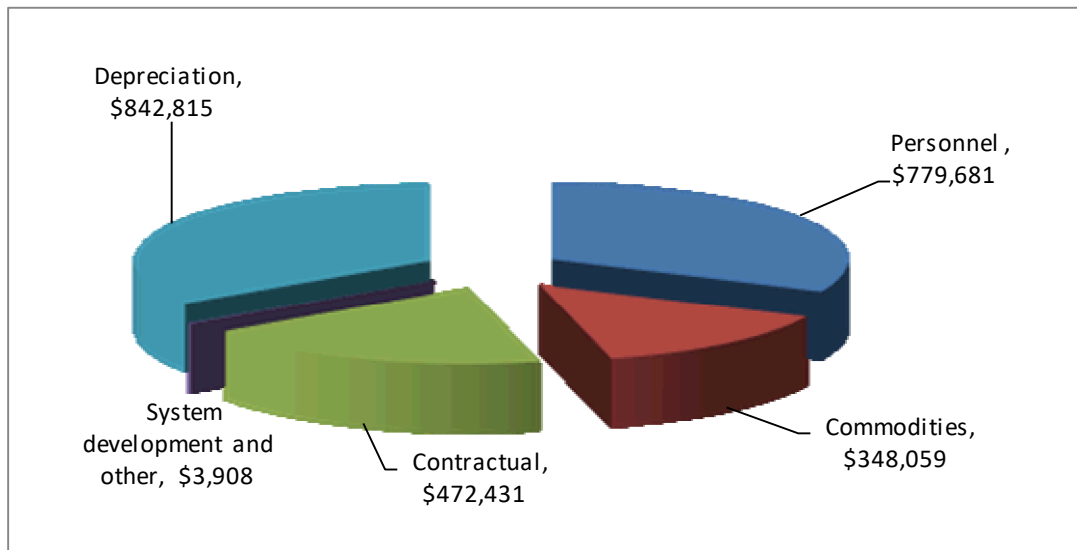
Business-type activities: Business-type activities (water and wastewater, collection and treatment) resulted in a decrease in the Town's net position of \$14,728. Key elements of this change are as follows:

- Within the Water and Wastewater Funds and in the Town's portion of the JFF assets, depreciation expense on capitalized assets of \$842,815 accounted for 34% of total operating expenses.
- Charges for our customer's water and wastewater services accounted for 98% of total operating revenues.

The following is a graph of the business-type revenues by source for 2020.



The following is a graph of the business-type expenses by function for 2020.



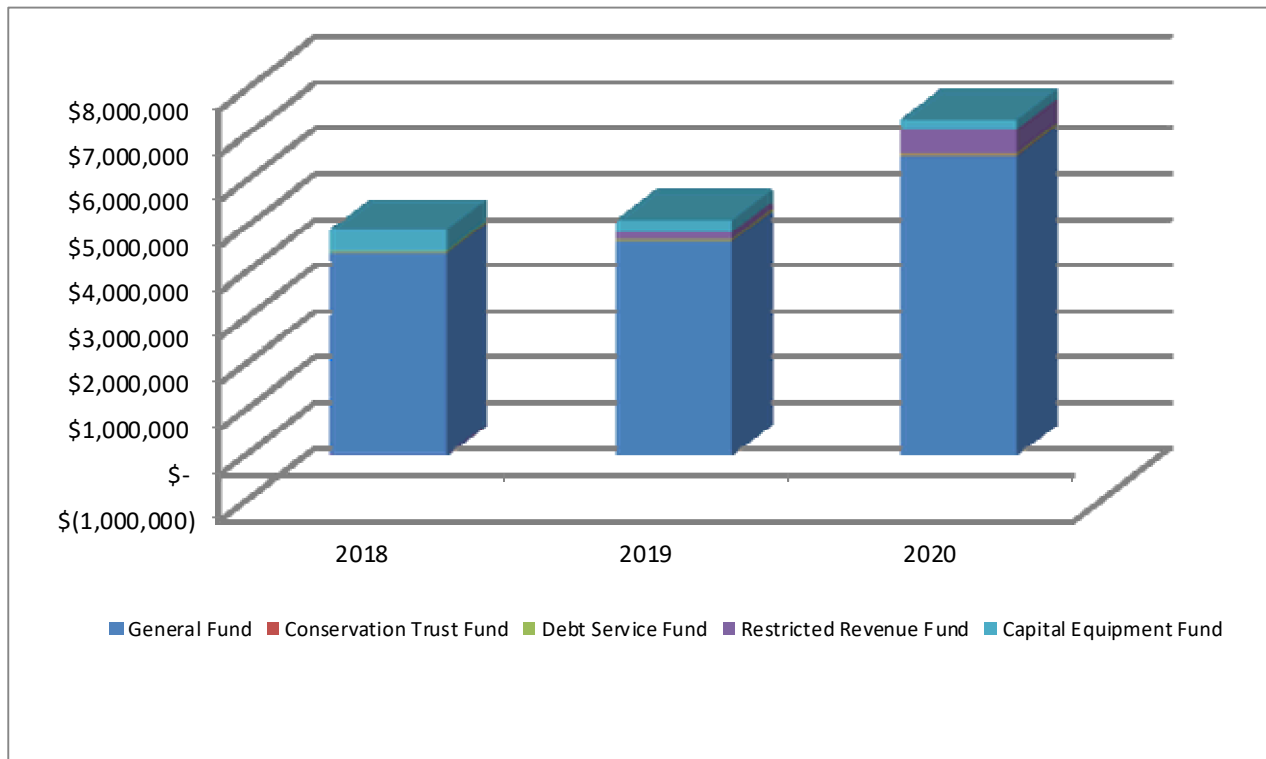
Financial Analysis of the Town's Funds

As mentioned on page B2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Financial Analysis of the Town's Funds (continued)

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,319,946; the funds increased \$2,202,471 from the prior year's ending balances. The Town's governmental fund balances for 2020 and the past two years are graphed as follows:



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

The proprietary funds' total cash is available for spending at the Town's discretion. At the end of 2020 the Town Board reserved multiple amounts and designated them as committed reserves for emergencies in both our operations and maintenance and also for capital emergencies. Reserves are recognized in-house and are outlined earlier in this discussion.

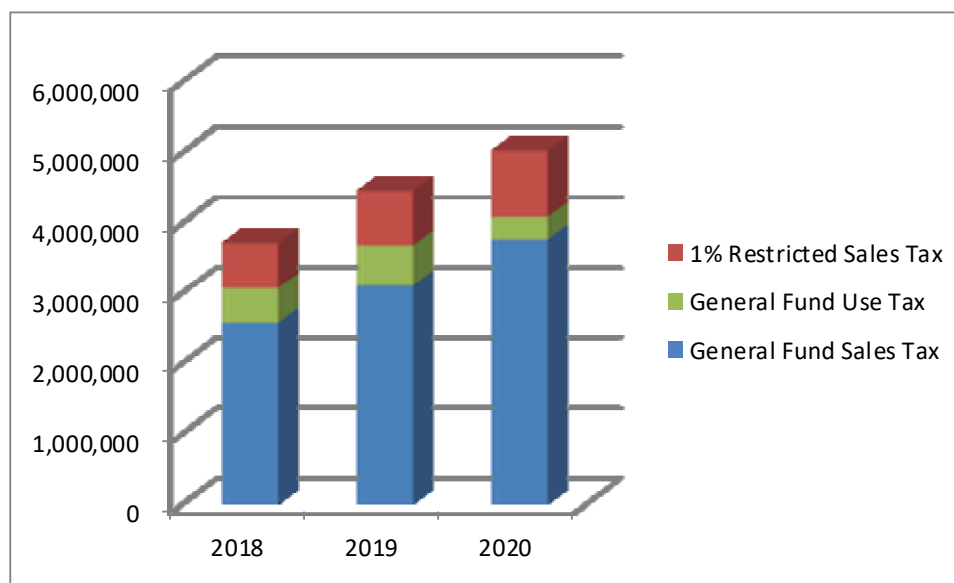
Budget Variances in the General Fund: The Town had the following significant budget variances which are detailed as follows:

<u>Pos. (Neg.)</u>	<u>Account</u>	<u>Reason</u>
Revenues:		
\$ 1,158,271	Sales & use taxes	Conservative budgeting due to various economic factors.
117,718	Liquor and other license fee	Marijuana excise and dispensary fees and liquor license fees have increased.
38,587	Planning and building fees	Higher than anticipated housing projects.
62,074	Other charges	Building department distribution received from the Town of Winter Park.
(394,027)	Grant revenue	Extensions in federal projects delayed grant reimbursement.
(130,779)	Other revenue	Extensions in projects delayed grant matching.
Expenditures:		
General Government:		
343,641	Town board comm enhanc.	Community housing expenditures reserved for future use.
46,048	Administrative salaries	Two vacant positions.
Public Works		
109,037	Salaries and benefits	Vacant job positions ran longer than anticipated.
89,962	Other purchased services	Public work projects pushed to future years.
73,557	Property management	Less than anticipated repairs.
447,918	Capital outlay	Few projects pushed to future years.
Culture and Recreation		
1,259,230	Capital outlay	Projects pushed to future years

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, decreased due largely to depreciation expense. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements on pages D15 - D17 of this report.

