

Town of Frisco, Colorado
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010



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

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**Town of Frisco, Colorado
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010**

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TOWN of FRISCO

P.O. Box 4100 • Frisco, Colorado 80443

May 25, 2011

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

The Town of Frisco is pleased to present the comprehensive annual financial report, prepared in accordance with generally accepted accounting principles (GAAP), for the year ended December 31, 2010. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town government. The Town management has established an internal control structure designed to ensure accurate financial reporting and to safeguard the assets of the Town. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town of Frisco's financial statements for the year ended December 31, 2010 have been issued an unqualified ("clean") opinion by McMahan and Associates, L.L.C., a firm of licensed certified public accountants. The independent auditor's report is presented as the first component of the financial section of this report.

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

Overview and Governmental Structure

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

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

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

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

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

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

In order to accomplish goals set for 2010, it is important to note the primary goal of the Town Council as set forth in its mission statement:

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

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

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

Factors Affecting Financial Condition

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

Major industries in 2010 continued to include tourism, real estate, health care, education and governmental service. Many local retailers, restaurants, and lodgers rely heavily upon the tourist trade, but they also rely upon the turnover of local properties to spur on redevelopment. World-class health care providers and the location of St. Anthony's Summit Medical Center just outside of municipal limits help to drive traffic to the area's merchants. The local school system and county governments also contribute to the well-being of the local economy. Major employers in 2010 included Wal-Mart, Safeway, Town of Frisco, Holiday Inn, Best Western and an assortment of lodging, restaurant, retail and construction-related businesses. In addition, a number of entities outside of the municipal limits provide employment for a large portion of the Frisco populace. These include Copper Mountain Ski Resort, St. Anthony's Summit Medical Center, and the Summit County School District. However, many employees currently working in Frisco, largely due to high housing costs in Frisco and in Summit County, commute from other areas.

The Town continues to be financially sound. The effects of a national economic downturn became apparent locally at the end of 2008, and 2009 was a very challenging year. In 2010, revenues once again began to stabilize. Because Town management relies on a conservative projection philosophy, a build-up of reserves prior to 2008 allowed the Town to maintain the level of governmental service throughout 2009 and 2010. Council has also had the flexibility to approve various capital project expenditures that otherwise might not have occurred. A recent review of the Town's financial position

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by Moody's Investors Service resulted in a two-level bond issuer rating upgrade, from A3 to A1. This favorable bond rating allowed the Town to refund 2002 Certificates of Participation (COPs) on Town Hall and issue new COPs for construction of the Frisco Adventure Park. These COPs, along with a small number of vehicle and equipment leases, constitute the Town's debt liabilities.

The primary challenge Frisco faces in both the short- and long-term continues to be a dependence on sales tax revenues. In 2010, sales tax revenues comprised slightly more than 72% of General Fund revenues. As sales tax revenues are extremely volatile and susceptible to many outside forces beyond the direct control of Town government, Frisco has consistently focused on developing strategies to address the issue. In 2005, the Town began local sales tax collection. Since then, local compliance rates have surged. The Town Council has also supported efforts to attract more stable and varied sales tax generators. The development of a Town-owned piece of land bordering Interstate 70 continues to be a priority, as does the revitalization of the Town's two commercial areas, Main Street and Summit Boulevard. The Town also began construction relating to the Peninsula Area Master Plan in 2010, the Frisco Adventure Park being the focus of this plan. The scope of this project aims to increase Frisco's visibility as a primary travel destination with the addition of world-class recreational amenities. In addition, the conservative philosophies that form the basis of revenue and expenditure decisions continue to bolster reserve balances and provide for some future flexibility.

Additional challenges for the Town of Frisco include the national economic downturn, the approach of both residential and commercial build-out, and affordable housing issues. To address the uncertainty of the short- and long-term economic outlook throughout 2009 and 2010, the Town reduced expenditures, drew down reserve balances, instituted merit and limited hiring freezes, and considered possible reductions to the level of governmental service. Efforts continue to ensure that projected expenditures are in line with projected revenues. In regards to the approach of build-out, the geography of the Town largely prevents any expansion. As such, most development efforts are now focused on the redevelopment of existing properties. Frisco also has a very large second-homeowner population, with second homes accounting for approximately 67% of all homes in the Town. The demand for mountain valley properties, particularly in the Rocky Mountain region, has driven the price of housing up, sometimes making it difficult for young families to relocate to Frisco or to remain. Employers, including the Town of Frisco, have had difficulty in attracting and retaining employees as a result. Citizens of Summit County approved a measure in late 2006 enacting a 0.125% additional sales tax and an impact fee on new construction that will fund affordable housing projects. The Town realizes, however, that the relatively small amount of revenue generated, though a step in the right direction, will not entirely address the problem. As such, a Town-owned parcel of land, termed the Peak One Parcel, was annexed in early 2009 with the intention of developing attainable housing. In accordance with the Peak One Master Plan, ground was broken in 2010 and certificates of occupancy on the first completed units were issued by the end of the year. The Town Council remains committed to developing further solutions.

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The most significant capital project in 2010 was construction of the Frisco Adventure Park, consisting of a tubing hill, a new day lodge, a terrain park and a bike park. The bike park was only partially completed in 2010 but the other amenities opened mid-December. Other significant capital projects were masonry work in the median area of Summit Boulevard and the construction of a covered area to store sand at the Public Works facility. In 2010, the Town also used significant Capital Improvement funds for environmental sustainability projects and for maintaining and updating current Town assets. In addition, the Town continued to spend significant sums on mountain pine beetle mitigation projects, particularly on Town-owned properties, such as the Peninsula Recreation Area. The pine beetle infestation has killed millions of lodgepole pine trees in the region, leaving a tarnished landscape that could have a prolonged negative impact on tourism and property values. Other significant projects mainly fell into the area of street, parking and recreational pathway improvements.

Long-Term Financial Planning

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

The Town Council has set forth reserve policies which affect the General Fund, the Capital Improvements Fund, each Enterprise Fund (Water and Marina), and insurance and benefits in general. General Fund reserves are set at the equivalent of nine (9) months of fund expenditures for the prior year. Favorable General Fund balances above the required reserves at the end of each year are now required by Council to be transferred into the Capital Improvements Fund. Both the Water Fund and the Marina Fund are required to maintain an excess in reserve equaling 33.3% of the prior year's expenditures. The Town has also set aside \$300,000 in the Insurance Reserve Fund, which will be used to augment expenditures on employee benefits and insurance should the need arise. Due to the national economic downturn in late 2008 and throughout 2009 and 2010, Town Council has temporarily suspended the 9 month reserve in the General Fund in an effort to maintain current levels of service. The other reserve policies remain in place.

Due to the current economic downturn and the uncertainty that has resulted, Town staff has been directed to prioritize, by department, each service provided to the community. Staff has relied on internal deliberation and the input of the public to accomplish this task. Services have been categorized as core, desired and non-essential. Should budget cuts become necessary, those services in the non-essential category would be eliminated first. In this way, the Town Council, management and staff hope to avoid across-the-board cuts which may have a negative effect on core and/or desired services. Town staff has also provided Council with different short- and long-term recovery scenarios to ensure the most effective and responsible draw down of reserves in the event that reserve use becomes necessary.

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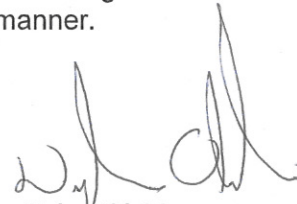
Capital improvements include any projects requiring debt obligation or borrowing, any acquisition or lease of land, the purchase of major equipment or vehicles valued in excess of \$5,000 with a life expectancy of at least five (5) years, the construction of new buildings or facilities, building improvements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

Acknowledgements

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

Respectfully submitted,


Bonnie Moinet
Finance Director


Dylan Olchin
Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Frisco
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



PEOPLE OF FRISCO

FRISCO TOWN COUNCIL

Town Attorney
Prosecuting Attorney
Municipal Court Judge

TOWN ADMINISTRATION
Town Manager
Town Clerk
Executive Assistant

COMMUNITY DEVELOPMENT
Planning
Zoning
Building

POLICE
Administration
Municipal Court
Law Enforcement
Investigation

PUBLIC WORKS
Administration
Streets
Buildings
Grounds
Water
Fleet

COMMUNITY RELATIONS
Marketing
Special Events
Information Center

FINANCE
Marina
Budget
Revenue
Human Resources
Historic Park

RECREATION
Summer/Winter Programs & Activities
Athletic Events
Guest Services

**TOWN OF FRISCO, COLORADO
LIST OF ELECTED AND ADMINISTRATIVE OFFICIALS
December 31, 2010**

Elected Officials

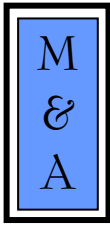
Mayor	Bill Pelham
Mayor Pro-tem	Kent Willis
Council Members	Woody VanGundy
	Larry Sawyer
	Gary Wilkinson
	Eileen Davies
	Kim Cancelosi

Administrative Officials

Town Manager	Michael Penny
Town Attorney	Thad Renaud
Town Clerk	Deborah Wohlmuth
Finance Director	Bonnie Moinet
Police Chief	Tom Wickman
Public Works Director	Tim Mack
Community Development Director	Mark Gage
Marketing Director	Suzanne Lifgren

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council Town of Frisco, 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 Frisco, Colorado (the "Town"), as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Frisco, Colorado as of December 31, 2010, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles 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 required supplementary information in accordance with U.S. generally accepted auditing standards, 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 fund information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. The budgetary fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Member: American Institute of Certified Public Accountants

D. JERRY MCMAHAN, C.P.A.
PAUL J. BACKES, C.P.A.

DANIEL R. CUDAHY, C.P.A.
MICHAEL N. JENKINS, C.A., C.P.A.

AVON
(970) 845-8800

ASPEN
(970) 544-3996

FRISCO
(970) 668-3481

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining fund financial statements, individual non-major fund budgetary comparisons, the *Local Highway Finance Report*, and the statistical tables listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements, individual non-major fund budgetary comparisons, and the *Local Highway Finance Report* are the responsibility of management and were derived from and related 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 the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**McMahan and Associates, L.L.C.
May 25, 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Frisco, Colorado

Management's Discussion and Analysis

December 31, 2010

As management of the Town of Frisco, ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Overview of the Financial Statements

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

It is important to note that the nation experienced a significant economic downturn in late 2008 continuing through 2009 and 2010. The Town of Frisco was not immune to the challenges brought by this downturn. With the reserve requirements the Town had implemented in prior years, the Town entered into this period in a strong financial position. Nevertheless, the Town took further steps to assure continued economic health: implementation of a hiring freeze, suspension of merit increases, mandatory expenditure reductions, a re-evaluation of the Town's short and long term revenue and expenditure projections and a re-prioritization of essential services and capital projects. Town leadership also authorized use of reserves to allow Town benefits to remain the same and maintain current services. These actions are illustrated throughout these 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 Assets presents information on all Town assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected revenues such as grants or earned but unused vacation leave.)

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

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

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

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

Overview of the Financial Statements (continued)

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

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

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

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

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

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

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

Government-wide financial analysis: As mentioned earlier, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business. The following schedule shows the Town's net assets for 2010 and 2009:

Town of Frisco's Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 11,058,703	13,917,209	3,923,747	4,098,650	14,982,450	18,015,859
Capital assets	34,336,847	29,051,723	7,857,164	7,612,836	42,194,011	36,664,559
Total Assets	45,395,550	42,968,932	11,780,911	11,711,486	57,176,461	54,680,418
Liabilities:						
Other liabilities	1,745,292	1,150,162	28,224	18,601	1,773,516	1,168,763
Long-term liabilities	4,575,629	1,807,835	18,187	17,974	4,593,816	1,825,809
Total Liabilities	6,320,921	2,957,997	46,411	36,575	6,367,332	2,994,572
Net Assets:						
Invested in capital assets, net of related debt	29,823,965	27,154,318	7,857,164	7,612,836	37,681,129	34,767,154
Restricted	442,000	275,000	-	-	442,000	275,000
Unrestricted	8,808,664	12,581,617	3,877,339	4,062,075	12,686,003	16,643,692
Total Net Assets	\$ 39,074,629	40,010,935	11,734,503	11,674,911	50,809,132	51,685,846

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued): The largest portions of the Town's assets are reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 74% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets increased \$5,529,452 due to construction of the Frisco Adventure Park, purchase of a covered sand storage facility, paved pathway reconstruction, roadway beautification, street paving and overlay, energy upgrades, purchase of vehicle read meters and accessories for the water system, construction of a retaining wall and replacement of docks and fleet at the marina. Additionally, the Town purchased vehicles, equipment and computers for operations.

The following schedule provides financial information from the Town's Statement of Activities for 2010 and 2009:

Town of Frisco's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES:						
Program revenues:						
Charges for services	\$ 1,272,805	1,012,547	1,568,777	1,535,275	2,841,582	2,547,822
Operating grants and contributions	237,379	254,764	20,982	26,837	258,361	281,601
Capital grants and contributions	64,645	30,000	36,226	-	100,871	30,000
General revenues:						
Property taxes	165,309	134,281	-	-	165,309	134,281
Sales and use taxes	5,342,233	5,323,363	-	-	5,342,233	5,323,363
Real estate transfer tax	565,093	501,254	-	-	565,093	501,254
Franchise taxes	297,721	279,227	-	-	297,721	279,227
Lodging taxes	239,089	246,741	-	-	239,089	246,741
Other taxes	25,871	38,926	-	-	25,871	38,926
Interest and other	92,901	180,725	68,689	60,153	161,590	240,878
Total Revenues	8,303,046	8,001,828	1,694,674	1,622,265	9,997,720	9,624,093
EXPENSES:						
General government	2,636,309	2,392,573	-	-	2,636,309	2,392,573
Public safety	1,302,380	1,400,453	-	-	1,302,380	1,400,453
Public works	2,331,184	2,630,715	-	-	2,331,184	2,630,715
Community development	1,153,120	1,271,179	-	-	1,153,120	1,271,179
Culture and recreation	1,498,443	1,140,096	-	-	1,498,443	1,140,096
Housing	196,697	20,929	-	-	196,697	20,929
Interest	163,719	101,220	-	-	163,719	101,220
Marina Fund	-	-	816,812	767,317	816,812	767,317
Water Fund	-	-	775,773	697,749	775,773	697,749
Total Expenses	9,281,852	8,957,165	1,592,585	1,465,066	10,874,437	10,422,231
Increase in Net Assets before Transfers	(978,806)	(955,337)	102,089	157,199	(876,717)	(798,138)
Transfers	42,500	41,000	(42,500)	(41,000)	-	-
Change in Net Assets	(936,306)	(914,337)	59,589	116,199	(876,717)	(798,138)
Net Assets - Beginning	40,010,935	40,925,272	11,674,912	11,558,712	51,685,847	52,483,984
Net Assets - Ending	\$ 39,074,629	40,010,935	11,734,503	11,674,911	50,809,132	51,685,846

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities decreased the Town's net assets by \$936,306 in 2010. Key elements of this decrease are as follows:

- Real estate investment fees, city and county sales taxes, and SCHA taxes and impact fees exceeded original budget projections by \$65,093, \$70,690, and \$32,978 respectively. However, Frisco Adventure Park fees, building rents, investment income and lodging tax did not meet budgeted revenues by \$30,413, \$24,259, \$72,869 and \$5,808 respectively. A grant reimbursement of \$190,000 anticipated to be received in 2010 was deferred until 2011.
- The Town completed construction of the tubing hill and day lodge and began construction of the bike park at the Frisco Adventure Park at a cost of \$5,499,202. In order to finance this project, the Town refunded its existing 2002 Certificates of Participation and issued 2010 Certificates of Participation totaling \$4,450,000 - \$1,950,000 for the refunded COPs and \$2,500,000 for the 2010 COPs. The Town also used reserves for this project: \$1,000,000 from the General Fund and \$1,700,000 from the Open Space Fund.
- The Town entered into new leases totaling \$366,579, reducing existing loans by \$144,187, and expended \$110,364 on projects to enhance environmental sustainability and energy performance, \$52,326 for forestry management projects, \$50,737 for a covered sand storage facility and \$157,170 for various construction projects.
- Governmental activities were subsidized by tax revenue. General government, community development and culture and recreation activities were the most effective at covering their costs due to fees charged for participating in programs.

Business-type activities: Business-type activities increased the Town's net assets by \$59,589 in 2010. Key elements of this increase are as follows:

- User charges exceeded original budgeted amounts by \$72,368.
- Investment income did not meet original budget projections by \$1,017
- Operating expenses were under budget projections by \$47,644.
- The Water Fund implemented the first phase of a vehicle meter read system at a cost of \$116,280 and the Marina Fund replaced docks and fleet and constructed a retaining wall for a combined cost of \$585,610.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,323,871, a decrease of \$3,606,332 from the prior year's ending fund balances. The following schedule details ending fund balances for the past several years:

Fund	2006	2007	2008	2009	2010
General	\$ 8,019,109	5,469,641	4,182,665	3,950,978	2,962,611
Capital Improvement	4,428,927	6,263,308	5,956,550	4,877,677	4,173,211
Open Space	1,230,416	1,611,566	1,780,049	1,799,890	109,982
Conservation Trust	125,904	79,567	45,445	7,540	24,634
Summit County Housing 5A	-	167,686	337,836	460,109	465,991
Insurance Reserve	-	307,160	319,958	323,539	260,676
Lodging Tax	394,785	408,422	480,637	510,470	326,765
Total	\$ 14,199,141	14,307,350	13,103,140	11,930,203	8,323,871

Financial Analysis of the Town's Funds (continued)

Governmental Funds (continued): The General Fund is the chief operating fund of the Town of Frisco. At the end of the current fiscal year, unreserved fund balance of the General fund was \$2,493,880, while the total fund balance decreased from 2009 to \$2,962,611. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund expenditures. Unreserved fund balance represents 35% of total 2010 General Fund expenditures, while total fund balance represents 41% of that same amount.

The fund balance of the Town of Frisco's General Fund decreased by \$988,367 during the current fiscal year. Key factors for 2010 are as follows:

- General Fund revenues were \$214,289 more than budgeted, an indication that the national economic downturn is slowly recovering.
- 2010 expenditures were less than budgeted by \$226,007, primarily due to a continuation of suspension of performance merit increases and an overall budget tightening.
- The General Fund transferred \$1,000,000 to the Capital Improvement Fund for construction of the Frisco Adventure Park.

The Capital Improvement fund has a total fund balance of \$4,173,211, a decrease of \$704,465 over the prior year. The major revenue source for the capital improvement fund is Real Estate Investment Fees ("REIF") and a transfer from the General Fund, when there is an excess over required General Fund reserves. The Town's debt service is managed from this fund as are expenditures for capital expenditures. Key factors for 2010 are as follows:

- In 2010, the Town issued debt in the amount of \$4,450,000. Proceeds from this source were used to refund the 2002 COPs in the amount of \$1,950,000 while \$2,500,000 was used for construction of the Frisco Adventure Park.
- This fund also received transfers from the General Fund in the amount of \$1,000,000 and from the Open Space Fund in the amount of \$1,700,000; both of these transfers were specifically for construction of the Frisco Adventure Park.
- The Town's debt service for 2010 totaled \$1,989,686 - \$1,765,000 for refunding of 2002 Certificates of Participation, \$75,000 for 2010 Certificates of Participation and the balance (\$149,686) for equipment leases and compensated absences.
- The Town expended \$6,468,552 on capital projects- \$5,299,202 for the Frisco Adventure Park and the remainder for environmental sustainability and energy performance projects and various street and pathway projects.
- Revenues from REIF exceeded budget projections by \$65,093 or an increase of 13%; however, grant funding budgeted of \$190,000 was deferred to a later year.

The Town's non-major governmental combined fund balances decreased \$1,913,499, primarily as a result of a transfer of \$1,700,000 from the Open Space Fund to the Capital Improvement Fund and \$200,000 expended from the Lodging Tax Fund for construction of the Frisco Adventure Park.

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

Unrestricted net assets for the Water Fund at the end of the current fiscal year were \$4,583,099, while the Marina Fund reported unrestricted net assets of (\$705,763). The Marina Fund required a significant capital outlay in order to begin operations and continues to make major improvements; the Marina Fund is slowly working towards a positive fund balance in all categories.

Financial Analysis of the Town's Funds (continued)

Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$214,289; General Fund expenditures were under budget by \$226,007. The General Fund's significant budget variances are detailed as follows:

<u>Account</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
Revenues:		
Sales Taxes	70,690	Slow recovery from economic downturn
Property Taxes	33,896	Reassessment of valuations
Franchise Fees	12,721	Revenues from Town franchise providers larger than anticipated
Licenses/Permits	86,444	Business licenses increased; building and development permits increased indicating slow recovery from economic downturn
Investment Income	(42,316)	Decline in interest rates
Charges for Services	(767)	Vacant building; Frisco Adventure Park project opening later than anticipated and revenues were less than budgeted
Intergovernmental	29,593	Highway users' fees higher than anticipated
Expenditures:		
General Government	(21,536)	Savings from legal fees and employee health benefits
Public Safety	(55,836)	Travel/education expenses minimized; vacant positions
Public Works	(146,260)	Travel/education expenses and professional service fees minimized
Recreation	120,823	New amenity; unforeseen expenditures and personnel needs
Community Development	(66,887)	Plan review refunds less than anticipated

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, increased due to construction of the Frisco Adventure Park, a retaining wall at the marina and expenditures for road infrastructure assets. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

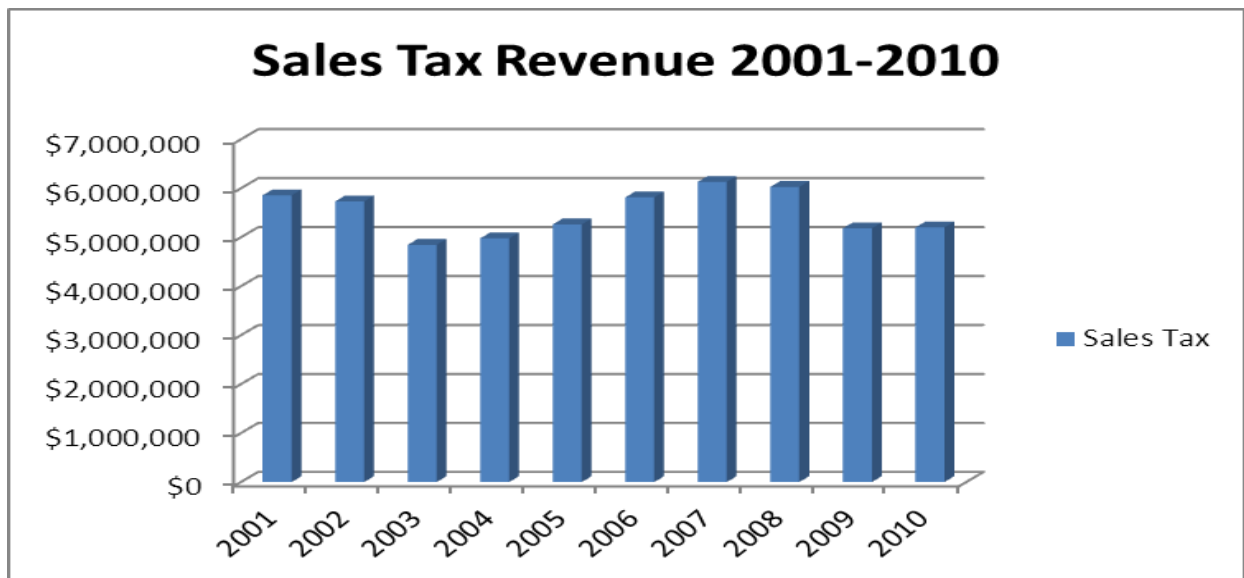
Financial Analysis of the Town's Funds (continued)

Long-term debt: At the end of the current fiscal year, the Town had a total of \$4,593,816 in long-term liabilities, detailed as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation,					
Series 2002	\$ 1,765,000	-	(1,765,000)	-	-
Series 2010A	-	1,950,000	(75,000)	1,875,000	160,000
Series 2010B	-	2,500,000	-	2,500,000	-
Issuance premium	-	20,790	-	20,790	-
Capital leases	132,405	366,579	(144,187)	354,797	117,534
Compensated absences	151,877	24,580	(5,499)	170,958	68,383
Total Governmental Activities					
Long-term Liabilities	<u>\$ 2,049,282</u>	<u>4,861,949</u>	<u>(1,989,686)</u>	<u>4,921,546</u>	<u>345,917</u>
Business-type Activities:					
Compensated absences	\$ 29,957	540	(185)	30,312	12,125
Total Business-type Activities					
Long-term Liabilities	<u>\$ 29,957</u>	<u>540</u>	<u>(185)</u>	<u>30,312</u>	<u>12,125</u>

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

Sales Tax: Sales tax revenues account for 72% of total governmental fund revenues and are the primary source for providing funds for general operations and maintenance for the Town of Frisco. The Town began self-collection of City sales tax as of July 1, 2005, which has led to increased collections. The following chart indicates changes in sales tax over the past ten years:



Request for Information:

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Frisco, Colorado
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments - Unrestricted	8,189,871	3,700,505	11,890,376
Cash and investments - Restricted	330,748	-	330,748
Receivables, net:			
Property taxes assessed	155,698	-	155,698
Other taxes	344,032	-	344,032
Intergovernmental	508,101	-	508,101
Employees	21,396	-	21,396
Other	100,621	194,916	295,537
Non-current	23,920	-	23,920
Notes receivable	1,000,000	13,007	1,013,007
Debt issuance costs, net	122,713	-	122,713
Deferred debt refunding costs	237,706	-	237,706
Inventories	21,086	15,319	36,405
Prepaid items	2,811	-	2,811
Capital assets - not being depreciated	7,954,195	102,562	8,056,757
Capital assets - net of accumulated depreciation	<u>26,382,652</u>	<u>7,754,602</u>	<u>34,137,254</u>
Total Assets	<u>45,395,550</u>	<u>11,780,911</u>	<u>57,176,461</u>
Liabilities:			
Accounts payable	1,137,271	7,085	1,144,356
Interest payable	24,961	-	24,961
Deferred property taxes	153,199	-	153,199
Deferred revenue	53,068	9,014	62,082
Deposits payable	30,876	-	30,876
Compensated absences:			
Due within one year	68,383	12,125	80,508
Due in more than one year	102,575	18,187	120,762
Debt payable:			
Due within one year	277,534	-	277,534
Due in more than one year	<u>4,473,054</u>	<u>-</u>	<u>4,473,054</u>
Total Liabilities	<u>6,320,921</u>	<u>46,411</u>	<u>6,367,332</u>
Net Assets:			
Invested in capital assets, net of related debt	29,823,965	7,857,164	37,681,129
Restricted for emergencies	442,000	-	442,000
Unrestricted	<u>8,808,664</u>	<u>3,877,339</u>	<u>12,686,003</u>
Total Net Assets	<u>39,074,629</u>	<u>11,734,503</u>	<u>50,809,132</u>