Long-term obligations: As of the end of 2020, the Town had \$247,563 in long-term obligations for accrued compensated absences and the capital leases obligation. The Town entered into three new lease agreements for a vehicle and two equipment in 2018 and a Freightliner Truck in 2019. Additional information regarding the Town's debt can be found on pages D18 – D19 of this report.

Sales and Use Taxes: The Town has sales and use taxes that are used to fund its governmental operations. The Town's sales and use taxes changed from a total of \$4,436,786 in 2019 to \$5,010,000 in 2020. The following chart indicates changes in the taxes collections:



The Town's sales and use tax collections increased over the past years. Sales tax receipts increased 21% from 2019 to 2020 and the new 1% restricted sales tax generated \$936,728.

Next year's budget and rates: The Town's General Fund balance at the end of the current fiscal year was \$6,520,545. The Town's 2021 budget anticipates decreasing the General Fund balance by \$2,511,530. It is anticipated that this budgeted reduction in fund balance will decrease by year end due to under spending budgeted amounts as well as surpassing revenue projections.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Fraser, Finance Manager, P.O. Box 120, Fraser, Colorado 80442-0120.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Fraser, Colorado
Statement of Net Position
For the Year Ended December 31, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments - Unrestricted	6,801,221	6,381,350	13,182,571
Cash with County Treasurer	2,683	2,841	5,524
Accounts, taxes, and interest receivables	1,422,196	855,875	2,278,071
Due from fiduciary fund	-	970,146	970,146
Capital assets, net	10,450,773	20,303,939	30,754,712
Total Assets	<u>18,676,873</u>	<u>28,514,151</u>	<u>47,191,024</u>
Liabilities:			
Accounts payable	494,823	-	494,823
Due to fiduciary fund	32,460	-	32,460
Other liabilities	26,203	52,537	78,740
Due to other governments	-	123,200	123,200
Accrued compensated absences	29,501	28,643	58,144
Non-current liabilities due within one year	97,214	-	97,214
Non-current liabilities due longer than one year	92,205	-	92,205
Total Liabilities	<u>772,406</u>	<u>204,380</u>	<u>976,786</u>
Deferred Inflows of Resources:			
Property taxes	352,669	-	352,669
Total Deferred Inflows of Resources	<u>352,669</u>	<u>-</u>	<u>352,669</u>
Net Position:			
Net investment in capital assets	10,261,354	20,303,939	30,565,293
Restricted	898,990	974,573	1,873,563
Unrestricted	6,391,454	7,031,259	13,422,713
Total Net Position	<u>17,551,798</u>	<u>28,309,771</u>	<u>45,861,569</u>

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

Town of Fraser, Colorado
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	2,082,093	412,640	81,128	640,973	(947,352)	-	(947,352)
Culture and recreation	42,427	-	-	-	(42,427)	-	(42,427)
Public safety	669,405	-	-	-	(669,405)	-	(669,405)
Public works	2,233,881	-	47,218	128,985	(2,057,678)	-	(2,057,678)
Interest	14,305	-	-	-	(14,305)	-	(14,305)
Total governmental activities	5,042,111	412,640	128,346	769,958	(3,731,167)	-	(3,731,167)
Business-type activities:							
Water	1,180,564	1,109,601	-	182,389	-	111,426	111,426
Wastewater	1,266,330	893,769	-	180,000	-	(192,561)	(192,561)
Total business-type activities	2,446,894	2,003,370	-	362,389	-	(81,135)	(81,135)
Total	7,489,005	2,416,010	128,346	1,132,347	(3,731,167)	(81,135)	(3,812,302)
General revenues:							
Taxes:							
Property tax					334,794	-	334,794
Specific ownership tax					24,947	-	24,947
General sales and use tax					5,010,000	-	5,010,000
Franchise tax					69,491	-	69,491
Other miscellaneous taxes					6,905	-	6,905
Investment earnings					37,003	60,313	97,316
Miscellaneous					87,846	6,094	93,940
Total general revenues and transfers					5,570,986	66,407	5,637,393
Change in Net Position					1,839,819	(14,728)	1,825,091
Net Position - Beginning of Year					15,711,979	28,324,499	44,036,478
Net Position - End of Year					17,551,798	28,309,771	45,861,569

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

FUND FINANCIAL STATEMENTS



Town of Fraser, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Conservation Trust</u>	<u>Capital Equipment Replacement</u>	<u>Restricted Revenue</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and investments - Unrestricted	6,197,437	35,521	20,608	202,110	345,546	6,801,222
Cash with County Treasurer	2,683	-	-	-	-	2,683
Receivables	82,835	-	-	-	11,000	93,835
Due from other governments	791,076	-	-	3,585	-	794,661
Taxes receivable	352,669	-	-	-	181,031	533,700
Total Assets	<u>7,426,700</u>	<u>35,521</u>	<u>20,608</u>	<u>205,695</u>	<u>537,577</u>	<u>8,226,101</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts/vouchers payable	494,823	-	-	-	-	494,823
Due to fiduciary fund	32,460	-	-	-	-	32,460
Other liabilities	26,203	-	-	-	-	26,203
Total Liabilities	<u>553,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,486</u>
Deferred Inflows of Resources:						
Property taxes	352,669	-	-	-	-	352,669
Total Deferred Inflows of Resources	<u>352,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,669</u>
Fund Balances:						
Nonspendable	82,835	-	-	-	-	82,835
Spendable						
Restricted	340,805	-	20,608	-	537,577	898,990
Committed	1,000,000	35,521	-	-	-	1,035,521
Assigned	3,611,530	-	-	205,695	-	3,817,225
Unassigned	1,485,375	-	-	-	-	1,485,375
Total Fund Balances	<u>6,520,545</u>	<u>35,521</u>	<u>20,608</u>	<u>205,695</u>	<u>537,577</u>	<u>7,319,946</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>7,426,700</u>	<u>35,521</u>	<u>20,608</u>	<u>205,695</u>	<u>537,577</u>	<u>8,226,101</u>

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

Town of Fraser, Colorado
Reconciliation of Governmental Fund Balance to Governmental
Activities Net Position
December 31, 2020

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

Governmental Fund Balance	7,319,946
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,450,772
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(218,920)</u>
Net Position of Governmental Activities	<u><u>17,551,798</u></u>

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

Town of Fraser, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	Conservation Trust	Capital Equipment Replacement	Restricted Revenue	Total Governmental Funds
Revenues:						
Taxes	4,509,408	-	-	-	936,728	5,446,136
Licenses and permits	253,501	-	-	-	-	253,501
Charges for services	159,139	-	-	-	-	159,139
Intergovernmental revenue	640,973	-	6,738	47,218	11,000	705,929
Investment income	33,214	254	107	2,170	1,257	37,002
Miscellaneous	280,221	-	-	-	-	280,221
Total Revenues	5,876,456	254	6,845	49,388	948,985	6,881,928
Expenditures:						
General government	1,386,431	-	-	-	569,740	1,956,171
Public safety	619,683	-	-	-	-	619,683
Public works	1,313,198	-	-	-	-	1,313,198
Culture and recreation	14,863	-	-	-	-	14,863
Debt service	-	-	-	106,496	-	106,496
Capital outlay	612,582	-	-	56,464	-	669,046
Total Expenditures	3,946,757	-	-	162,960	569,740	4,679,457
Excess (Deficiency) of Revenues Over Expenditures	1,929,699	254	6,845	(113,572)	379,245	2,202,471
Other Financing Sources (Uses):						
Transfers in (out)	(60,000)	-	-	60,000	-	-
Total Other Financing Sources (Uses)	(60,000)	-	-	60,000	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	1,869,699	254	6,845	(53,572)	379,245	2,202,471
Fund Balances - Beginning of Year	4,650,846	35,267	13,763	259,267	158,332	5,117,475
Fund Balances - End of Year	6,520,545	35,521	20,608	205,695	537,577	7,319,946

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

Town of Fraser, Colorado
Reconciliation of Net Change in Fund Balances to Change in Net
Position of Governmental Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances of Governmental Funds	2,202,471
 Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay, net of capital disposals during the year.	(414,626)
Revenues in the Statement of Activities from long-term note receivables that do not provide current resources are not reported in the funds.	(35,250)
Accrued liabilities for employees' sick and vacation are not an expenditure in the governmental funds, but are increases in long-term liabilities in the Statement of Net Position. This is the amount that accrued vacation not immediately payable decreased.	(5,041)
Repayment of capital lease and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	<u>92,265</u>
Change in Net Position of Governmental Activities	<u><u>1,839,819</u></u>

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

Town of Fraser, Colorado
Statement of Net Position
Enterprise Funds
For the Year Ended December 31, 2020