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

Town of Frisco, Colorado
Statement of Activities
December 31, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	2,636,309	287,911	203,011	-	(2,145,387)		(2,145,387)
Public safety	1,302,380	24,407	-	-	(1,277,973)		(1,277,973)
Public works	2,331,184	17,819	-	10,000	(2,303,365)		(2,303,365)
Community development	1,153,120	209,383	795	30,000	(912,942)		(912,942)
Culture and recreation	1,498,443	680,245	33,573	24,645	(759,980)		(759,980)
Housing	196,697	53,040	-	-	(143,657)		(143,657)
Interest on long-term debt	163,719	-	-	-	(163,719)		(163,719)
Total - Governmental activities	<u>9,281,852</u>	<u>1,272,805</u>	<u>237,379</u>	<u>64,645</u>	<u>(7,707,023)</u>		<u>(7,707,023)</u>
Business-type activities:							
Water	775,773	804,291	982	-		29,500	29,500
Marina	816,812	764,486	20,000	36,226		3,900	3,900
Total - Business-type activities	<u>1,592,585</u>	<u>1,568,777</u>	<u>20,982</u>	<u>36,226</u>		<u>33,400</u>	<u>33,400</u>
Total	<u>10,874,437</u>	<u>2,841,582</u>	<u>258,361</u>	<u>100,871</u>	<u>(7,707,023)</u>	<u>33,400</u>	<u>(7,673,623)</u>
General revenues:							
Taxes:							
Sales and use taxes					5,342,233	-	5,342,233
Real estate transfer taxes					565,093	-	565,093
Franchise taxes					297,721	-	297,721
Lodging taxes					239,089	-	239,089
Property and specific ownership taxes					165,309	-	165,309
Miscellaneous taxes					25,871	-	25,871
Investment earnings					79,631	41,483	121,114
Gain (loss) on asset disposition					-	27,206	27,206
Miscellaneous					13,270	-	13,270
Transfers					42,500	(42,500)	-
Total - General revenues and transfers					<u>6,770,717</u>	<u>26,189</u>	<u>6,796,906</u>
Change in Net Assets					(936,306)	59,589	(876,717)
Net Assets - January 1					<u>40,010,935</u>	<u>11,674,912</u>	<u>51,685,847</u>
Net Assets - December 31					<u>39,074,629</u>	<u>11,734,503</u>	<u>50,809,132</u>

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

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FUND FINANCIAL STATEMENTS



Town of Frisco, Colorado
Balance Sheet
Governmental Funds
December 31, 2010

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non- major Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments - Unrestricted	2,936,625	4,116,353	1,136,893	8,189,871
Cash and investments - Restricted	13,134	317,614	-	330,748
Receivables, net of allowance for uncollectible accounts:				
Property taxes	155,698	-	-	155,698
Other taxes	295,411	14,105	34,515	344,031
Other governments	508,101	-	-	508,101
Employees	21,396	-	-	21,396
Other	83,980	-	16,641	100,621
Non-current	23,920	-	-	23,920
Prepaid items	2,811	-	-	2,811
Inventory	21,086	-	-	21,086
Total Assets	<u>4,062,162</u>	<u>4,448,072</u>	<u>1,188,049</u>	<u>9,698,283</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts/vouchers payable	672,601	274,861	-	947,462
Accrued payroll and related liabilities	189,807	-	-	189,807
Deferred property taxes	153,199	-	-	153,199
Deferred revenue	53,068	-	-	53,068
Deposits payable	30,876	-	-	30,876
Total Liabilities	<u>1,099,550</u>	<u>274,861</u>	<u>-</u>	<u>1,374,411</u>
Fund Balances:				
Reserved for:				
Prepaid items and inventory	23,897	-	-	23,897
Long-term loans receivable	23,920	-	-	23,920
Emergencies	442,000	-	-	442,000
Unreserved:				
Designated for capital projects	10,000	274,861	-	284,861
Undesignated, reported in:				
General Fund	2,462,795	-	-	2,462,795
Special revenue funds	-	3,898,350	1,188,049	5,086,399
Total Fund Balance	<u>2,962,612</u>	<u>4,173,211</u>	<u>1,188,049</u>	<u>8,323,872</u>
Total Liabilities and Fund Balances	<u>4,062,162</u>	<u>4,448,072</u>	<u>1,188,049</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,336,847
Other long-term assets are not available for current period expenditures and, therefore, are not reported in the funds.	1,122,713
Long-term liabilities, including debt payable, interest payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,708,801)</u>

Net Assets of Governmental Activities 39,074,630

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

Town of Frisco, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
December 31, 2010

	General Fund	Capital Improvement Fund	Non- major Funds	Total Governmental Funds
Revenues:				
Taxes	5,684,592	565,093	385,527	6,635,213
Licenses, permits, and fees	295,194	-	53,040	348,234
Intergovernmental revenue	206,369	10,000	55,127	271,496
Charges for services	893,634	-	25,570	919,204
Investment income	29,684	31,906	18,041	79,631
Miscellaneous	70,375	651	-	71,026
Total Revenues	7,179,848	607,651	537,304	8,324,803
Expenditures:				
Current:				
General government	2,191,648	1,089	151,336	2,344,072
Public safety	1,247,748	-	-	1,247,748
Community development	980,965	-	173,030	1,153,994
Public works	1,627,492	-	-	1,627,492
Culture and recreation	1,120,362	-	316,077	1,436,439
Capital outlay	-	6,468,552	110,361	6,578,913
Debt service:				
Principal	-	219,186	-	219,186
Interest	-	146,135	-	146,135
Total Expenditures	7,168,215	6,834,962	750,803	14,753,981
Excess (Deficiency) of Revenues Over Expenditures	11,633	(6,227,311)	(213,499)	(6,429,178)
Other Financing Sources (Uses):				
Certificate of participation proceeds	-	4,450,000	-	4,450,000
Premium on COPs issued	-	20,791	-	20,791
Capital interest subsidy	-	24,645	-	24,645
Payment to refunding bond escrow agent	-	(1,917,775)	-	(1,917,775)
Cost of issuance	-	(127,831)	-	(127,831)
Lease purchase proceeds	-	366,579	-	366,579
Sale of assets	-	6,436	-	6,436
Transfers in	-	2,700,000	-	2,700,000
Transfers (out)	(1,000,000)	-	(1,700,000)	(2,700,000)
Total Other Financing Sources (Uses)	(1,000,000)	5,522,846	(1,700,000)	2,822,846
Net Change in Fund Balances	(988,367)	(704,465)	(1,913,499)	(3,606,332)
Fund Balances - January 1	3,950,978	4,877,677	3,101,548	11,930,203
Fund Balances - December 31	2,962,611	4,173,211	1,188,049	8,323,871
Net Change in Fund Balance of Governmental Funds				(3,606,332)
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay, adjusted for disposals, exceeded depreciation during the year.				5,285,124
The issuance of long-term debt (i.e., capital leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount of principal payments in the governmental funds.				(2,679,617)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				64,519
Change in Net Assets of Governmental Activities				(936,306)

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

Town of Frisco, Colorado
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-type Activities		
	Enterprise Fund - Water Fund	Enterprise Fund - Marina Fund	Total
Assets:			
Current assets:			
Cash and investments	3,546,424	154,081	3,700,506
Accounts receivable	160,887	34,029	194,916
Inventories	15,319	-	15,319
Total - Current assets	<u>3,722,631</u>	<u>188,110</u>	<u>3,910,741</u>
Long-term assets:			
Notes receivable	13,007	-	13,007
Interfund receivable	871,035	-	871,035
Land and other non depreciable assets	102,562	-	102,562
Property, plant and equipment, net of accumulated depreciation	4,726,942	3,027,660	7,754,602
Total - Long-term assets	<u>5,713,545</u>	<u>3,027,660</u>	<u>8,741,206</u>
Total Assets	<u>9,436,176</u>	<u>3,215,771</u>	<u>12,651,947</u>
Liabilities:			
Current liabilities:			
Accounts payable	-	7,085	7,085
Deferred revenue	-	9,014	9,014
Current portion of compensated absences	9,429	2,696	12,125
Total - Current liabilities	<u>9,429</u>	<u>18,795</u>	<u>28,224</u>
Noncurrent liabilities:			
Compensated absences, net of current portion	14,144	4,043	18,187
Interfund payable	-	871,035	871,035
Total - Noncurrent liabilities	<u>14,144</u>	<u>875,078</u>	<u>889,222</u>
Total Liabilities	<u>23,573</u>	<u>893,873</u>	<u>917,446</u>
Net Assets:			
Invested in capital assets, net of related debt	4,829,504	3,027,660	7,857,164
Unrestricted	4,583,099	(705,763)	3,877,337
Total Net Assets	<u>9,412,603</u>	<u>2,321,898</u>	<u>11,734,503</u>

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

Town of Frisco, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
December 31, 2010

	Business-type Activities		
	Enterprise Fund - Water Fund	Enterprise Fund - Marina Fund	Total
Operating Revenues:			
Charges for services	722,182	764,486	1,486,668
Water meter sales	12,925	-	12,925
Other operating	982	-	982
Total Operating Revenues	736,089	764,486	1,500,576
Operating Expenses:			
Salaries and benefits	256,648	268,102	524,750
Administrative fees	32,500	10,000	42,500
Professional fees	69,313	26,987	96,301
Supplies	16,662	79,877	96,540
Utilities	52,139	27,098	79,237
Repairs and maintenance	46,606	39,286	85,893
General expenses	52,431	168,153	220,584
Water meter replacements	17,384	-	17,384
Depreciation	264,589	192,972	457,561
Total Operating Expenses	808,273	812,476	1,620,749
Operating Income (Loss)	(72,184)	(47,990)	(120,174)
Non-Operating Revenue (Expenses):			
State and federal grants	-	56,226	56,226
Investment income	38,042	3,441	41,483
Gain (loss) on asset disposal	-	27,206	27,206
Interest expense	-	(14,336)	(14,336)
Total Non-Operating Revenues (Expenses)	38,042	72,537	110,579
Income Before Capital Contributions	(34,141)	24,547	(9,595)
Capital Contributions:			
Plant investment fees	69,184	-	69,184
Total Capital Contributions	69,184	-	69,184
Change in Net Assets	35,042	24,547	59,589
Net Assets - January 1	9,377,561	2,297,351	11,674,912
Net Assets - December 31	9,412,603	2,321,898	11,734,503

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

Town of Frisco, Colorado
Statement of Cash Flows
Proprietary Funds
December 31, 2010

	Business-type Activities		
	Enterprise Fund - Water Fund	Enterprise Fund - Marina Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers and others	729,705	755,814	1,485,519
Cash paid to suppliers for goods and services	(287,913)	(343,867)	(631,780)
Cash paid to employees for services	(256,108)	(268,287)	(524,395)
Other cash receipts	982	-	982
Net Cash Provided (Used) by Operating Activities	<u>186,665</u>	<u>143,661</u>	<u>330,326</u>
Cash Flows From Noncapital and Financing Activities:			
Grants awards	-	56,226	56,226
Net Cash Provided (Used) by Noncapital and Financing Activities	<u>-</u>	<u>56,226</u>	<u>56,226</u>
Cash Flows From Capital and Related Financing Activities:			
Plant investment fees received	69,184	-	69,184
Sale of capital assets	-	27,206	27,206
Interest expense	-	(14,336)	(14,336)
Principal repayments on loan payable	-	(117,664)	(117,664)
Acquisition of capital assets	(116,280)	(585,610)	(701,890)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,096)</u>	<u>(690,404)</u>	<u>(737,500)</u>
Cash Flows From Investing Activities:			
Interest received	38,042	3,441	41,483
Principal received on note receivable	1,851	-	1,851
Principal received on loan receivable	117,664	-	117,664
Net Cash Provided (Used) by Investing Activities	<u>157,557</u>	<u>3,441</u>	<u>160,998</u>
Net Change in Cash and Investments	297,126	(487,076)	(189,950)
Cash and Investments - January 1	<u>3,249,299</u>	<u>641,157</u>	<u>3,890,456</u>
Cash and Investments - December 31	<u><u>3,546,424</u></u>	<u><u>154,081</u></u>	<u><u>3,700,505</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(72,184)	(47,990)	(120,174)
Adjustments:			
Depreciation expense	264,589	192,972	457,561
(Increase) decrease in accounts receivable	(5,402)	(17,686)	(23,088)
(Increase) decrease in prepaid expense:	-	451	451
(Increase) decrease in inventory	(878)	-	(878)
Increase (decrease) in accounts payable	-	7,085	7,085
Increase (decrease) in deferred revenue	-	9,014	9,014
Increase (decrease) in accrued benefits	540	(185)	355
Total Adjustments	<u>258,849</u>	<u>191,651</u>	<u>450,500</u>
Net Cash Provided (Used) by Operating Activities	<u><u>186,665</u></u>	<u><u>143,661</u></u>	<u><u>330,326</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010

I. Summary of Significant Accounting Policies

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

The Town'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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established by GAAP and used by the Town are discussed below.

A. Reporting Entity

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

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

Town of Frisco Finance Authority (the "Authority")

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

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

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

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

C. Fund Financial Statements

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

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

The Town reports the following major governmental funds:

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

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

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

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

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

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

3. Financial Statement Presentation

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

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation (continued)

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

E. Financial Statement Accounts

1. Cash and Investments

The Town pools deposits and investments of all funds. Each fund's share of the pool is readily identified by the Town's internal records. Investments are stated at market value.

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

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.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Inventory and Prepaid Items

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

Payments to vendors for services that will benefit periods beyond December 31, 2010 are recorded as prepaid items. The costs of governmental type prepaid items are recorded as expenditures when consumed rather than when purchased.

4. Debt Issuance Costs

Issuance costs for long-term notes payable are deferred and amortized over the term to maturity of the debt, using the straight-line method for governmental activities.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, vehicles and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

6. Compensated Absences

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

7. Fund Equity

Governments report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. At December 31, 2010, the Town reported \$442,000 of net assets which were restricted for emergencies.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Fund Equity (continued)

Designations of fund balance represent tentative management plans that are subject to change. Designations of fund balance are reported only on fund financials and not on the government-wide financial statements.

8. Interfund Transactions

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

F. Significant Accounting Policies

1. Use of Estimates

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

2. Proprietary Funds

As required by GASB Statement No. 20, the Town has elected to follow for its proprietary funds, all (1) GASB pronouncements and (2) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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 Town's policy to use restricted resources first, then unrestricted resources as they are needed.

5. Subsequent Events

Management has evaluated subsequent events through May 25, 2011; the date these financial statements were available to be released.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes a reconciliation between the fund balance of total governmental funds and net assets of governmental activities as reported in the government-wide Statement of Net Assets. One element of the reconciliation explains "Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds". This \$34,336,847 difference represents property, plant, and equipment of \$45,730,259 less accumulated depreciation of \$11,393,412.

Another element of that reconciliation explains "Other long-term assets are not available for current period expenditures and therefore are not reported in the funds". This \$1,122,713 difference comprises net debt issue costs of \$122,713, and long-term notes receivable of \$1,000,000.

Additionally, the reconciliation states that long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This \$4,708,801 difference includes debt payable of \$4,375,000, premium on issuance of \$20,790, capital leases of \$354,798, accrued compensated absences of \$170,958, interest payable of \$24,961, less deferred debt refunding costs of \$237,706.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net change in fund balances of governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$5,285,124 difference represents capital outlay of \$6,470,258 less depreciation expense of \$1,185,134.

The reconciliation also explains that issuance and repayment of long-term debt increases and decreases, respectively, the current financial resources of the governmental funds, but neither transaction affects net assets. The \$2,679,617 difference represents certificates of participation issued in the amount of \$4,450,000 less payments to trustee under refunding terms of \$1,917,775. Additionally, the Town secured financing for capital leases in the amount of \$366,579, and made cumulative principal repayments totaling \$219,187.

The reconciliation also explains some expenses reported in the Statement of Activities do not require the use of current financial resources. The \$64,519 difference represents debt issuance costs of \$128,097 less amortization of \$8,728, less a net decrease in accrued compensation of \$19,081, premium on debt issuance totaling \$20,791, and a net increase in interest payable of \$14,978.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget and appropriation ordinance is adopted by Town Council in accordance with the Town's Home Rule Charter. Budgets are prepared on the basis of GAAP for all funds, except the Water Fund and Marina Fund for which budgets have been adopted on a non-GAAP budget and are reconciled to GAAP below:

	Water Fund	Marina Fund
Change in Net Assets - Budget Basis	\$ 301,015	(368,091)
add/(less):		
Loan repayment	(117,664)	-
Capitalized assts	116,280	585,610
Depreciation	(264,589)	(192,972)
Change in Net Assets - GAAP Basis	\$ 35,042	24,547

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

The Town followed these procedures in preparing, approving, and enacting its budget for 2010.

- (1) For the 2010 budget year, prior to August 25, 2009, the County Assessor sent to the Town a certified assessed valuation of all taxable property within the Town's boundaries.
- (2) Prior to the end of the 2009 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2009, the Town computed and certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget", the Town adopted the proposed budget and an appropriation resolution which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget ordinance, the Town may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2009 were collected in 2010, and taxes certified in 2010 will be collected in 2010. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

During 2010, supplemental budget appropriations were necessary for the Summit County Housing Authority 5A Fund in the amount of \$40,000. The budgetary comparison statements reflect the original and final budget adopted by the Town.

B. Excess Expenditures over Appropriations

Colorado state statutes prohibit expenditures on a total fund basis in excess of amounts appropriated. 2010 expenditures in the Town's Summit County Housing Authority 5A Fund and Marina Fund exceeded appropriations. This may be a violation of Colorado state statutes.

C. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$442,000 of the December 31, 2010 year-end fund balance in the General Fund for this purpose, which is the approximate required reserve amount.

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

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds

A. Deposits and Investments

Pursuant to its charter, the Town has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under this policy, the Town may invest in federally insured banks, debt obligations of the U.S. Government, its agencies and instrumentalities, governmental mutual funds and pools including 2a7-like pools, and repurchase agreements subject to policy requirements.

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group.

The market value of the collateral must equal or exceed 102% of the uninsured deposits. At December 31, 2010, the carrying value of the Town's deposits was \$3,595,625. The bank balance of these accounts was \$3,701,997. At the end of 2010, the Town held deposits and investments with the following maturities:

	<u>Standard & Poor's Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
Deposits:				
Petty cash	Not Rated	\$ 2,800	\$ 2,800	-
Checking	Not Rated	413,497	413,497	-
Savings and money market	Not Rated	317,614	317,614	-
Certificates of deposit	Not Rated	2,861,713	2,861,713	-
Investments:				
United States instrumentality	AAA	1,012,446	513,657	498,789
Investment pools	AAAm	7,613,054	7,613,054	-
		<u>\$ 12,221,124</u>	<u>\$ 11,722,335</u>	<u>498,789</u>

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

Reconciliation to Statement of Net Assets:	
Cash and investments - Unrestricted	\$ 11,890,376
Cash and investments - Restricted	330,748
Total	<u>\$ 12,221,124</u>

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

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

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

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

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables

Receivables as of December 31, 2010 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Capital Improvement Fund	Summit County Housing 5A	Lodging Tax Fund	Water Fund	Marina Fund	Total
Property taxes	\$ 155,698	-	-	-	-	-	155,698
Other taxes	295,411	14,105	-	34,516	-	-	344,032
Intergovernmental	508,101	-	-	-	-	-	508,101
Employees	21,396	-	-	-	-	-	21,396
Other	83,980	-	16,642	-	160,887	34,029	295,538
Non-current	23,920	-	-	-	-	-	23,920
Gross Receivables	<u>1,088,506</u>	<u>14,105</u>	<u>16,642</u>	<u>34,516</u>	<u>160,887</u>	<u>34,029</u>	<u>1,348,685</u>
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u><u>\$ 1,088,506</u></u>	<u><u>14,105</u></u>	<u><u>16,642</u></u>	<u><u>34,516</u></u>	<u><u>160,887</u></u>	<u><u>34,029</u></u>	<u><u>1,348,685</u></u>

C. Notes Receivable - Business-type Activities

The Town entered an agreement in 1997 with Summit County Housing Authority (the "Housing Authority") whereby 50% of the tap fees due the Town in respect of the Housing Authority's Ophir Mountain Village residential development (\$44,800) were paid upon issuance of Certificates of Occupancy, and the remaining \$44,800 was to be paid to the Town in 120 quarterly blended installments of \$568, with the unpaid balance to bear interest at 3% per annum. At December 31, 2010, the outstanding balance of unpaid tap fees was \$13,007.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,954,195	-	-	7,954,195
Total Capital Assets, Not Being Depreciated	<u>7,954,195</u>	<u>-</u>	<u>-</u>	<u>7,954,195</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	4,797,463	2,447,883	-	7,245,346
Infrastructure and improvements	23,074,338	3,168,142	-	26,242,480
Equipment and vehicles	3,756,848	854,233	(322,843)	4,288,238
Total Capital Assets Being Depreciated	<u>31,628,649</u>	<u>6,470,258</u>	<u>(322,843)</u>	<u>37,776,064</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(1,988,922)	(152,627)	-	(2,141,549)
Infrastructure and improvements	(5,985,653)	(665,338)	-	(6,650,991)
Equipment and vehicles	(2,556,546)	(367,169)	322,843	(2,600,872)
Total Accumulated Depreciation	<u>(10,531,121)</u>	<u>(1,185,134)</u>	<u>322,843</u>	<u>(11,393,412)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,097,528</u>	<u>5,285,124</u>	<u>-</u>	<u>26,382,652</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,051,723</u>	<u>5,285,124</u>	<u>-</u>	<u>34,336,847</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land, easements and water rights	\$ 102,562	-	-	102,562
Total Capital Assets, Not Being Depreciated	<u>102,562</u>	<u>-</u>	<u>-</u>	<u>102,562</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	5,845,588	118,831	-	5,964,419
Infrastructure and improvements	5,972,776	415,265	-	6,388,041
Equipment and vehicles	945,144	167,793	(70,002)	1,042,935
Total Capital Assets Being Depreciated	<u>12,763,508</u>	<u>701,889</u>	<u>(70,002)</u>	<u>13,395,395</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(2,475,849)	(153,140)	-	(2,628,989)
Infrastructure and improvements	(2,357,637)	(185,409)	-	(2,543,046)
Equipment and vehicles	(419,748)	(119,012)	70,002	(468,758)
Total Accumulated Depreciation	<u>(5,253,234)</u>	<u>(457,561)</u>	<u>70,002</u>	<u>(5,640,793)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,510,274</u>	<u>244,328</u>	<u>-</u>	<u>7,754,602</u>
Business-type Activities Capital Assets, Net	<u>\$ 7,612,836</u>	<u>244,328</u>	<u>-</u>	<u>7,857,164</u>

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Depreciation expense for 2010 was charged to Town functions as follows:

Governmental Activities:	
General government	\$ 142,301
Public safety	47,760
Public works	688,613
Community development	23,265
Culture and recreation	283,195
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,185,134</u></u>
Business-type Activities:	
Water Fund	\$ 264,589
Marina Fund	192,972
Total Depreciation Expense - Business-type Activities	<u><u>\$ 457,561</u></u>

At December 31, 2010, the Town had \$1,776,226 of fully depreciated assets.

E. Operating Leases

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

F. Interfund Receivables, Payables, and Transfers

1. Loan Agreement – Water Fund and Marina Fund

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

At December 31, 2010, the principal amount outstanding on this loan was \$871,035. Interest payments made by the Marina Fund to the Water Fund during 2010 totaled \$14,336, representing an interest rate of 1.45% per annum for the year.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

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

2. Transfers

The following interfund transfers occurred during the year ended December 31, 2010:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount Transferred</u>	<u>Purpose of Transfer</u>
Capital Improvement Fund	General Fund	\$1,000,000	Provide funding for construction at the Frisco Adventure Park
Capital Improvement Fund	Open Space	\$1,700,000	Provide funding for construction at the Frisco Adventure Park

G. Long-term Notes Receivable - Governmental Activities

As part of the Town Manager's compensation agreement, the Town advanced \$350,000 to the Town Manager during 2007 in connection with his acquisition of real property, as evidenced by a promissory note and secured by a deed of trust on the property. Repayment is to occur upon the earliest of 1) 12 months following the resignation or termination of the Town Manager's employment, 2) upon sale or transfer of title of the property, or 3) on December 31, 2017. Upon repayment of the principal balance, the Town Manager is also to pay the Town interest calculated with reference to the increase in value, if any, of the property and as adjusted for the Town Manager's length of service. During 2008, the Town executed a second promissory note with the Town Manager in the principal amount of \$150,000, secured by a deed of trust on the same property, and under the same terms and conditions as the initial promissory note. Also during 2008, the Town advanced \$500,000 to the Town Manager for the purchase of real property, under the terms of a promissory note and secured by a deed of trust on the property purchased. Repayment of this promissory note is under the same terms and conditions as the other promissory notes. As of December 31, 2010, no events had occurred that required repayment of these promissory notes.

H. Long-term Liabilities - Governmental Activities

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

1. Certificates of Participation, Series 2002

The Certificates were issued May 15, 2002 by the Authority in a principal amount of \$2,500,000 for the purpose of financing improvements to the Frisco Bay Lakefront Park and Marina and other recreation projects, and are serviced by the Capital Improvement Fund. The Certificates evidence assignments of proportionate undivided interests in certain payments pursuant to an annually renewable Lease Purchase Agreement between the Town and the Authority (as Lessor). The Certificates are subject to mandatory redemption prior to maturity if the lease is terminated, and Certificates maturing on and after December 1, 2013, are subject to redemption at the option of the Town. Principal and interest payment dates are December 1 of each year, and interest rates range from 3% to 4.75%.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Liabilities - Governmental Activities (continued)

1. Certificates of Participation, Series 2002 (continued)

In June 2010, the Authority advance refunded Series 2002 certificates maturing December 1, 2010 and later. The net proceeds of \$1,917,775 (after issuance premium of \$20,791 and other issuance costs of \$127,831) were deposited with UMB Corporate Trust Services, as trustee, to provide for all future debt service payments on the advance refunded certificates. The refunded certificates are considered to be defeased and no liability for the refunded certificates is included in the governmental activities column of the Statement of Net Assets or schedules of debt service requirements as of December 31, 2010.

2. Refunding Certificates of Participation, Series 2010A

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

The net proceeds of \$1,917,775 were deposited with UMB Corporate Trust Services, as trustee, to provide for all future debt service payments on the advance refunded Series 2002 certificates.