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total Enterprise Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	1,558,588	4,822,762	6,381,350
Utility receivables	259,753	217,241	476,994
Plant investment fee receivables	187,367	182,500	369,867
Other receivables	-	9,014	9,014
Due (to) from fiduciary fund	-	970,146	970,146
Due from other governments	1,661	1,180	2,841
Total Current Assets	<u>2,007,369</u>	<u>6,202,843</u>	<u>8,210,212</u>
Non-current assets:			
Land	100,000	144,320	244,320
Water rights	651,360	-	651,360
Equipment	353,994	110,782	464,776
Treatment plant and system	15,240,813	17,692,312	32,933,125
Less: Accumulated depreciation	<u>(6,761,705)</u>	<u>(7,227,937)</u>	<u>(13,989,642)</u>
Total Non-Current Assets	<u>9,584,462</u>	<u>10,719,477</u>	<u>20,303,939</u>
Total Assets	<u>11,591,831</u>	<u>16,922,320</u>	<u>28,514,151</u>
Liabilities and Fund Equity:			
Liabilities:			
Current liabilities:			
Due to other governments	123,200	-	123,200
Deposits payable	52,537	-	52,537
Total Current Liabilities	<u>175,737</u>	<u>-</u>	<u>175,737</u>
Non-current liabilities:			
Accrued compensated absences	11,501	17,142	28,643
Total Liabilities	<u>187,238</u>	<u>17,142</u>	<u>204,380</u>
Net Position:			
Net investment in capital assets	9,584,462	10,719,477	20,303,939
Restricted	-	974,573	974,573
Unrestricted	1,820,131	5,211,128	7,031,259
Total Net Position	<u>11,404,593</u>	<u>16,905,178</u>	<u>28,309,771</u>

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

Town of Fraser, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2020

	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	1,077,517	893,769	1,971,286
Meter sales	32,084	-	32,084
Miscellaneous revenue	6,094	-	6,094
Total Operating Revenues	<u>1,115,695</u>	<u>893,769</u>	<u>2,009,464</u>
Operating Expenses:			
Personnel	389,957	389,726	779,683
Commodities	251,961	96,095	348,056
Contractual	138,152	334,280	472,432
System development	3,908	-	3,908
Depreciation	396,586	446,229	842,815
Total Operating Expenses	<u>1,180,564</u>	<u>1,266,330</u>	<u>2,446,894</u>
Operating Income (Loss)	<u>(64,869)</u>	<u>(372,561)</u>	<u>(437,430)</u>
Non-Operating Revenues:			
Interest revenue	9,341	50,972	60,313
Net Non-Operating Revenues	<u>9,341</u>	<u>50,972</u>	<u>60,313</u>
Income (Loss) before Contributions and Transfers	<u>(55,528)</u>	<u>(321,589)</u>	<u>(377,117)</u>
Capital contributions	182,389	180,000	362,389
Contributions and Transfers	<u>182,389</u>	<u>180,000</u>	<u>362,389</u>
Change in Net Position	126,861	(141,589)	(14,728)
Net Position - Beginning of Year	<u>11,277,732</u>	<u>17,046,767</u>	<u>28,324,499</u>
Net Position - End of Year	<u><u>11,404,593</u></u>	<u><u>16,905,178</u></u>	<u><u>28,309,771</u></u>

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

Town of Fraser, Colorado
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2020

	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities:			
Cash received from customers	1,104,547	855,783	1,960,330
Other cash received	271	28,999	29,270
Cash received (paid) for deposits	11,751	771,243	782,994
Cash payments for goods and services	(534,271)	(430,374)	(964,645)
Cash payments for salaries and benefits	(387,637)	(385,399)	(773,036)
Net Cash Provided (Used) by Operating Activities	<u>194,661</u>	<u>840,252</u>	<u>1,034,913</u>
Cash Flows From Non-Capital and Related Financing Activities:			
Cash received from grants and contributions	-	1,896	1,896
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>-</u>	<u>1,896</u>	<u>1,896</u>
Cash Flows From Capital and Related Financing Activities:			
Plant investment fees (paid) received	356,922	350,000	706,922
Cash (paid) for assets	(73,734)	(1,755,152)	(1,828,886)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>283,188</u>	<u>(1,405,152)</u>	<u>(1,121,964)</u>
Cash Flows From Investing Activities:			
Interest	9,341	50,972	60,313
Net Cash Provided (Used) by Investing Activities	<u>9,341</u>	<u>50,972</u>	<u>60,313</u>
Net (Decrease) Increase in Cash and Cash Equivalents	487,190	(512,032)	(24,842)
Cash and Cash Equivalents - Beginning of Year	<u>1,071,398</u>	<u>5,334,794</u>	<u>6,406,192</u>
Cash and Cash Equivalents - End of Year	<u><u>1,558,588</u></u>	<u><u>4,822,762</u></u>	<u><u>6,381,350</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>(64,869)</u>	<u>(372,561)</u>	<u>(437,430)</u>
Adjustments:			
Depreciation	396,586	446,229	842,815
(Increase) decrease in accounts receivable	(10,879)	(8,988)	(19,867)
(Increase) decrease in deposits receivable	-	771,243	771,243
Increase (decrease) in accounts payable	(140,250)	-	(140,250)
Increase (decrease) in accrued compensated absences	2,322	4,329	6,651
Increase (decrease) in deposits payable	11,751	-	11,751
Total Adjustments	<u>259,530</u>	<u>1,212,813</u>	<u>1,472,343</u>
Net Cash Provided (Used) by Operating Activities	<u><u>194,661</u></u>	<u><u>840,252</u></u>	<u><u>1,034,913</u></u>

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

Town of Fraser, Colorado
Statement of Fiduciary Assets and Liabilities
December 31, 2020

	JF Fund
Assets:	
Cash and cash equivalents	2,882,186
Accounts receivable, net:	<u>128,969</u>
Total Assets	<u>3,011,155</u>
Liabilities:	
Accounts payable	87,791
Deposits	<u>2,923,364</u>
Total Liabilities	<u>3,011,155</u>

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

Town of Fraser, Colorado
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended December 31, 2020

	JF Fund
Operating Revenues:	
Charges for operations and maintenance costs	534,748
Transfer in	228,471
Total Operating Revenues	763,219
 Operating Expenses:	
Salaries and Wages	224,999
Employee Benefits	79,628
Purchased services	249,186
Supplies	26,837
Utilities	182,569
Total Operating Expenses	763,219
 Operating Income (Loss)	-
 Change in Assets and Liabilities	-
Due to Others - Beginning	-
Due to Others - Ending	-

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Fraser
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

The Town of Fraser, Colorado (the "Town") is incorporated under Colorado statutes to provide public safety, streets and street maintenance, water and wastewater service, recreation including parks and trails, transportation, special events, planning and zoning, and general administrative services. The Town is located in Grand County and operates under a Council-Manager form of government.

An elected Mayor and Town Board are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include road maintenance, water and wastewater service, public safety and culture and recreation.

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

A. Reporting Entity

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

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

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

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts – Net investment in capital assets; Restricted net position; and Unrestricted net position.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

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

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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

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

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

D. Fund Financial Statements

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

The Town reports the following major governmental funds:

General Fund

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.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *Restricted Revenue Fund* accounts for a dedicated sales tax to be used for transportation, trails, and capital project expenditures.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Fund Financial Statements (continued)

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The *Capital Equipment Replacement Fund* accounts for funds set aside for the purchase and replacement of capital equipment. A significant portion of revenues consists of highway user tax proceeds.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures of principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

The *Debt Service Fund* accounts for payments made on the Town's bonded debt obligations.

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

The *Water Fund* accounts for the purchase and delivery of water to the citizens of the Town. The Water Fund also maintains the infrastructure needed to provide water service.

The *Wastewater Fund* accounts for the treatment of wastewater from the citizens of the Town. The Wastewater Fund also maintains the infrastructure needed to provide wastewater service.

The Town reports the following fiduciary fund:

The *Joint Facilities ("JF") Operations and Maintenance Fund* accounts for the operations of the Upper Fraser Valley Wastewater Treatment Joint Facilities.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

The Town pools deposits and investments of all funds except JF Operations and Maintenance Fund, which are held in separate accounts. Each fund's share of the pool is readily identified by the Town's internal records. Investments are stated at market value.

Cash and cash equivalents include demand deposits, certificates of deposit, local government investment pools (COLOTRUST), and U.S. government-backed securities.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

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

The Town's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Long-term Notes Receivable

In the government-wide financial statements, long-term notes receivables are reported as an asset. In the fund financial statements, the face amount is reported as a general government expense.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 30
Buildings and improvements	15 - 40
Distribution systems	40
Equipment and vehicles	7

6. Compensated Absences

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

7. Restricted Assets

Fees collected in lieu of park and open space and affordable housing impact fees are restricted as to their use by Town ordinances.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town does not have any deferred outflows of resources at December 31, 2020.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item that qualifies for reporting in this category. Accordingly, the deferred inflow, property taxes, is deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Town of Fraser classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable:

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

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Town Board.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town or its management designee.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

9. Categories and Classification of Fund Balance (continued)

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

The Town may use restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town might first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

10. Interfund Transactions

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

11. Deposits

Deposits on the JF Operations and Maintenance Fund represent contributions made to the JF Operations and Maintenance Fund by Winter Park Ranch Water and Sanitation District ("Winter Park Ranch") and Grand County Water and Sanitation District #1 ("Grand County #1") and the Town (previously the Fraser Sanitation District) for operating and replacement costs relating to the combined wastewater treatment plant. These deposits are held for working capital and replacement costs during the time all members remain joint operators of the plant.

F. Significant Accounting Policies

1. Use of Estimates

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

2. Proprietary Funds

As required by GASB Statement No. 62, the Town has elected to follow all GASB pronouncements for its proprietary funds.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies (continued)

3. Credit Risk

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

4. Restricted and Unrestricted Resources

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between *fund balance - total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The \$10,450,773 adjustment represents the net book value of capital assets of \$23,262,760 and accumulated depreciation of \$12,811,987 at December 31, 2020.

Another element of the reconciliation states that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The \$218,920 reconciling item represents obligation related to accrued compensated absences and capital leases at year end.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures, but in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The details of this reconciling amount are capital outlay of \$532,241, less depreciation expense of \$946,870, less the disposal of capital assets of \$0 during 2020.

Another element of that reconciliation is \$5,041 which represents increase in accrued compensated absences. Similarly, another reconciling item \$35,250 represents revenue from long-term note receivables. The final reconciling item is \$92,265 which represents payment related to capital lease.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

1. Budgetary Basis of Accounting

The preparation Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

- (1) For the 2020 budget year, prior to August 25, 2019, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified person appointed by the Board, submitted to the Board, on or before October 15, 2019, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
- (3) Prior to December 15, 2019, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$200,000.

On April 4, 2000, the Town's electorate approved the following: *Without any increase in the property tax mill levy or the 4% sales and use tax rate, shall the Town of Fraser, Colorado, be authorized, in the year 2000 and each subsequent year thereafter, to collect, retain, and expend the full proceeds of the Town's fees, taxes, non-federal grants and other revenues and to spend such revenues for debt service, municipal operations, capital projects, and any other lawful municipal purpose, notwithstanding any state of Colorado restrictions on revenues or spending, including the restrictions of Article X, Section 20 of the Colorado Constitution, the revenue limit in Section 29-1-301 of the Colorado Revised Statutes, or any other law.*

On November 3, 2020, the Town's electorate approved the following: *Without increasing total tax revenues collected, shall the Town of Fraser be authorized to adjust its mill levy annually to offset revenue reductions caused by State imposed changes to the percentage used to determine assessed valuation, including any changes made pursuant to the 1982 Gallagher amendment to the Colorado Constitution, so that, to the extent possible, the revenues generated by such mill levy are the same as the tax revenues that would have been generated had such changes in the method of calculating assessed valuation not occurred?*

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

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Town's checking accounts are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the Town's demand deposits were \$625,990 at year end.

Fair Value of Investments

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

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

At December 31, 2020, the Town had the following recurring fair value measurements:

<u>Investments at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurement</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash with fiscal agent	\$ 5,524	5,524	-	-

Investments Measured at Net Asset Value

Colotrust	\$ 15,438,767
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Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The Town had the following deposits and investments for all funds, with the following maturities December 31, 2020:

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
Checking Accounts	Not Rated	\$ 396,454	396,454	-
Savings Accounts	Not Rated	229,536	229,536	-
<i>Investments:</i>				
Cash with fiscal agent		5,524	5,524	
Investment Pools	AAAm	15,438,767	15,438,767	-
		<u>\$ 16,070,281</u>		

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The investment pools represent investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") a 2a7-like pools. Pools are not covered by FDIC insurance or PDPA but are rated AAAM. The fair value of the pools is determined by the pools' share price. The Town has no regulatory oversight for the pools.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the Town has limited its interest rate risk.

Credit Risk. Colorado statutes specify instruments in which local governments may invest, including:

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

The Town's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			
	General	Capital Equipment	Restricted Revenue	Total
Receivables:				
Taxes	\$ 352,669	-	181,031	533,700
Accounts	82,835	-	11,000	93,835
Intergovernmental	791,076	3,585	-	794,661
Gross receivables	1,226,580	3,585	192,031	1,422,196
Less: allowance for uncollectible	-	-	-	-
Net Receivables	\$ 1,226,580	3,585	192,031	1,422,196

	Enterprise Funds		
	Water Operations	Wastewater Operations	Total
Receivables:			
Accounts	\$ 447,120	\$ 399,741	\$ 846,861
Other	-	9,014	\$ 9,014
Gross receivables	447,120	408,755	855,875
Less: allowance for uncollectible	-	-	-
Net Receivables	\$ 447,120	\$ 408,755	\$ 855,875

Governmental funds report deferred inflow of resources from property taxes in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The receivable is net of \$352,669 of property taxes levied in 2020 but not available until 2021.

C. Long-Term Note Receivable

In August 2017, the Town entered into a grant and loan agreement with Crooked Creek Saloon (the "Saloon"). The total funds disbursed per the agreement totaled \$85,000, of which \$40,000 was given as a grant toward property improvements, and an additional \$45,000 provided to the owner as a no-interest loan. The loan is due in installments of \$750 monthly for five years commencing after the date of completion of the project. The project was completed and the Town started receiving payments in 2018. In 2020, the Saloon was sold and the remaining note receivable balance was received in full. There is no outstanding balance under this agreement at year end.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 730,629	-	-	730,629
Total capital assets, not being depreciated	730,629	-	-	730,629
Capital assets, being depreciated:				
Infrastructure	17,959,779	450,097	-	18,409,876
Buildings	1,450,962	10,000	-	1,460,962
Furniture and equipment	2,589,149	72,144	-	2,661,293
Total capital assets, being depreciated	21,999,890	532,241	-	22,532,131
Less accumulated depreciation for:				
Infrastructure	(9,143,174)	(698,501)	-	(9,841,675)
Buildings	(1,046,786)	(38,854)	-	(1,085,640)
Furniture and equipment	(1,675,157)	(209,515)	-	(1,884,672)
Total accumulated depreciation	(11,865,117)	(946,870)	-	(12,811,987)
Total capital assets, being depreciated, net	10,134,773	(414,629)	-	9,720,144
Governmental activities capital assets, net	<u>\$ 10,865,402</u>	<u>(414,629)</u>	<u>-</u>	<u>10,450,773</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 244,320	-	-	244,320
Water rights	645,086	6,274	-	651,360
Construction in progress	1,127,174	1,753,159	(54,247)	2,826,086
Total capital assets, not being depreciated	<u>2,016,580</u>	<u>1,759,433</u>	<u>(54,247)</u>	<u>3,721,766</u>
Capital assets, being depreciated:				
System and improvements	23,591,453	67,460	-	23,658,913
Buildings and improvements	6,393,880	54,247	-	6,448,127
Equipment	462,783	1,993	-	464,776
Total capital assets, being depreciated	<u>30,448,116</u>	<u>123,700</u>	<u>-</u>	<u>30,571,816</u>
Less accumulated depreciation for:				
System and improvements	(10,203,853)	(659,692)	-	(10,863,545)
Buildings and improvements	(2,600,367)	(171,663)	-	(2,772,030)
Equipment	(342,608)	(11,460)	-	(354,068)
Total accumulated depreciation	<u>(13,146,828)</u>	<u>(842,815)</u>	<u>-</u>	<u>(13,989,643)</u>
Total capital assets, being depreciated, net	<u>17,301,288</u>	<u>(719,115)</u>	<u>-</u>	<u>16,582,173</u>
Business-type activities capital assets, net	<u><u>\$ 19,317,868</u></u>	<u><u>1,040,318</u></u>	<u><u>(54,247)</u></u>	<u><u>20,303,939</u></u>

In accordance with generally accepted accounting principles, the Town has elected to report general government infrastructure assets prospectively. Therefore, only general government infrastructure assets acquired since January 1, 2002 are included in the Town's financial statements.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

The Town had the following capital outlay and depreciation expense for the following functions:

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
Governmental activities:		
General government	\$ 37,811	10,000
Public works, including infrastructure	859,661	452,301
Public safety	22,487	57,731
Culture and recreation	26,911	12,209
Total governmental activities	<u>\$ 946,870</u>	<u>532,241</u>
Business-type activities:		
Water	\$ 396,586	73,734
Wastewater	446,229	1,755,152
Total business-type activities	<u>\$ 842,815</u>	<u>1,828,886</u>

E. Interfund Receivables, Payables, and Transfers

Transfers were as follows:

	<u>In</u>	<u>Out</u>
General	\$ -	(260,000)
Capital Equipment	60,000	-
Capital Asset Fund	200,000	-
	<u>\$ 260,000</u>	<u>(260,000)</u>

Transfers were to provide additional resources to meet the activities provided in each fund.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities

1. Capital Leases

In June 2018, the Town entered into a capital lease agreement for the purchase of a vehicle. The total amount financed was \$66,278, with interest stated at 4.89% per annum. The lease requires annual payments of \$14,551 through 2022.