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

On June 3, 2010, the Authority issued \$2,500,000 of Taxable Certificates of Participation (Taxable Build America Bonds). The Certificates of Participation bear interest ranging from 5.20% to 6.28% and mature in annual increments on December 1, 2021; December 1, 2022; December 1, 2025; and December 1, 2030. The net proceeds of \$2,450,000 were placed with the trustee to be used to finance the construction of recreational facilities located at the Frisco Adventure Park. The Authority has leased the constructed addition to the Town for a period which runs concurrent with the term to maturity of the Series 2010B Certificates of Participation. Lease revenues of the Authority are pledged to service the debt of the Series 2010B Certificates of Participation.

Under the Build America Bonds program, the Authority will receive a federal subsidy known as the "BAB Credit" equal to 35% of corresponding interest as provided under the American Recovery and Reinvestment Act of 2009. For 2010, the aggregate BAB Credit totaled \$24,645.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

H. Long-term Liabilities - Governmental Activities (continued)

4. Annual Debt Service Requirements

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2011	160,000	208,249	368,249
2012	165,000	203,449	368,449
2013	170,000	200,149	370,149
2014	170,000	196,749	366,749
2015	175,000	192,449	367,449
2016 - 2020	970,000	871,295	1,841,295
2021 - 2025	1,160,000	640,945	1,800,945
2026-2030	1,405,000	271,610	1,676,610
Total Governmental Activities	<u>\$ 4,375,000</u>	<u>2,784,895</u>	<u>7,159,895</u>

5. Capital Leases

The Town has entered into lease agreements for heavy equipment in 2005, 2006, 2008, and 2010, with interest rates ranging between 4.41% and 4.89% per annum. The aggregate down payment under the leases for this equipment was \$216,854. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Capital leases are serviced by the Capital Improvement Fund. The assets acquired under these financing arrangements are recorded as equipment at a gross amount of \$692,491 within governmental activities.

Future lease payments for the Town are as follows:

	<u>Capital Leases</u>
Governmental Activities:	
2011	\$ 129,144
2012	98,529
2013	78,494
2014	78,494
	<u>384,661</u>
less: interest	(29,863)
Total Governmental Activities	<u>\$ 354,798</u>

I. Long-term Liabilities – Compensated Absences

The Town has a policy allowing the accumulation of paid vacation and sick leave, subject to certain maximum limits. In accordance with GAAP, the Town's approximate liability for vacation pay earned by employees at December 31, 2010 has been reflected in the proprietary type fund financial statements and in the governmental activities column of the government-wide financial statements. The General Fund has been used in prior years to liquidate the liability for compensated absences.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

IV. Detailed Notes on all Funds (continued)

J. Long-term Liabilities – Debt Service Schedule

Long-term liability activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation:					
Series 2002	\$ 1,765,000	-	(1,765,000)	-	-
Series 2010A	-	1,950,000	(75,000)	1,875,000	160,000
Series 2010B	-	2,500,000	-	2,500,000	-
Issuance premium	-	20,790	-	20,790	-
Capital leases	132,405	366,579	(144,186)	354,798	117,534
Compensated absences	151,877	24,580	(5,499)	170,958	68,383
Total Governmental Activities					
Long-term Liabilities	<u>\$ 2,049,282</u>	<u>4,861,949</u>	<u>(1,989,685)</u>	<u>4,921,546</u>	<u>345,917</u>
Business-type Activities:					
Compensated absences	<u>\$ 29,957</u>	<u>540</u>	<u>(185)</u>	<u>30,312</u>	<u>12,125</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 29,957</u>	<u>540</u>	<u>(185)</u>	<u>30,312</u>	<u>12,125</u>

K. Refunded Bonds

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

The escrow trust accounts are administered by the trustees and are restricted for the retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying financial statements, as the Town is only contingently liable for the refunded debt and therefore, the refunded bonds are considered to be extinguished debt. The Town is unable to determine the amount of defeased bonds outstanding at December 31, 2010.

V. Other Information

A. Marina Lease Agreement

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

The Lease calls for the Town to pay annual rent equal to 4% of gross revenue generated from the Marina Property from all sources, including mooring fees collected by the Town.

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

V. Other Information (continued)

B. Deferred Compensation Plan

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

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

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

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

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

C. Pension Plan - Section 401(a) Plan

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

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

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

V. Other Information (continued)

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

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

The Town's annual pension cost of \$153,047 for the Pension Plan was equal to the Town's required and actual contribution.

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

D. Fire and Police Pension Plan

The Town contributes to the Statewide Defined Benefit Plan, a cost sharing, multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association ("FPPA"). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by FPPA. This is a non-contributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan. Title 31, Article 30 of the Colorado Revised Statutes ("C.R.S."), as amended, assigns the authority to establish benefit provisions to the state legislature.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 303-770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Required contribution rates for both Plan members and the Town are established by Title 31, Article 30, Part 10, C.R.S., as amended. The contribution rate for Plan members and the Town is 8% of covered salaries. The Town's actual contributions to the Statewide Defined Benefit Plan for the years ended December 31, 2010, 2009, and 2008 were \$57,252, \$59,937, and \$55,108, respectively. The Town's actual contributions were 100% of required contributions for the years ended December 31, 2010, 2009, and 2008.

E. Cafeteria Plan

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

F. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

V. Other Information (continued)

F. Risk Management (continued)

1. Colorado Intergovernmental Risk Sharing Agency (continued)

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2010. The deductible amount paid by the Town for each incident in 2010 was \$1,000; there is no change in coverage from past years. All settlements for the year-ended December 31, 2010 were under the maximum coverage allowed.

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

The Town's share of CIRSA's assets, liabilities and fund equity as of December 31, 2010, (the latest year for which audited data is available) is as follows:

<u>Property and Casualty Pool</u>	<u>Equity Ratio</u>	<u>Share of Surplus (Deficit) Dec. 31/10</u>
Operating Fund (1990-2010)	0.429%	\$ 16,810
Loss Fund (1990-2010)	0.620%	67,114
Pooled Excess Fund (1990-2010)	0.578%	16,267
Reserve Fund (1990-2010)	0.684%	67,042

CIRSA's combined financial information for the year ended December 31, 2010, (the latest year for which audited data is available) is summarized as follows:

Assets:

Cash and investments	\$ 18,875,384
Other assets	58,867,931
Total Assets	\$ 77,743,315

Liabilities and Net Assets:

Total liabilities	\$ 41,754,371
Net assets	35,988,944
Total Liabilities and Net Assets	\$ 77,743,315

Total Revenues	\$ 21,127,182
Total Expenses	(24,824,010)
Increase (Decrease) in Net Assets	\$ (3,696,828)

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

Town of Frisco, Colorado
Notes to the Financial Statements
December 31, 2010
(Continued)

V. Other Information (continued)

F. Risk Management (continued)

2. Workers Compensation and Health Insurance

The Town is exposed to various risks of loss related to workers compensation, unemployment, and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. There is no change in coverage from past years, and all settlements to date have been well under the maximum coverage allowed.

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

The following is a summary of the changes in the balances of claims liabilities during 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unpaid (prepaid) claims, beginning of year	\$ 79,912	72,088
New claims incurred	594,210	489,268
Claim payments	<u>(586,876)</u>	<u>(481,444)</u>
Unpaid (prepaid) claims, end of year	<u>\$ 87,246</u>	<u>79,912</u>

G. Claims and Contingencies

1. Legal Claims

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. The Town and legal counsel intend to vigorously defend such claims. In the opinion of the Town's management, such claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2010.

2. Federal Funds

Funds received from Federal grants and programs are subject to audit and disallowance on ineligible costs. Management of the Town feels any potential questioned or disallowed costs would not materially affect the fairness of the presentation of the financial statements at December 31, 2010.

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REQUIRED SUPPLEMENTARY INFORMATION



Town of Frisco, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	<u>2010</u>	<u>Variance</u>	<u>2009</u>	
	<u>Original and</u>	<u>Positive</u>	<u>Actual</u>	
	<u>Final</u>	<u>(Negative)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	
Revenues:				
Taxes:				
General property	126,000	159,896	33,896	128,221
Specific ownership	6,500	5,413	(1,087)	6,060
City sales tax	2,500,000	2,577,170	77,170	2,532,695
County sales tax	2,625,000	2,618,520	(6,480)	2,651,259
Franchise fees	285,000	297,721	12,721	279,227
Other taxes	30,000	25,871	(4,129)	38,926
Total - Taxes	<u>5,572,500</u>	<u>5,684,592</u>	<u>112,092</u>	<u>5,636,388</u>
License and Permits:				
Business and liquor licenses	88,500	104,913	16,413	90,054
Development	32,250	48,647	16,397	38,480
Building	85,000	138,566	53,566	112,437
Other	3,000	3,069	69	7,217
Total - License and Permits	<u>208,750</u>	<u>295,194</u>	<u>86,444</u>	<u>248,188</u>
Intergovernmental:				
Highway users	85,000	108,259	23,259	96,119
County road and bridge	75,000	77,882	2,882	75,331
Grants	4,603	5,034	431	26,093
Motor vehicle registration	12,500	15,194	2,694	14,469
Total - Intergovernmental	<u>177,103</u>	<u>206,369</u>	<u>29,266</u>	<u>212,012</u>
Charges for Services:				
Nordic Center	12,461	13,378	917	2,226
Historic Park	13,500	15,991	2,491	14,097
Special events	445,090	453,976	8,886	398,116
Recreation fees	60,500	75,430	14,930	64,490
Frisco Adventure Park fees	172,850	142,437	(30,413)	-
Building rents	55,000	30,741	(24,259)	44,031
Fines	94,000	119,182	25,182	112,980
Administration fees	41,000	42,500	1,500	41,000
Total - Charges for Services	<u>894,401</u>	<u>893,634</u>	<u>(767)</u>	<u>676,940</u>
Investment Income	<u>72,000</u>	<u>29,684</u>	<u>(42,316)</u>	<u>50,962</u>
Other Revenues:				
Other	40,805	70,375	29,570	29,117
Total - Other Revenues	<u>40,805</u>	<u>70,375</u>	<u>29,570</u>	<u>29,117</u>
Total Revenues	<u>6,965,559</u>	<u>7,179,848</u>	<u>214,289</u>	<u>6,853,607</u>

(Continued)

Town of Firsco, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)
(Continued)

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Expenditures:				
General Government:				
Interdepartmental services	1,366,270	1,341,254	25,016	1,263,036
Legislative	47,491	55,310	(7,819)	50,576
Finance	199,656	202,631	(2,975)	202,676
Municipal Court	24,289	19,732	4,557	23,089
Administrative	498,228	495,641	2,587	492,719
Discretionary funds	77,250	77,079	171	228,090
Total - General Government	2,213,184	2,191,648	21,536	2,260,186
Public Safety:				
Police and animal control	1,303,584	1,247,748	55,836	1,301,162
Community Development:				
Planning and building department	531,791	464,904	66,887	449,475
Marketing and communications	329,200	318,324	10,876	415,922
Community relations	200,307	197,737	2,570	184,661
Total - Community Development	1,061,298	980,965	80,333	1,050,058
Public Works:				
Streets/properties - Maintenance/improvements	1,773,752	1,627,492	146,260	1,597,000
Culture and Recreation:				
Historic Park	173,151	171,248	1,903	195,090
Special events	541,571	534,623	6,948	507,975
Recreation	178,519	145,375	33,144	164,026
Nordic Center	9,000	8,130	870	9,796
Frisco Adventure Park	140,163	260,986	(120,823)	-
Total - Culture and Recreation	1,042,404	1,120,362	(77,958)	876,887
Total Expenditures	7,394,222	7,168,215	226,007	7,085,293
Excess (Deficiency) of Revenues Over Expenditures	(428,663)	11,633	440,296	(231,686)
Other Financing Sources (Uses):				
Transfers out	(1,000,000)	(1,000,000)	-	-
Total other Financing Sources (Uses)	(1,000,000)	(1,000,000)	-	-
Net Change in Fund Balance	(1,428,663)	(988,367)	440,296	(231,686)
Fund Balance - January 1	3,685,461	3,950,978	265,517	4,182,664
Fund Balance - December 31	2,256,798	2,962,611	705,813	3,950,978

Town of Frisco, Colorado
Special Revenue Funds - Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Real estate transfer fees	500,000	565,093	65,093	501,254
Intergovernmental grants	200,000	10,000	(190,000)	-
Investment income	50,000	31,906	(18,094)	56,026
Other	-	651	651	5,917
Total Revenues	<u>750,000</u>	<u>607,651</u>	<u>(142,349)</u>	<u>563,197</u>
Expenditures:				
Capital outlay	7,331,260	6,468,552	862,708	1,409,972
Debt service	311,930	365,321	(53,391)	268,146
Agent fees	1,200	1,089	111	751
Total Expenditures	<u>7,644,390</u>	<u>6,834,962</u>	<u>809,428</u>	<u>1,678,869</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,894,390)</u>	<u>(6,227,311)</u>	<u>667,079</u>	<u>(1,115,672)</u>
Other Financing Sources (Uses):				
Certificate of participation proceeds	2,500,000	4,450,000	1,950,000	-
Premium on COPs issued	-	20,791	20,791	-
Capital interest subsidy	-	24,645	24,645	-
Payment to refunding bond escrow agent	-	(1,917,775)	(1,917,775)	-
Cost of issuance	-	(127,831)	(127,831)	-
Lease purchase proceeds	-	366,579	366,579	-
Sale of asset	-	6,436	6,436	36,799
Transfers in	2,700,000	2,700,000	-	-
Total Other Financing Sources (Uses)	<u>5,200,000</u>	<u>5,522,846</u>	<u>322,846</u>	<u>36,799</u>
Net Change in Fund Balance	<u>(1,694,390)</u>	<u>(704,465)</u>	<u>989,925</u>	<u>(1,078,873)</u>
Fund Balance - January 1	<u>4,678,914</u>	<u>4,877,677</u>	<u>198,763</u>	<u>5,956,550</u>
Fund Balance - December 31	<u><u>2,984,524</u></u>	<u><u>4,173,211</u></u>	<u><u>1,188,687</u></u>	<u><u>4,877,677</u></u>

Town of Frisco, Colorado
Special Revenue Funds - Capital Improvement Fund
Schedule of Capital Outlay Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Capital Outlay:				
Attainable housing project	-	-	-	420
Capital projects	63,000	34,193	28,807	5,694
Community Survey	-	-	-	18,000
Computers and technology	31,150	176,419	(145,269)	113,447
Cover Sand Storage - PW	70,000	50,737	19,263	-
Curb replacements	40,000	31,104	8,896	29,009
Drainage Pan Connections	-	-	-	24,100
Energy performance contract	100,000	58,797	41,203	273,782
Environmental sustainability	63,000	51,567	11,433	51,137
Equipment and vehicle leases	-	19,608	(19,608)	17,727
Facility capital repair	92,500	31,909	60,591	28,348
Fields needs assessment	-	-	-	50,000
General street maintenance	100,000	-	100,000	63,010
Historic Park stamped concrete	12,000	9,667	2,333	-
Lot B-1 parking	-	-	-	5,025
Main Street revitalization	165,000	17,132	147,868	25,703
Master Plan Update	8,000	-	8,000	-
Meadow Creek parking lot paving	65,000	36,603	28,397	3,190
N Lagoon Pathway Reconstruction	52,000	62,774	(10,774)	-
Paved Path Asphalt Overlay	40,000	40,020	(20)	-
Peak One Parcel	-	-	-	3,963
Peninsula forestry management	50,000	18,040	31,960	43,685
Pine beetle program	55,000	34,286	20,714	51,199
PRA Plan implementation	5,417,060	5,299,202	117,858	251,477
Restain town properties	-	-	-	5,800
Summit Blvd beautification	60,000	58,272	1,728	49,702
Town Hall sidewalk replacement	-	-	-	7,325
Town of Frisco employee housing	574,800	-	574,800	75,182
Vehicles and equipment	157,750	419,230	(261,480)	183,722
Water Dance Paved path Extension	15,000	5,436	9,564	-
West Main St reconstruction	-	-	-	29,325
W Main Park/Ride Composting Toilets	70,000	-	70,000	-
Willow Creek Pedestrian Bridge Project	30,000	13,556	16,444	-
Total Expenditures - Capital Outlay	7,331,260	6,468,552	862,708	1,409,972

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SUPPLEMENTARY INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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



Town of Frisco, Colorado
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2010

	Special Revenue Funds					Total Non-major Governmental Funds
	Conservation Trust Fund	Summit County Housing Authority 5A Fund	Insurance Reserve Fund	Lodging Tax Fund	Open Space Fund	
Assets:						
Cash and investments - Unrestricted	24,634	449,349	260,676	292,250	109,982	1,136,893
Receivables, net of allowance for uncollectible accounts:						
Other taxes	-	-	-	34,515	-	34,515
Other	-	16,641	-	-	-	16,641
Total Assets	<u>24,634</u>	<u>465,991</u>	<u>260,676</u>	<u>326,765</u>	<u>109,982</u>	<u>1,188,049</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts/vouchers payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Unreserved:						
Undesignated	24,634	465,991	260,676	326,765	109,982	1,188,049
Total Fund Balances	<u>24,634</u>	<u>465,991</u>	<u>260,676</u>	<u>326,765</u>	<u>109,982</u>	<u>1,188,049</u>
Total Liabilities and Fund Balances	<u>24,634</u>	<u>465,991</u>	<u>260,676</u>	<u>326,765</u>	<u>109,982</u>	<u>1,188,049</u>

Town of Frisco, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
December 31, 2010

	Special Revenue Funds					Total Non-major Governmental Funds
	Conservation Trust Fund	Summit County Housing Authority 5A Fund	Insurance Reserve Fund	Lodging Tax Fund	Open Space Fund	
Revenues:						
Taxes	-	146,438	-	239,089	-	385,527
Licenses, permits, and fees	-	53,040	-	-	-	53,040
Intergovernmental revenue	25,127	-	-	30,000	-	55,127
Charges for services	-	-	-	25,570	-	25,570
Investment income	106	3,100	2,137	2,606	10,092	18,041
Total Revenues	25,233	202,578	2,137	297,264	10,092	537,304
Expenditures:						
General government	-	86,336	65,000	-	-	151,336
Community development	-	-	-	173,030	-	173,030
Culture and recreation	8,139	-	-	307,938	-	316,077
Capital outlay	-	110,361	-	-	-	110,361
Total Expenditures	8,139	196,697	65,000	480,968	-	750,803
Excess (Deficiency) of Revenues Over Expenditures	17,095	5,881	(62,863)	(183,703)	10,092	(213,499)
Other Financing Sources (Uses):						
Transfers (out)	-	-	-	-	(1,700,000)	(1,700,000)
Total Other Financing Sources (Uses)	-	-	-	-	(1,700,000)	(1,700,000)
Net Change in Fund Balances	17,095	5,881	(62,863)	(183,703)	(1,689,908)	(1,913,499)
Fund Balances - January 1	7,540	460,110	323,539	510,469	1,799,891	3,101,548
Fund Balances - December 31	24,634	465,991	260,676	326,765	109,982	1,188,049

Town of Frisco, Colorado
Special Revenue Funds - Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	<u>2010</u>		<u>2009</u>	
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental - Lottery proceeds	26,000	25,127	(873)	26,248
Investment income	500	106	(394)	641
Total Revenues	<u>26,500</u>	<u>25,233</u>	<u>(1,267)</u>	<u>26,889</u>
Expenditures:				
Culture and recreation	22,500	8,139	14,361	64,794
Total Expenditures	<u>22,500</u>	<u>8,139</u>	<u>14,361</u>	<u>64,794</u>
Net Change in Fund Balance	4,000	17,095	13,095	(37,905)
Fund Balance - January 1	<u>6,944</u>	<u>7,540</u>	<u>596</u>	<u>45,445</u>
Fund Balance - December 31	<u>10,944</u>	<u>24,634</u>	<u>13,691</u>	<u>7,540</u>

Town of Frisco, Colorado
Special Revenue Funds - Summit County Housing Authority 5A Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	2010			Final Budget Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
County sales tax	139,500	139,500	146,438	6,938	139,408
Developer impact fees	27,000	67,000	53,040	(13,960)	71,914
Investment income	4,000	4,000	3,100	(900)	4,538
Total Revenues	170,500	210,500	202,578	(7,922)	215,860
Expenditures:					
Administration	40,000	40,000	86,336	(46,336)	39,668
Capital outlay	112,350	152,350	110,361	41,989	53,919
Total Expenditures	152,350	192,350	196,697	(4,347)	93,587
Net Change in Fund Balance	18,150	18,150	5,881	(12,269)	122,273
Fund Balance - January 1	296,586	296,586	460,109	163,523	337,836
Fund Balance - December 31	314,736	314,736	465,991	151,254	460,109

Town of Frisco, Colorado
Special Revenue Funds - Insurance Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	2,500	2,137	(363)	3,581
Total Revenues	2,500	2,137	(363)	3,581
Expenditures:				
Claims liability	65,000	65,000	-	-
Total Expenditures	65,000	65,000	-	-
Net Change in Fund Balance	(62,500)	(62,863)	(363)	3,581
Fund Balance - January 1	322,458	323,539	1,081	319,958
Fund Balance - December 31	259,958	260,676	718	323,539

Town of Frisco, Colorado
Special Revenue Funds - Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	<u>2010</u>		<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Revenues:			
Lodging tax	245,000	239,192	(5,808)
Local grants	30,000	30,000	-
Charges for services	18,000	16,028	(1,972)
Investment income	5,500	2,606	(2,894)
Other income	6,600	9,439	2,839
Total Revenues	<u>305,100</u>	<u>297,264</u>	<u>(7,836)</u>
Expenditures:			
Culture and recreation	326,035	307,938	18,097
Community development	184,330	173,030	11,300
Total Expenditures	<u>510,365</u>	<u>480,968</u>	<u>29,397</u>
Net Change in Fund Balance	(205,265)	(183,703)	21,562
Fund Balance - January 1	<u>446,297</u>	<u>510,470</u>	<u>64,173</u>
Fund Balance - December 31	<u><u>241,032</u></u>	<u><u>326,765</u></u>	<u><u>85,733</u></u>
			<u><u>510,470</u></u>

Town of Frisco, Colorado
Special Revenue Funds - Open Space Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	18,000	10,092	(7,908)	19,841
Total Revenues	18,000	10,092	(7,908)	19,841
Expenditures:				
Culture and recreation	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	18,000	10,092	(7,908)	19,841
Other Financing Sources:				
Transfers (out)	(1,700,000)	(1,700,000)	-	-
Net Change in Fund Balance	(1,682,000)	(1,689,908)	(7,908)	19,841
Fund Balance - January 1	1,798,049	1,799,890	1,841	1,780,049
Fund Balance - December 31	116,049	109,982	(6,067)	1,799,890

Town of Frisco, Colorado
Enterprise Fund - Water Fund
Schedule of Revenues, Expenses and Change in Fund Net Assets
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Operating Revenues:				
User charges	695,000	722,182	27,182	681,695
Water meter sales	3,500	12,925	9,425	7,333
Other operating	150	982	832	1,325
Total Operating Revenues	698,650	736,089	37,439	690,353
Operating Expenses:				
Salaries and benefits	249,925	256,648	(6,723)	240,389
Administrative fees	32,500	32,500	-	32,320
Professional fees	41,500	69,313	(27,813)	66,061
Supplies and chemicals	12,000	16,662	(4,662)	14,307
Utilities	40,000	52,139	(12,139)	44,512
Repair and maintenance	19,250	46,606	(27,356)	22,135
General expenses	48,700	52,431	(3,731)	44,698
Capital outlay	265,000	116,280	148,720	301,000
Water meter replacements	20,000	17,384	2,616	7,877
Total Expenses	728,875	659,964	68,911	773,299
Operating Income (Loss)	(30,225)	76,125	106,350	(82,946)
Non-operating Revenues (Expenses):				
Loan repayment	132,000	117,664	(14,336)	108,842
Plant investment fees	4,000	69,184	65,184	104,560
Gain (loss) on asset disposal	-	-	-	4,600
Investment income	35,000	38,042	3,042	59,232
Total Non-operating Revenues (Expenses)	171,000	224,890	53,890	277,234
Change in Net Assets - Budget Basis	140,775	301,015	160,240	194,288
Reconciliation to GAAP Basis:				
Adjustments:				
Loan repayment		(117,664)		(108,842)
Capitalized assets		116,280		301,000
Depreciation		(264,589)		(256,450)
Change in Net Assets - GAAP Basis		35,042		129,996

Town of Frisco, Colorado
Enterprise Fund - Marina Fund
Schedule of Revenues, Expenses and Change in Fund Net Assets
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
For the Year Ended December 31, 2010
(With Comparative Actual Amounts for December 31, 2009)

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Operating Revenues:				
User charges	699,300	764,486	65,186	741,687
Total Operating Revenues	699,300	764,486	65,186	741,687
Operating Expenses:				
Salaries and benefits	231,557	268,102	(36,545)	280,858
Administrative fees	10,000	10,000	-	10,000
Professional fees	22,100	26,987	(4,887)	36,500
Supplies	58,500	79,877	(21,377)	63,648
Utilities	10,000	27,098	(17,098)	14,264
Repair and maintenance	39,000	39,286	(286)	57,408
General expenses	144,200	168,153	(23,953)	119,511
Capital outlay	668,490	585,610	82,880	265,163
Total Expenses	1,183,847	1,205,114	(21,267)	847,352
Operating Income (Loss)	(484,547)	(440,628)	43,919	(105,665)
Non-operating Revenues (Expenses):				
State and federal grants	105,000	56,226	(48,774)	25,512
Investment income	7,500	3,441	(4,059)	8,265
Gain (loss) on asset disposal	4,000	27,206	23,206	(11,944)
Interest expense	(132,000)	(14,336)	117,664	(23,158)
Total Non-operating Revenues (Expenses)	(15,500)	72,537	88,037	(1,325)
Change in Net Assets - Budget Basis	(500,047)	(368,091)	131,956	(106,990)
Reconciliation to GAAP Basis:				
Adjustments:				
Capitalized assets		585,610		265,163
Depreciation		(192,972)		(171,970)
Change in Net Assets - GAAP Basis		24,547		(13,797)

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LOCAL HIGHWAY FINANCE REPORT



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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Frisco
YEAR ENDING :
December 2010

This Information From The Records Of (example - City of _ or County of _) Prepared By: Chad M. Most, Revenue Specialist
Town of Frisco Phone: (970) 668-9127

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	230,659
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	64,511
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	731,193	b. Snow and ice removal	273,291
3. Other local imposts (from page 2)	15,456	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	273,291
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	300,194
a. Bonds - Original Issues		6. Total (1 through 5)	868,655
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	746,649	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	122,006	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	868,655	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	868,655