In August 2018, the Town entered into a capital lease agreement for the purchase of equipment. The total amount financed was \$55,351 with interest stated at 5.36% per annum. The lease requires monthly payments of \$1,284 through 2022.

In October 2018, the Town entered into a capital lease agreement for the purchase of equipment. The total amount financed was \$52,511 with interest stated at 6.43% per annum. The lease requires monthly payments of \$1,244 through 2022.

In April 2019, the Town entered into a capital lease agreement for the purchase of a Freightliner Truck. The total amount financed was \$228,985 with interest stated at 5.14% per annum. The lease requires annual payments of \$61,618 through 2022.

Minimum lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	97,214	9,282	106,496
2022	92,205	4,142	96,347
Total	<u>\$ 189,419</u>	<u>13,424</u>	<u>202,843</u>

The net book value of the assets acquired through a capital lease as of December 31, 2020 are as follows:

Cost	\$ 403,125
Less: Accumulated Depreciation	<u>(177,587)</u>
Net Book Value	<u><u>\$ 225,538</u></u>

2. Accrued Compensated Absences

Earned but unused vacation benefits amounted to \$58,144 at December 31, 2020. All unused vacation benefits are recorded on the government-wide financial statements.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

3. Schedule of Changes in Long-term Debt

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 281,684	-	(92,265)	189,419	97,214
Accrued compensated absences	24,462	5,039	-	29,501	-
Total	<u>\$ 306,146</u>	<u>5,039</u>	<u>(92,265)</u>	<u>218,920</u>	<u>97,214</u>
Business-type activities:					
Accrued compensated absences	\$ 21,992	6,651	-	28,643	-
Total	<u>\$ 21,992</u>	<u>6,651</u>	<u>-</u>	<u>28,643</u>	<u>-</u>

G. Restricted Fund Balance

The Town had the following restrictions on the fund balances at December 31, 2020:

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
General Fund:				
Fees in lieu of Park	\$ 6,379	-	-	6,379
Affordable housing impact fee	134,426	-	-	134,426
Emergency reserves	145,000	55,000	-	200,000
Conservation Trust Fund	13,763	6,845	-	20,608
Restricted Revenue Fund	158,332	948,985	(569,740)	537,577
Wastewater Fund				
Operating reserve	51,246	2,614	-	53,860
Capital replacement reserve	1,697,314	992,633	(1,769,234)	920,713
	<u>\$ 2,206,460</u>	<u>2,006,077</u>	<u>(2,338,974)</u>	<u>1,873,563</u>

The Town had \$974,573 restricted in the Wastewater Fund for Upper Fraser Valley Wastewater Treatment Joint Facilities operating and capital replacement expenses.

H. Committed Fund Balance

The Town has the following commitments of the governmental fund balances at December 31, 2020:

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
General Fund:				
Reserve savings	\$ 1,000,000	-	-	1,000,000
Debt Service Fund:				
Capital projects	35,266	255	-	35,521
	<u>\$ 1,035,266</u>	<u>255</u>	<u>-</u>	<u>1,035,521</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

I. Assigned Fund Balance

The Town had the following assignments of the governmental fund balances at December 31, 2020:

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
General Fund:				
Capital projects	\$ 22,489	-	(22,489)	-
Future budget deficit	1,214,669	1,296,861	-	2,511,530
Strategic reserves	1,100,000	-	-	1,100,000
Capital Equipment Replacement:				
Capital projects	259,267	-	(53,572)	205,695
	<u>\$ 2,596,425</u>	<u>1,296,861</u>	<u>(76,061)</u>	<u>3,817,225</u>

V. Other Information

A. Joint Facilities (“JF”) Operations and Maintenance Fund

In 2002, the Fraser Sanitation District (the “District”), Winter Park Ranch, and Grand County #1 entered into an agreement to participate in the joint construction, maintenance, and operations of joint interceptor sewer lines and joint sewage treatment facilities. This new wastewater treatment plant has been constructed on the existing plant site of the District/Winter Park Ranch treatment facility and a new and/or expanded sewer trunk line from Grand County #1 will connect with the existing District/Winter Park Ranch interceptor line. Title of the new joint facilities will be allocated among these three members based on each member’s proportionate share of equivalent residential units to be serviced by the new plant. The District was dissolved into the Town effective December 31, 2009.

Construction costs of these new facilities, excluding expenses relating to segment B of the joint trunk lines (“B-Line”) described below, are based on each member’s future share of equivalent residential units to be serviced by the new plant and are allocated as follows:

Town – 34.07%
Winter Park Ranch – 28.89%
Grand County #1 – 37.04%

Under the Upper Fraser Valley Wastewater Agreement, a Joint Facilities Oversight Committee (“JFOC”) was established to represent the three members regarding the construction, expansion, operations, management, and maintenance of the new joint facilities. The JFOC is comprised of a total of nine members, with each member having three members. The Town was appointed as the manager of the joint facilities for 2020. The JFOC may designate a new manager on an annual basis. In 2020, as approved by the JFOC, the Town earned \$29,000 in management fees.

Operations and maintenance costs will be allocated among the three members based on each member’s proportionate share of equivalent residential units currently serviced by the new plant. In addition, upon certification of the new joint facilities, this agreement requires the establishment of an operations and maintenance reserve fund equal to three months operations and maintenance costs and a capital replacement reserve fund, the amount which is determined by the JFOC.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

A. Joint Facilities (“JF”) Operations and Maintenance Fund (continued)

1. Maryvale Village (Rendezvous)

The District entered an agreement on May 9, 2000, with Maryvale Village, L.L.C., and several individuals (collectively referred to as the “Rendezvous”), Maryvale Commercial Metropolitan District, and Maryvale Residential Metropolitan District (these districts are collectively referred to as the “Maryvale Districts”) that permitted the inclusion of the Maryvale development within the District’s boundaries in order to receive sanitation services, in exchange for inclusion fees.

Pursuant to this agreement, Rendezvous and the Maryvale Districts are responsible for the construction of sewer main extensions and related infrastructure from the existing District sewer main to the Maryvale development. These sewer main extensions and related infrastructure will ultimately be conveyed to the District at the time these projects are completed or begin to be used, whichever comes first, subject to the District’s acceptance of these assets. As of December 31, 2020, Maryvale development sewer mains and infrastructure had been conveyed to the District, and is presented as an asset on the Town’s financial statements.

Per this agreement, in exchange for the District agreeing to oversize the new wastewater treatment plant described earlier, the Developer and Maryvale Districts agreed to cover the amount of any shortfall in the District’s CWRPDA loan payments by pre-purchasing tap fees. In addition, this agreement requires the Developer and Maryvale Districts to establish an escrow account in the amount of \$160,000 to guarantee their compliance in the event of a default regarding their pre-purchase obligations. As of December 31, 2020, no prepaid tap fees have been required or made by the Developer and the Maryvale Districts. This guarantee was released in 2009.

2. Pre-Inclusion Agreement - Cornerstone

The District entered an agreement on April 5, 2005, with Cornerstone Winter Park Holdings, L.L.C. (“Cornerstone”) that permits the inclusion of a portion of Cornerstone’s development within the District’s boundaries in order to receive sanitation services for inclusion fees.

Cornerstone shall be responsible for constructing, paying for and installing all sewer lines and any related facilities within the property including all lines, manholes and mains. This infrastructure will ultimately be conveyed to the District at the time these projects are completed or begin to be used, whichever comes first, subject to the District’s acceptance of these assets.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

B. Retirement Plans – Defined Contribution Pension Plan – Section 401(a)

The Town is a member of Colorado Retirement Association (“CRA”). CRA was established to provide retirement benefits to employees of Colorado local governments. As a member, the Town participates in the CRA retirement plan created in accordance with Internal Revenue Code Section 401(a) (the “401(a) Plan”), which is a defined contribution pension plan. Employees of the Town are required to participate in the 401(a) Plan after 6 months of service. Each eligible employee is required to contribute 4% of gross wages to the 401(a) Plan. The Town matches employee contributions at the same rate and these matched dollars have a vesting period of 5 years. The Town is neither the trustee nor the administrator for the 401(a) Plan. The seven-member governing board of CRA makes all necessary rules and is responsible for administration of the funds in the 401(a) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee. Upon termination of service with the Town, any unvested amounts will be forfeited and may be used to pay plan expenses or Employer’s contributions to the 401(a) Plan.

During 2020, the Town recognized \$66,848 of expense under this plan. The Town has \$0 of forfeitures included in the 2020 401(a) Plan expense. The Town had a liability of \$5,197 due to the 401(a) Plan at December 31, 2020.