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		868,655	868,655		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	15,456	g. Other Misc. Receipts	
6. Total (1. through 5.)	15,456	h. Other	
c. Total (a. + b.)	15,456	i. Total (a. through h.)	0
	(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	108,259	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	13,747	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	13,747	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	122,006	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.I. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		13,893	13,893
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		121,438	121,438
(4). System Enhancement & Operation		95,327	95,327
(5). Total Construction (1) + (2) + (3) + (4)	0	216,766	216,766
d. Total Capital Outlay (Lines I.a. + I.b. + I.c.5)	0	230,659	230,659
			(Carry forward to page 1)

Notes and Comments:

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STATISTICAL SECTION

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

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

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

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

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

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



Town of Frisco, Colorado
Government-wide Net Assets by Category
Fiscal Years 2004-2010
(accrual basis of accounting)

	2004 (1)	2005	2006	2007	2008	2009	2010
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	\$ 22,178,309	\$ 20,866,322	\$ 22,444,107	\$ 25,446,877	\$ 26,874,051	\$ 27,154,318	\$ 29,823,965
Restricted	245,000	300,000	290,000	312,000	330,000	275,000	442,000
Unrestricted	9,832,799	12,615,901	13,873,817	14,316,244	13,721,221	12,581,617	8,808,664
Subtotal Governmental Activities Net Assets	32,256,108	33,782,223	36,607,924	40,075,121	40,925,272	40,010,935	39,074,629
Business-type Activities							
Invested in Capital Assets, Net of Related Debt	3,594,380	4,607,053	5,004,283	4,905,815	7,504,391	7,612,836	7,857,164
Unrestricted	3,983,012	5,782,302	5,610,753	6,237,680	4,054,324	4,062,075	3,877,339
Subtotal Business-type Activities	7,577,392	10,389,355	10,615,036	11,143,495	11,558,715	11,674,911	11,734,503
Total Primary Government Net Assets	\$ 39,833,500	\$ 44,171,578	\$ 47,222,960	\$ 51,218,616	\$ 52,483,987	\$ 51,685,846	\$ 50,809,132

(1) The year of GASB 34 Implementation

Town of Frisco, Colorado
Changes in Net Assets
Fiscal Years 2004-2010
(accrual basis of accounting)

	2004 (1)	2005	2006	2007	2008	2009	2010
Expenses							
Governmental Activities:							
General Government	\$ 1,919,001	\$ 1,980,516	\$ 2,036,314	\$ 2,128,358	\$ 2,335,984	\$ 2,392,573	\$ 2,636,309
Public Safety	872,612	922,379	1,081,809	1,186,645	1,325,704	1,400,453	1,302,380
Public Works	1,828,092	2,173,950	1,940,042	2,284,503	2,422,999	2,630,715	2,331,184
Community Development	795,653	745,244	925,059	983,463	1,215,797	1,271,179	1,153,120
Culture and Recreation	568,450	465,151	646,850	1,136,151	1,298,595	1,140,096	1,498,443
Housing	-	-	-	27,822	75,881	20,929	196,697
Interest on long-term debt	165,435	164,517	108,387	89,500	96,825	101,220	163,719
Total Governmental Activities Expenses	6,149,243	6,451,757	6,738,461	7,836,442	8,771,785	8,957,165	9,281,852
Business-type Activities:							
Interest on long-term debt	-	54,014	57,240	63,600	53,640	23,158	14,336
Water Fund	716,093	727,481	780,539	699,536	635,490	697,749	775,773
Marina Fund	-	443,485	539,502	625,099	670,489	744,159	802,476
Total Business-type Activities Expenses	716,093	1,224,980	1,377,281	1,388,235	1,359,619	1,465,066	1,592,585
Total Primary Government Expenses	6,865,336	7,676,737	8,115,742	9,224,677	10,131,404	10,422,231	10,874,437
Program Revenues							
Governmental Activities:							
Charges for Services:							
General Government	200,693	256,396	275,757	208,708	243,926	236,199	287,911
Public Safety	-	9,750	10,699	10,355	11,140	23,278	24,407
Public Works	-	14,157	6,070	12,333	12,044	10,480	17,819
Community Development	273,797	366,170	265,071	178,589	231,622	206,798	209,383
Culture and Recreation	106,626	78,835	92,445	332,952	378,719	463,878	680,245
Housing	-	-	-	6,300	39,957	71,914	53,040
Operating Grants and Contributions	226,675	209,787	223,631	256,768	215,884	254,764	237,379
Capital Grants and Contributions	-	-	-	906,059	5,000	30,000	64,645
Total Governmental Activities Program Revenues	807,791	935,095	873,673	1,912,064	1,138,292	1,297,311	1,574,829
Business-type Activities							
Charges for Services:							
Water	588,959	1,446,423	749,545	692,500	735,095	793,588	804,291
Marina	-	451,158	585,794	767,474	790,298	741,687	764,486
Operating Grants and Contributions	-	165	99	535	2,789	26,837	20,982
Capital Grants and Contributions	157,280	-	-	147,002	12,010	-	36,226
Total Business-type Activities Program Revenues	746,239	1,897,746	1,335,438	1,607,511	1,540,192	1,562,112	1,625,985
Total Program Revenues	1,554,030	2,832,841	2,209,111	3,519,575	2,678,484	2,859,423	3,200,814
Net (Expense)/Revenue							
Government Activities	(5,176,017)	(5,352,145)	(5,756,401)	(5,834,878)	(7,536,668)	(7,558,634)	(7,543,304)
Business-type Activities	30,146	726,780	15,397	282,876	234,213	120,204	47,736
Interest on Long Term Debt	(165,435)	(218,531)	(165,627)	(153,100)	(150,465)	(124,378)	(178,055)
Total Primary Governmental Net Expense	<u>(5,311,306)</u>	<u>(4,843,896)</u>	<u>(5,906,631)</u>	<u>(5,705,102)</u>	<u>(7,452,920)</u>	<u>(7,562,808)</u>	<u>(7,673,623)</u>
General Revenues and Transfers							
Governmental Activities:							
Taxes:							
Property Taxes	97,921	99,635	109,388	110,603	133,809	134,281	165,309
Sales and use Taxes	4,979,301	5,264,564	5,815,680	6,319,048	6,227,472	5,323,363	5,342,233
Real Estate Transfer Tax	1,107,321	1,346,658	1,356,572	1,488,980	753,312	501,254	565,093
Franchise Taxes	238,040	242,821	271,781	268,928	307,143	279,227	297,721
Lodging Taxes	219,148	256,429	293,999	319,885	324,085	246,741	239,089
Other Taxes	30,552	24,697	34,227	28,488	27,629	38,926	25,871
Transfers	-	(1,972,153)	-	35,000	41,000	41,000	42,500
Interest and Other	180,544	1,780,124	808,842	820,644	669,194	180,725	92,901
Total General Activities	6,852,827	7,042,775	8,690,489	9,391,576	8,483,644	6,745,517	6,770,717
Business-type Activities							
Transfers	-	1,972,153	-	(35,000)	(41,000)	(41,000)	(42,500)
Interest and Other	43,651	167,044	267,524	344,184	275,647	60,153	68,689
Total Business-type Activities	43,651	2,139,197	267,524	309,184	234,647	19,153	26,189
Total General Revenues and Transfers	6,896,478	9,181,972	8,958,013	9,700,760	8,718,291	6,764,670	6,796,906
Changes in Net Assets							
Governmental Activities	1,511,375	1,526,113	2,825,701	3,467,198	850,151	(914,337)	(936,306)
Business-type Activities	73,797	2,811,963	225,681	528,460	415,220	116,199	59,589
Total Government Changes in Net Assets	1,585,172	4,338,076	3,051,382	3,995,658	1,265,371	(798,138)	(876,717)

(1) The year of GASB 34 implementation

Town of Frisco, Colorado
Fund Balances--Governmental Funds
Fiscal Years 2004-2010
(modified accrual basis of accounting)

	2004 (1)	2005	2006	2007	2008	2009	2010
General Fund							
Reserved for:							
Prepaid items and inventory	\$ 17,068	\$ 4,924	\$ 3,950	\$ 3,514	\$ 16,964	\$ 2,172	\$ 23,897
Long-term loans receivable	-	-	-	-	-	27,539	23,920
Emergencies	245,000	166,374	290,000	312,000	330,000	275,000	442,000
Unreserved:							
Designated for capital projects	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Undesignated	4,091,976	5,815,097	7,715,159	5,144,127	3,825,701	3,636,267	2,462,795
Total General Fund	4,364,044	5,996,395	8,019,109	5,469,641	4,182,665	3,950,978	2,962,612
All Other Governmental Funds							
Reserved							
	-	-	-	-	-	-	-
Unreserved, reported in:							
Designated for capital projects	-	-	-	-	-	-	274,861
Capital Improvement Fund	4,764,465	5,669,876	4,428,927	6,263,308	5,956,550	4,877,677	3,898,350
Other non-major governmental funds	1,076,470	1,289,046	1,751,105	2,574,401	2,963,925	3,101,548	1,188,048
Total All Other Governmental Funds	5,840,935	6,958,922	6,180,032	8,837,709	8,920,475	7,979,225	5,361,259
Total Governmental Funds							
Reserved							
	262,068	171,298	293,950	315,514	346,964	304,711	489,817
Unreserved							
	9,942,911	12,784,019	13,905,191	13,991,836	12,756,176	11,625,492	7,834,054
Total Governmental Funds Balance	\$ 10,204,979	\$ 12,955,317	\$ 14,199,141	\$ 14,307,350	\$ 13,103,140	\$ 11,930,203	\$ 8,323,872

(1) The year of GASB 34 implementation

Town of Frisco, Colorado
Changes in Fund Balances--Governmental Funds
Fiscal Years 2004-2010
(modified accrual basis of accounting)

	2004 (1)	2005	2006	2007	2008	2009	2010
Revenues							
Taxes	\$ 6,672,283	\$ 7,234,805	\$ 7,881,648	\$ 8,535,932	\$ 7,773,449	\$ 6,523,791	\$ 6,636,888
Licenses, Permits, and Fees	335,127	441,905	339,875	244,122	335,415	320,102	348,234
Intergovernmental Revenue	226,675	206,412	218,840	1,153,576	217,384	268,260	269,820
Charges for Services	245,989	266,715	289,219	525,524	600,479	689,490	919,204
Investment Income	103,827	296,654	546,812	788,731	555,535	141,463	79,631
Miscellaneous	76,717	30,362	38,861	34,268	47,330	70,845	71,026
Total Revenues	7,660,618	8,476,853	9,315,255	11,282,153	9,529,592	8,013,951	8,324,803
Expenditures							
General Government	1,731,293	1,741,449	1,834,478	2,379,635	2,806,355	2,300,605	2,344,072
Public Safety	858,326	914,435	1,047,004	1,147,971	1,276,684	1,301,162	1,247,748
Community Development	769,556	772,192	942,782	971,211	943,756	1,255,222	1,153,994
Public Works	1,244,104	1,332,842	1,296,521	1,405,195	1,666,111	1,597,000	1,627,492
Culture and Recreation	367,248	687,730	449,978	1,004,832	1,037,820	1,037,660	1,436,439
Capital Outlay	1,165,503	1,332,756	1,711,574	4,049,145	2,944,567	1,463,891	6,578,913
Debt Service:							
Principal	324,313	321,927	1,038,989	142,161	267,979	172,778	219,186
Interest	167,606	154,001	112,363	103,899	98,208	95,368	146,135
Total Expenditures	6,627,949	7,257,332	8,433,689	11,204,049	11,041,480	9,223,686	14,753,981
Excess of Revenues Over/(Under) Expenditures	1,032,669	1,219,521	881,566	78,104	(1,511,888)	(1,209,735)	(6,429,178)
Other Financing Sources/(Uses)							
Certificate of participation proceeds	-	-	-	-	-	-	4,450,000
Premium on COP's issued	-	-	-	-	-	-	20,791
Capital interest subsidy	-	-	-	-	-	-	24,645
Payment to refund bond escrow agent	-	-	-	-	-	-	(1,917,775)
Cost of issuance	-	-	-	-	-	-	(127,831)
Lease Purchase Proceeds	-	-	96,418	-	190,335	-	366,579
Sales of Assets	-	1,530,797	265,840	30,106	117,344	36,799	6,436
Transfers In	300,000	345,480	300,000	4,426,014	1,887,597	-	2,700,000
Transfers Out	(300,000)	(345,480)	(300,000)	(4,426,014)	(1,887,597)	-	(2,700,000)
Total Other Financing Sources (Uses)	-	1,530,797	362,258	30,106	307,679	36,799	2,822,846
Net Change in Fund Balances	\$ 1,032,669	\$ 2,750,318	\$ 1,243,824	\$ 108,210	\$ (1,204,209)	\$ (1,172,936)	\$ (3,606,332)
Debt Service as a Percentage of Noncapital Expenditures	9.0%	8.0%	17.1%	3.4%	4.5%	3.5%	4.5%

(1) The year of GASB 34 implementation

Town of Frisco, Colorado
General Governmental Tax Revenues by Source
(Major Component of Revenue Base)
Fiscal Years 2004-2010
(accrual basis of accounting)