C. Retirement Plans – Deferred Compensation Plan – Section 457(b)

The Town also participates in the CRA retirement plan created in accordance with Internal Revenue Code Section 457(b) (the “457(b) Plan”), which is a deferred compensation plan. The plan permits employees to defer a portion of their salary until future years. All contributions to the 457(b) Plan and all income attributable to those amounts are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment purchases are determined by the plan participant and therefore, the plan’s investment concentration varies between participants. The Town matches up to 2% of employee contributions and these matched dollars are vested immediately. The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town is neither the trustee nor the administrator for the plan. The seven-member governing board of CRA makes all necessary rules and is responsible for administration of the funds in the 457(b) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee.

The Town recognized \$19,111 of pension expense related to the 457(b) Plan during 2020 and had a liability of \$2,660 due to the 457(b) Plan at December 31, 2020.

D. Other Employee Benefits - Post Employment Health Care Benefits

All Town employees covered by State continuation insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage do so through Colorado Employer Benefit Trust (CEBT) who is a multiple employer trust for public institutions providing employee benefits. CEBT partnered with 24HourFlex as the COBRA administrator for all CEBT employers. No cost to the Town is recognized as employees pay through 24HourFlex.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

E. Intergovernmental Agreements

1. Public Safety Services

In lieu of directly providing public safety services, the Town has entered into an agreement with the Town of Winter Park, Colorado to form a joint public safety force effective May 1, 2005 and amended March 21, 2012. The agreement requires costs to be split 65% to Winter Park and 35% to Fraser, based upon average call volume, but reevaluated annually and may be amended as agreed upon by both parties.

2. Building Department

The Town has entered into an agreement January 20, 2010 to form a joint building services department with the Town of Winter Park, Colorado and the Town of Granby, Colorado. According to the agreement, quarterly expenses are to be split based upon the portion of revenue collected for each Town, but may be adjusted annually by mutual agreement based on permits issued, inspections performed, time expended by personnel, vehicle depreciation and mileage and other measures.

3. Transportation Agreement

The Town has entered into an agreement on June 19, 2018 with the Town of Winter Park to provide transit services. The terms of the agreement automatically renew for 10 one-year periods unless either party provides written notice of nonrenewal on or before June 30th of the prior year. Pursuant to the agreement, the Town pays a monthly management fee equal to 10% of Winter Park's management costs of the Transit System, as well as all operating costs incurred for the Town's portion of the route.

4. Water Storage Agreement

In 2018, the Town purchased 25 acre-feet of water rights at Grand County Water Storage Reservoir. Pursuant to the terms of the operating agreement, the Town of Fraser and the Town of Winter Park will split costs associated with Maintenance and Capital Reserves as needed by Grand County Water Storage Reservoir.

F. Risk Management

The Town is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Town has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Town is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Town joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the board of directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

F. Risk Management (continued)

The Town's share of assets, liabilities and fund equity as of December 31, 2020, the latest date for which information is available, is as follows:

Insurance Pools:	Fraser Share
Property and Casualty Pool:	
Loss fund	\$ (1,453)
Operating	20,429
Pooled excess fund	(10,303)
Reserve fund	20,478
Workers' Compensation Pool:	
Loss fund	(3,200)
Operating	12,824
Pooled excess fund	11,805
Reserve fund	16,332

The December 31, 2020 combined financial information is as follows:

Cash and investments	\$ 85,609,779
Other assets	8,563,951
Total	94,173,730
Liabilities	35,750,846
Net position	58,422,884
Total	94,173,730
Total revenue	33,496,772
Total expense	(24,091,402)
(Deficiency) of Revenue	
Over Expense	9,405,370

Coverage provided by CIRSA is as follows: 1) \$250,000 per claim/occurrence property; 2) \$1,000,000 per claim/occurrence liability; and 3) \$150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2020, the Town does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

G. Related Party Transactions

During 2020, a third-party vendor controlled by the son of a Town Council member for the Town of Fraser provided road construction services totaling \$15,894.

H. Tax Abatements

1. Fraser Still Project

The Town has entered into an Agreement for Certain Economic Inducements and Incentives in order to meet development goals within certain areas of the Town. According to the agreement, the development area Fraser Still Project has the following continuing development requirements or abatement agreements requiring disclosure:

<u>Revenues impacted</u>	<u>Amount</u>	<u>Requirements</u>
Permit and Review Fees	Rebate of \$1,000 per square foot of new usable commercial space constructed	Paid to the owner
Sales tax	100% for five years from date of CO issuance, 50% of sales tax for 5 additional years thereafter	Paid to the owner
Use Tax	100% of the building and construction use tax	Waived
Ad valorem real and personal property taxes	100% for the tax year preceding the date of CO issuance and four years thereafter	Paid to the owner
Plant investment fees	Due in three annual installments without interest, 1 year after the date of CO issuance	Paid to the Town
Service fees	Waived until the earlier of issuance of CO, or June 6, 2020	Waived

In exchange to the above tax abatements, the owner agrees to develop and run a distillery business on the property. During the year ended December 31, 2020, the Town reimbursed Sales Tax of \$31,788 to the Youngs Real Estate CO LLC, owners of Fraser Valley Distilling. The Town also deferred Plant Investment Fees of \$10,133. Service Fees are no longer waived per the agreement.

Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

H. Tax Abatements (continued)

2. Watt Investments, LLP

The Town has entered into an Agreement for Certain Economic Inducements and Incentives in order to meet development goals within certain areas of the Town. According to the agreement, the development area Vicious Cycle has the following continuing development requirements or abatement agreements requiring disclosure:

<u>Revenues impacted</u>	<u>Amount</u>	<u>Requirements</u>
Permit and Review Fees	Rebate of \$1.000 per square foot of new usable commercial space constructed	Paid to the owner
Sales tax	100% for five years from date of CO issuance, 50% of sales tax for 5 additional years thereafter	Paid to the owner
Use Tax	100% of the building and construction use tax	Waived
Ad valorem real and personal property taxes	100% for the tax year preceding the date of CO issuance and four years thereafter	Paid to the owner
Plant investment fees	Due in three annual installments without interest, 1 year after the date of CO issuance	Paid to the Town
Service fees	Waived until the earlier of issuance of CO, or October 9, 2022	Waived

In exchange to the above tax abatements, the owner agrees to develop and run a retail business on the property. During the year ended December 31, 2020, the Town still owes the Permit and Review Fees of \$4,717 to Watt Investments LLP, owners of Vicious Cycle Brewing. Vicious Cycle Brewing is still in the building phase so reimbursement of Sales Tax has not occurred. The Town also waived Service Fees of \$767. Plant Investment Fees of \$30,400 is still deferred.

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Town of Fraser
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

H. Tax Abatements (continued)

3. Grand Park

The Town has entered into an Agreement for Certain Economic Inducements and Incentives in order to meet development goals within certain areas of the Town. According to the agreement, the development area Village at Grand Park has the following continuing development requirements or abatement agreements requiring disclosure:

<u>Revenues impacted</u>	<u>Amount</u>	<u>Requirements</u>
Permit and Review Fees	Rebate of \$1.000 per square foot of new usable commercial space constructed	Paid to the owner
Sales tax	100% for five years from date of CO issuance, 50% of sales tax for 5 additional years thereafter	Paid to the owner
Use Tax	100% of the building and construction use tax	Waived
Ad valorem real and personal property taxes	100% for the tax year preceding the date of CO issuance and four years thereafter	Paid to the owner
Plant investment fees	Due in three annual installments without interest, 1 year after the date of CO issuance	Paid to the Town
Service fees	Waived until the earlier of issuance of CO, or June 7, 2020	Waived

In exchange to the above tax abatements, the owner agrees to develop and run a retail business on the property. During the year ended December 31, 2020, the Town still owes the Permit and Review Fees of \$40,321 to Grand Park, owners of Village at Grand Park. The Village at Grand Park buildings are still in the building phase so reimbursement of Sales Tax has not occurred. Plant Investment Fees of \$60,800 is still deferred. Service Fees are no longer waived per the agreement.

4. Prepaid Plant Investment Fees

The Town also entered into annexation agreements with two developers that provided for the use of Plant Investment Fees to fund water system capital improvements within the developments. The agreements essentially provide that the Town will not retain Plant Investment Fees paid by building permit applicants within these developments until such time as the total Plant Investment Fees paid exceeds the certified costs of regional water capital improvements within the developments. Currently the developers have certified water regional infrastructure improvements totaling \$6,266,976 and a total of \$5,039,504 of Plant Investment Fees have been rebated to the developers. The Plant Investment fees from Rendezvous Residential Metro District have been reimbursed in full as of July 23, 2020. The remaining balance is to be rebated to Byers View Metro District.

The above agreements were authorized by the Town Board after analyzing criteria that includes the ability to encourage development within the specific abatement area.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Fraser, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>		<u>Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	3,314,700	4,509,408	1,194,708	4,011,822
Licenses and fees	135,000	253,501	118,501	195,734
Charges for services	50,000	159,139	109,139	81,308
Intergovernmental	1,035,000	640,973	(394,027)	730,988
Interest	50,000	33,214	(16,786)	93,414
Other revenue	411,000	280,221	(130,779)	1,404,421
Total Revenues	<u>4,995,700</u>	<u>5,876,456</u>	<u>880,756</u>	<u>6,517,687</u>
Expenditures:				
General government	1,843,118	1,386,431	456,687	1,441,358
Public safety	635,000	619,683	15,317	566,252
Public works	2,651,396	1,925,780	725,616	4,103,620
Culture and recreation	1,273,839	14,863	1,258,976	48,384
Total Expenditures	<u>6,403,353</u>	<u>3,946,757</u>	<u>2,456,596</u>	<u>6,159,614</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,407,653)</u>	<u>1,929,699</u>	<u>3,337,352</u>	<u>358,073</u>
Other Financing Sources (Uses):				
Transfer in	16,379	-	(16,379)	-
Transfer (out)	(155,636)	(60,000)	95,636	(106,855)
Total Other Financing (Uses)	<u>(139,257)</u>	<u>(60,000)</u>	<u>79,257</u>	<u>(106,855)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(1,546,910)</u>	<u>1,869,699</u>	<u>3,416,609</u>	<u>251,218</u>
Fund Balances - Beginning of Year	<u>2,395,800</u>	<u>4,650,846</u>	<u>2,255,046</u>	<u>4,399,628</u>
Fund Balances - End of Year	<u>848,890</u>	<u>6,520,545</u>	<u>5,671,655</u>	<u>4,650,846</u>

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

Town of Fraser, Colorado
General Fund
Schedule of Revenues
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>		<u>Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Taxes:				
Property	325,000	334,794	9,794	253,916
Specific ownership	12,000	24,947	12,947	21,416
Sales & use	2,915,000	4,073,271	1,158,271	3,663,996
Franchise	55,000	69,491	14,491	65,573
Motor vehicle	4,500	-	(4,500)	2,032
Cigarette	3,200	6,905	3,705	4,889
Total	<u>3,314,700</u>	<u>4,509,408</u>	<u>1,194,708</u>	<u>4,011,822</u>
Licenses and Fees:				
Business license fees	15,000	15,783	783	17,960
Regulated Industry fees	120,000	237,718	117,718	177,774
Total	<u>135,000</u>	<u>253,501</u>	<u>118,501</u>	<u>195,734</u>
Charges for services:				
Planning and building fees	40,000	78,587	38,587	58,309
Disposable bag fees	10,000	18,478	8,478	22,999
Other charges	-	62,074	62,074	-
Total	<u>50,000</u>	<u>159,139</u>	<u>109,139</u>	<u>81,308</u>
Intergovernmental:				
Grant revenue	1,035,000	640,973	(394,027)	730,988
Total	<u>1,035,000</u>	<u>640,973</u>	<u>(394,027)</u>	<u>730,988</u>
Interest:				
Earnings on deposits	50,000	33,214	(16,786)	93,414
Total	<u>50,000</u>	<u>33,214</u>	<u>(16,786)</u>	<u>93,414</u>
Other:				
Other income	395,500	269,836	(125,664)	1,394,091
Rents	15,500	10,385	(5,115)	10,330
Total	<u>411,000</u>	<u>280,221</u>	<u>(130,779)</u>	<u>1,404,421</u>
Other Financing Sources:				
Transfer in	16,379	-	(16,379)	-
Total	<u>16,379</u>	<u>-</u>	<u>(16,379)</u>	<u>-</u>
Total Revenues	<u>5,012,079</u>	<u>5,876,456</u>	<u>864,377</u>	<u>6,517,687</u>

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

Town of Fraser, Colorado
General Fund
Schedule of Expenditures and Transfers
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>		<u>Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
General Government:				
Town board salaries	55,325	46,144	9,181	34,020
Town board community enhancement	725,250	381,609	343,641	429,012
Miscellaneous	10,500	7,935	2,565	20,111
Administrative salaries	523,094	463,439	59,655	515,999
Other purchased services	418,978	395,302	23,676	363,652
Utilities	23,971	18,247	5,724	17,376
Property management	86,000	73,755	12,245	60,555
Fiscal agent salaries	-	-	-	633
Total General Government	<u>1,843,118</u>	<u>1,386,431</u>	<u>456,687</u>	<u>1,441,358</u>
Public Safety	<u>635,000</u>	<u>619,683</u>	<u>15,317</u>	<u>566,252</u>
Total Public Safety	<u>635,000</u>	<u>619,683</u>	<u>15,317</u>	<u>566,252</u>
Public Works				
Salaries and benefits	1,034,700	925,663	109,037	817,275
Other purchased services	429,575	339,613	89,962	372,291
Utilities	13,621	8,479	5,142	9,855
Property management	113,000	39,443	73,557	110,512
Capital outlay	1,060,500	612,582	447,918	2,793,687
Total Public Works	<u>2,651,396</u>	<u>1,925,780</u>	<u>725,616</u>	<u>4,103,620</u>
Culture and Recreation				
Other purchased services	6,367	11,790	(5,423)	5,946
Utilities	2,472	2,183	289	2,163
Property management	5,000	120	4,880	765
Capital outlay	1,260,000	770	1,259,230	39,510
Total Culture and Recreation	<u>1,273,839</u>	<u>14,863</u>	<u>1,258,976</u>	<u>48,384</u>
Other Financing Uses				
Transfer out	155,636	60,000	95,636	106,855
Total Financing Sources	<u>155,636</u>	<u>60,000</u>	<u>95,636</u>	<u>106,855</u>
Total Expenditures	<u>6,558,989</u>	<u>4,006,757</u>	<u>2,552,232</u>	<u>6,266,469</u>

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

Town of Fraser, Colorado
Special Revenue Fund
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>		<u>Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Lottery proceeds	6,800	6,738	(62)	7,269
Interest	75	107	32	212
Total Revenues	<u>6,875</u>	<u>6,845</u>	<u>(30)</u>	<u>7,481</u>
Other Financing Uses				
Transfer (Out)	(10,000)	-	10,000	-
Total Financing Sources	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,125)	6,845	9,970	7,481
Fund Balances - Beginning of Year	<u>13,858</u>	<u>13,763</u>	<u>(95)</u>	<u>6,282</u>
Fund Balances - End of Year	<u><u>10,733</u></u>	<u><u>20,608</u></u>	<u><u>9,875</u></u>	<u><u>13,763</u></u>

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

Town of Fraser, Colorado
Special Revenue Fund
Restricted Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020		Variance Positive (Negative)	2019
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	687,500	936,728	249,228	772,789
Intergovernmental	-	11,000	11,000	11,000
Interest	309	1,257	948	1,121
Total Revenues	687,809	948,985	261,176	784,910
Expenditures:				
General government				
Transportation	660,000	518,215	141,785	623,319
Trails	55,000	51,525	3,475	-
Total Expenditures	715,000	569,740	145,260	623,319
Excess (Deficiency) of Revenues Over Expenditures	(27,191)	379,245	406,436	161,591
Fund Balances - Beginning of Year	35,240	158,332	123,092	(3,259)
Fund Balances - End of Year	8,049	537,577	529,528	158,332

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

SUPPLEMENTARY INFORMATION



Town of Fraser, Colorado
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>		<u>Variance Positive (Negative)</u>	<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Interest	1,000	254	(746)	800
Total Revenues	<u>1,000</u>	<u>254</u>	<u>(746)</u>	<u>800</u>
Expenditures:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	1,000	254	(746)	800
Fund Balances - Beginning of Year	<u>1,773</u>	<u>35,267</u>	<u>33,494</u>	<u>34,467</u>
Fund Balances - End of Year	<u><u>2,773</u></u>	<u><u>35,521</u></u>	<u><u>32,748</u></u>	<u><u>35,267</u></u>

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

Town of Fraser, Colorado
Capital Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>		<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Revenues:			
Highway users revenue	47,394	47,218	(176)
Earnings on investments	2,500	2,170	(330)
Total Revenues	<u>49,894</u>	<u>49,388</u>	<u>(506)</u>
Expenditures:			
Capital lease	105,000	106,496	(1,496)
Equipment	260,000	56,464	203,536
Total Expenditures	<u>365,000</u>	<u>162,960</u>	<u>202,040</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(315,106)</u>	<u>(113,572)</u>	<u>201,534</u>
Other Financing Sources:			
Transfer In	170,000	60,000	(110,000)
Lease proceeds	-	-	-
Total Other Financing Sources	<u>170,000</u>	<u>60,000</u>	<u>(110,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(145,106)</u>	<u>(53,572)</u>	<u>91,534</u>
Fund Balances - Beginning of Year	<u>248,300</u>	<u>259,267</u>	<u>10,967</u>
Fund Balances - End of Year	<u>103,194</u>	<u>205,695</u>	<u>102,501</u>