	2004 (1)	2005	2006	2007	2008	2009	2010
Revenue Source							
City Sales Tax	\$ 2,405,527	\$ 2,540,370	\$ 2,825,970	\$ 2,977,098	\$ 2,924,953	\$ 2,532,695	\$ 2,577,170
County Sales Tax	2,573,774	2,724,195	2,989,710	3,155,322	3,105,434	2,651,259	2,618,520
Housing Authority Tax	-	-	-	186,628	197,084	139,408	146,438
Property Tax	92,162	93,538	102,534	103,601	126,796	128,221	159,896
Lodging Tax	219,148	256,429	293,999	319,885	324,085	246,741	239,089
Real Estate Investment Fee Tax	1,107,321	1,346,658	1,356,572	1,488,980	753,312	501,254	565,093
Franchise Tax	238,040	242,821	271,781	268,928	307,143	279,227	297,721
Specific Ownership Tax	5,759	6,097	6,854	7,002	7,013	6,060	5,413
Miscellaneous Tax	30,552	24,697	34,228	28,488	27,629	38,926	27,547
Total Revenues	\$ 6,672,283	\$ 7,234,805	\$ 7,881,648	\$ 8,535,932	\$ 7,773,449	\$ 6,523,791	\$ 6,636,887
% change from prior year	28.6%		8.9%	8.3%	-8.9%	-16.1%	1.7%

Percentage of Total

City Sales Tax	36.1%	35.1%	35.9%	34.9%	37.6%	38.8%	38.8%
County Sales Tax	38.6%	37.7%	37.9%	37.0%	39.9%	40.6%	39.5%
Housing Authority Tax	0.0%	0.0%	0.0%	2.2%	2.5%	2.1%	2.2%
Property Tax	1.4%	1.3%	1.3%	1.2%	1.6%	2.0%	2.4%
Lodging Tax	3.3%	3.5%	3.7%	3.7%	4.2%	3.8%	3.6%
Real Estate Investment Fee Tax	16.6%	18.6%	17.2%	17.4%	9.7%	7.7%	8.5%
Franchise Tax	3.6%	3.4%	3.4%	3.2%	4.0%	4.3%	4.5%
Specific Ownership Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Miscellaneous Tax	0.5%	0.3%	0.4%	0.3%	0.4%	0.6%	0.4%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) The year of GASB 34 implementation

Source: Town of Frisco Financial Statements

Town of Frisco, Colorado
Taxable Sales and Sales Tax Collections by Category
Fiscal Year 2010

<u>Taxable Sales</u>	<u>2010</u>		<u>2009</u>	
Retail - General	33,022,900	25%	32,932,800	25%
Restaurants	23,241,375	18%	22,208,200	17%
Grocery	17,481,150	13%	18,838,975	14%
Utility	9,793,225	8%	8,825,200	7%
Hotels & Inns	7,872,025	6%	8,007,925	6%
Automotive	6,870,225	5%	7,062,275	5%
Recreation	6,811,950	5%	6,305,875	5%
Home Improvement	6,317,750	5%	7,328,200	6%
Liquor	4,397,400	3%	4,458,375	3%
Home Furnishings	4,042,775	3%	3,875,100	3%
Vacation Rentals	3,119,725	2%	3,262,950	3%
Clothing	2,115,600	2%	1,901,575	1%
Gifts	1,462,525	1%	1,635,575	1%
Health & Beauty	1,458,575	1%	821,150	1%
Office	1,180,675	1%	1,245,450	1%
Arts & Crafts	848,700	1%	889,175	1%
Total	<u>\$ 130,036,575</u>	100%	<u>\$ 129,598,800</u>	100%

<u>Sales Tax Collected</u>	<u>2010</u>	<u>Percentage of Total</u>	<u>2009</u>	<u>Percentage of Total</u>
Retail - General	1,320,916	25%	1,317,312	25%
Restaurants	929,655	18%	888,328	17%
Grocery	699,246	13%	753,559	14%
Utility	391,729	8%	353,008	7%
Hotels & Inns	314,881	6%	320,317	6%
Automotive	274,809	5%	282,491	5%
Recreation	272,478	5%	252,235	5%
Home Improvement	252,710	5%	293,128	6%
Liquor	175,896	3%	178,335	3%
Home Furnishings	161,711	3%	155,004	3%
Vacation Rentals	124,789	2%	130,518	3%
Clothing	84,624	2%	76,063	1%
Gifts	58,501	1%	65,423	1%
Health & Beauty	58,343	1%	32,846	1%
Office	47,227	1%	49,818	1%
Arts & Crafts	33,948	1%	35,567	1%
Total	<u>\$ 5,201,463</u>	<u>100%</u>	<u>\$ 5,183,952</u>	<u>100%</u>

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

Source: Town of Frisco Sales Tax Reports

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

Fiscal Year	Town of Frisco	Summit County	State of Colorado	Special District SCHA	Total
2000	2.00%	2.50%	3.00%		7.500%
2001	2.00%	2.50%	2.90%		7.400%
2002	2.00%	2.75%	2.90%		7.650%
2003	2.00%	2.75%	2.90%		7.650%
2004	2.00%	2.75%	2.90%		7.650%
2005	2.00%	2.75%	2.90%		7.650%
2006	2.00%	2.75%	2.90%		7.650%
2007	2.00%	2.75%	2.90%	0.125%	7.775%
2008	2.00%	2.75%	2.90%	0.125%	7.775%
2009	2.00%	2.75%	2.90%	0.125%	7.775%
2010	2.00%	2.75%	2.90%	0.125%	7.775%

SCHA-Summit Combined Housing Authority

Source: Town of Frisco

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

Fiscal Year Ended December 31	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Tax-Exempt Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001									
2002									
2003									
2004									
2005									
2006									
2007	96,947,820	51,984,600	8,807,010	2,255,480	(6,275,412)	159,994,910	7.98	1,435,371,713	11.15%
2008	99,633,810	51,693,020	8,735,530	2,136,200	(6,187,832)	162,198,560	7.98	1,467,451,515	11.05%
2009	120,968,250	58,622,980	10,764,800	2,132,760	(7,098,250)	192,488,790	7.98	1,766,355,300	10.90%
2010	121,948,300	58,252,590	9,515,580	2,261,970	(7,088,055)	191,978,840	7.98	1,773,527,010	10.82%

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

Source: Summit County Assessor's Office

Prior year information not readily available

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

Tax Year	Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Levy
2000	2001	0	0	0.00%	0	0	0.00%
2001	2002	90,596	89,474	98.76%	474	89,948	99.28%
2002	2003	90,509	89,832	99.25%	(440)	89,392	98.77%
2003	2004	92,910	92,320	99.36%	(158)	92,162	99.20%
2004	2005	93,760	93,356	99.57%	(4)	93,352	99.56%
2005	2006	102,413	102,244	99.84%	(5)	102,239	99.83%
2006	2007	103,454	103,360	99.91%	23	103,383	99.93%
2007	2008	126,817	125,929	99.30%	(241)	125,688	99.11%
2008	2009	129,434	128,005	98.90%	(46)	127,959	98.86%
2009	2010	153,606	152,802	99.48%	752	153,554	99.97%

In 1997, the Town of Frisco over-levied resulting in no collections from 1998-2001
Property taxes are levied in year x1 and are paid in the following year x2

Source: Summit County Treasurer's Office

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

Fiscal Year	Direct	Overlapping				Total
	Town of Frisco	Summit County	Summit School District	Lake Dillon Fire Protection District	Frisco San. District	
2001	7.980	12.159	26.428	8.281	6.624	61.472
2002	7.980	12.081	26.554	8.280	4.587	59.482
2003	7.980	12.166	27.216	8.345	1.337	57.044
2004	7.980	12.144	23.832	8.345	1.347	53.648
2005	7.980	12.404	22.910	8.289	0.000	51.583
2006	7.980	12.364	22.848	8.311	0.000	51.503
2007	7.980	11.491	22.090	8.275	0.000	49.836
2008	7.980	11.448	22.291	8.286	0.000	50.005
2009	7.980	12.602	20.936	8.295	0.000	49.813
2010	7.980	12.595	18.364	8.279	0.000	47.218

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

Town of Frisco, Colorado
Legal Debt Margin
Fiscal Year 2010

Legal Debt Margin	Assessed Value
Maximum Debt Allowed:	
Actual Value	1,758,586,470
Debt Limit (3% of valuation)	0.03
Legal Debt Limit	52,757,594
Debt Applicable to Limit:	
Total Bonds Outstanding	4,375,000
Less: Sales and Use Tax Revenue Bonds	0
Debt Subject to Limitation	4,375,000
Debt Limit	52,757,594
Total Net Debt Applicable to Limit	4,375,000
Legal Debt Margin	48,382,594
Total Net Debt Applicable to Limit as a percentage of debt limit	8.3%

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Median Family Income (2)	Outstanding Debt Per Median Income	Population	Outstanding Debt Per Capita
	Capital Leases	Certificates of Participation	Ground Lease and Lease Option	Notes Payable						
2001										
2002										
2003	146,736	2,375,000	1,165,000	-	\$	2,521,736	71,900	2.85%	2,631	958
2004	62,423	2,280,000	1,020,000	-		2,342,423	76,100	3.25%	2,697	869
2005	182,559	2,180,000	870,000	-		2,362,559	78,400	3.32%	2,703	874
2006	209,988	2,080,000	-	-		2,289,988	78,400	3.42%	2,742	835
2007	167,827	1,980,000	-	-		2,147,827	78,800	3.67%	2,798	768
2008	195,183	1,875,000	-	-		2,070,183	81,300	3.93%	2,852	726
2009	132,405	1,765,000	-	-		1,897,405	85,100	4.49%	3,005	631
2010	354,797	4,375,000	-	-		4,729,797	87,200	1.84%	*	*

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

*Population statistics not yet released for 2010

Sources: State of Colorado, Department of Local Affairs (DOLA), Demography Office, Town of Frisco Financial Statements
(2) Information from the Summit Combined Housing Authority's Annual Area Median Income (AMI) for a four person household, Summit County only.

Prior two year's information not readily available

Town of Frisco, Colorado
Computation of Direct and Overlapping Debt
Fiscal Year 2010

Jurisdiction	2010 Assessed Value	General Obligation Bonded Debt Outstanding	Percentage Applicable to Town	Amount Applicable to Town
Direct Debt:				
Town of Frisco	191,978,840	4,375,000	100.00%	4,375,000
<i>Total Direct Debt</i>		<u>4,375,000</u>		
Summit County	1,934,709,290	-	9.92%	-
Summit School District	1,926,570,520	54,130,000	9.96%	5,393,945
Lake Dillon Fire Protection District	902,311,910	-	21.28%	-
Frisco Sanitation District	207,640,590	-	92.46%	-
<i>Total Direct and Overlapping Debt</i>		<u>54,130,000</u>		
Total Direct and Overlapping Debt:				<u><u>9,768,945</u></u>

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

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

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

Fiscal Year	Frisco Population (1)	Summit County Population (1)	Median Family Income (2)	Per Capita Income (3)	School Enrollment (4)	Unemployment Rate (5)
2001	2,608	26,355	63,601	33,368	881	3.0%
2002	2,621	26,798	67,196	32,629	893	4.1%
2003	2,631	27,114	71,900	32,192	903	4.9%
2004	2,697	27,443	76,100	35,304	855	4.3%
2005	2,703	27,507	78,400	37,461	844	3.9%
2006	2,742	27,964	78,400	41,244	833	3.2%
2007	2,798	28,611	78,800	43,452	848	2.8%
2008	2,852	29,143	81,300	45,355	808	3.8%
2009	3,005	29,225	85,100	41,789	816	6.40%
2010	*	*	87,200	*	811	7.80%

*Statistics not yet released for 2010

Sources:

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

**Town of Frisco, Colorado
Principal Employers
Fiscal Year 2010**

Employer	Employee # Range 2010	(1) Percentage of Total County Employment
St. Anthony Summit Medical Center*	100-249	.005-.013%
Summit High School*	100-249	.005-.013%
Wal-Mart	100-249	.005-.013%
Backcountry Brewery	50-99	.003-.005%
Best Western-Lake Dillon Lodge	50-99	.003-.005%
Holiday Inn Frisco	50-99	.003-.005%
Safeway	50-99	.003-.005%
Salomon Station	50-99	.003-.005%
Summit County Ambulance*	50-99	.003-.005%
Summit Middle School*	50-99	.003-.005%
Summit Stage*	50-99	.003-.005%
Town of Frisco	50-99	.003-.005%
(1) Total Employees within Summit County:	19,833	

*Business not within municipal limits of the Town of Frisco

Number of employees is only given in ranges

(1) Unable to get total employees within Town of Frisco

Source: Colorado Department of Labor and Employment - LMI Gateway

Information is not available for previous years

Town of Frisco, Colorado
Full-time Equivalent Town Government Employees by Function/Program
Fiscal Years 2004-2010

Function/Program	2004	2005	2006	2007	2008	2009	2010
General Government	8	9	9	9	9	9	9
Public Safety	13	13	14	15	15	15	15
Public Works	15	16	16	16	18	19	19
Community Development	7	6	6	6	6	6	6
Culture and Recreation	3	3	4	4	4	6	11
Water	4	4	4	4	3	3	3
Marina	0	1	1	2	2	2	2
Total	50	52	54	56	57	60	65

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

Source: Town of Frisco Human Resources

Prior three year's information not readily available

Town of Frisco, Colorado
Operating Indicators by Function
Fiscal Years 2007-2010

<u>Function/Program</u>	2007	2008	2009	2010
General Government				
Council Meetings	*	21	19	20
Business Licenses	*	935	1135	1193
Sales Tax Licenses	*	813	830	848
Elections	*	2	1	1
Public Safety				
Police stations	1	1	1	1
Patrol units	8	8	8	8
Physical arrests	421	605	146	141
Traffic violations	798	710	1079	1411
Parking violations	27	14	22	23
Public Works				
Miles of streets	17.5	17.75	17.75	17.75
Total Town area (square miles)	1.75	2	2	2