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

Town of Fraser, Colorado
Enterprise Fund
Water Fund
Schedule of Revenues, Expenditures and Change in Net Position
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tap fees	7,700	182,389	174,689	100,100
User fees	1,026,000	1,077,517	51,517	1,027,006
Water meter fees	50,000	32,084	(17,916)	55,026
Interest income	6,000	9,341	3,341	34,820
Excavation permits	275	2,250	1,975	1,650
Other	2,500	3,844	1,344	3,170
Total Revenues	<u>1,092,475</u>	<u>1,307,425</u>	<u>214,950</u>	<u>1,221,772</u>
Expenditures:				
Personnel:				
Salaries	324,000	305,223	18,777	308,591
Retirement	15,000	14,501	499	14,370
Health insurance	75,000	67,048	7,952	66,035
Travel and training	9,000	3,185	5,815	6,697
Total	<u>423,000</u>	<u>389,957</u>	<u>33,043</u>	<u>395,693</u>
Commodities:				
Insurance	27,000	14,422	12,578	13,851
Supplies	108,000	56,192	51,808	58,829
System repair and maintenance	462,000	167,329	294,671	77,161
Testing	10,000	17,970	(7,970)	2,755
Telephone	4,750	11,298	(6,548)	8,753
Utilities	50,000	40,979	9,021	40,610
Miscellaneous	71,000	11,231	59,769	2,686
Total	<u>732,750</u>	<u>319,421</u>	<u>413,329</u>	<u>204,645</u>
Contractual:				
Legal	65,000	77,298	(12,298)	111,523
Engineering	80,000	46,427	33,573	132,442
Other professional services	60,500	8,613	51,887	4,945
Professional memberships	9,500	5,814	3,686	4,922
Total	<u>215,000</u>	<u>138,152</u>	<u>76,848</u>	<u>253,832</u>
Other:				
Transfer to Other Fund	37,700	-	37,700	11,656
Capital projects and purchases	500,000	-	500,000	402,778
Water rights	45,000	10,182	34,818	14,719
Total	<u>582,700</u>	<u>10,182</u>	<u>572,518</u>	<u>429,153</u>
Total Expenditures	<u>1,953,450</u>	<u>857,712</u>	<u>1,095,738</u>	<u>1,283,323</u>
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	<u>(860,975)</u>	449,713	<u>1,310,688</u>	(61,551)
Reconciliation from Budget Basis to GAAP Basis:				
Capitalized assets		73,734		122,248
Depreciation		(396,586)		(414,708)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		126,861		(354,011)
Net Position - Beginning of Year		<u>11,277,732</u>		<u>11,631,743</u>
Net Position - End of Year		<u>11,404,593</u>		<u>11,277,732</u>

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

Town of Fraser, Colorado
Enterprise Fund
Wastewater Fund
Schedule of Revenues, Expenditures and Change in Net Position
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tap fees	300,000	180,000	(120,000)	630,000
User fees	896,000	864,769	(31,231)	832,534
Management fees	29,000	29,000	-	29,000
Interest income	18,500	50,972	32,472	156,237
Grants	-	-	-	1,376,973
Other	-	-	-	11,706
Transfer from Other Fund	200,000	-	(200,000)	-
Total Revenues	1,443,500	1,124,741	(318,759)	3,036,450
Expenditures:				
Personnel:				
Salaries	336,000	308,333	27,667	310,553
Retirement	17,000	13,782	3,218	14,374
Health insurance	77,000	66,911	10,089	65,952
Travel and training	8,000	700	7,300	85
Total	438,000	389,726	48,274	390,964
Commodities:				
Insurance	7,000	9,027	(2,027)	8,348
Supplies	2,500	1,649	851	994
System repair and maintenance	455,500	854,243	(398,743)	354,572
Testing	1,000	-	1,000	-
Telephone	2,000	3,256	(1,256)	2,774
Miscellaneous	3,000	1,038	1,962	961
Total	471,000	869,213	(398,213)	367,649
Contractual:				
Legal	5,000	-	5,000	-
Engineering	80,000	82,690	(2,690)	-
Other professional services	296,204	246,338	49,866	239,653
Treasurer's and bank fees	100	-	100	-
Professional memberships	6,000	5,252	748	5,051
Total	387,304	334,280	53,024	244,704
Other:				
Transfer to Other Fund	80,000	-	80,000	11,489
Capital Reserve payments	982,034	982,034	-	1,022,100
Total	1,062,034	982,034	80,000	1,033,589
Total Expenditures	2,358,338	2,575,253	(216,915)	2,036,906
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	(914,838)	(1,450,512)	(535,674)	999,544
Reconciliation from Budget Basis to GAAP Basis:				
Capitalized assets		773,118		113,998
Depreciation		(446,229)		(440,405)
Capitalized capital reserve payments		982,034		1,022,100
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		(141,589)		1,695,237
Net Position - Beginning of Year		17,046,767		15,351,530
Net Position - End of Year		16,905,178		17,046,767

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

Town of Fraser, Colorado
JF Operations and Maintenance
Schedule of Revenues & Expenses
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			Final Budget Variance Positive (Negative)	2019
	Original Budget	Final Budget	Actual		Actual
Revenues:					
JF operating charges	934,713	934,713	763,219	(171,494)	762,131
JF capital reserve contributions	-	2,882,400	2,882,400	-	7,041,600
Interest revenue	15,400	15,400	31,110	15,710	69,122
Other revenue	-	-	-	-	38,039
Total Revenues	<u>950,113</u>	<u>3,832,513</u>	<u>3,676,729</u>	<u>(155,784)</u>	<u>7,910,892</u>
Expenses:					
Training programs	3,000	3,000	350	2,650	165
Travel, meals and lodging	3,000	3,000	-	3,000	106
Meals and entertainment	500	500	45	455	72
Professional fees	336,000	336,000	472,014	(136,014)	506,389
Engineering fees	10,000	10,000	5,125	4,875	4,225
Financial services	-	-	23	(23)	-
Sludge removal	70,000	70,000	59,495	10,505	68,547
Other professional services	10,000	10,000	2,590	7,410	4,286
Insurance	40,000	40,000	36,296	3,704	36,465
Advertising	500	500	-	500	707
Plant maintenance & repair	55,000	55,000	45,778	9,222	26,591
Grounds maintenance	2,500	2,500	1,272	1,228	476
Equipment rental	500	500	268	232	-
Professional memberships	600	600	180	420	-
Operating supplies	60,000	60,000	27,509	32,491	43,486
Equipment purchase and repair	20,000	20,000	17,525	2,475	22,612
Testing	55,000	55,000	61,718	(6,718)	59,632
Utilities	212,000	212,000	182,569	29,431	198,384
Vehicles	8,000	8,000	3,861	4,139	6,172
Miscellaneous	2,000	2,000	500	1,500	1,254
Capital projects	2,051,600	2,051,600	4,734,412	(2,682,812)	3,160,213
Payroll expenses	366,113	366,113	304,626	61,487	283,083
Total Expenses	<u>3,306,313</u>	<u>3,306,313</u>	<u>5,956,156</u>	<u>(2,649,843)</u>	<u>4,422,865</u>
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	<u>(2,356,200)</u>	<u>526,200</u>	<u>(2,279,427)</u>	<u>(2,805,627)</u>	<u>3,488,027</u>
Reconciliation from Budget Basis to GAAP Basis:					
Capital reserve reduced by capital expenses			5,192,938		3,660,734
Capital reserve increased by contributions			(2,882,401)		(7,041,600)
Capital reserve increased by interest income			(31,110)		(66,621)
Capital reserve increased by other income			-		(38,039)
Operating reserve increased by interest income			-		(2,501)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)			<u>-</u>		<u>-</u>

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Fraser, Colorado
		YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of Town of Fraser, Colorado)	Prepared By: Beth Williams	Phone: 970-726-5491 ext 207

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	625,835
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	416,035
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	15,342
2. General fund appropriations	1,850,683	b. Snow and ice removal	632,393
3. Other local imposts (from page 2)	179,707	c. Other	0
4. Miscellaneous local receipts (from page 2)	9,422	d. Total (a. through c.)	647,735
5. Transfers from toll facilities	0	4. General administration & miscellaneous	112,381
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	619,683
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,421,669
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,039,812	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	47,218	2. Notes:	
D. Receipts from Federal Government (from page 2)	334,639	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,421,669	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2,421,669

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,421,669	2,421,669	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	254
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	154,760	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	24,947	g. Other Misc. Receipts	9,168
6. Total (1. through 5.)	179,707	h. Other	0
c. Total (a. + b.)	179,707	i. Total (a. through h.)	9,422
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	47,218	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal - CDOT	334,639
f. Total (a. through e.)	0	g. Total (a. through f.)	334,639
4. Total (1. + 2. + 3.f)	47,218	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	34,589	74,969	109,558
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	2,920	439,963	442,883
(4). System Enhancement & Operation	25,895	47,499	73,394
(5). Total Construction (1) + (2) + (3) + (4)	28,815	487,462	516,277
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	63,404	562,431	625,835
			(Carry forward to page 1)

Notes and Comments: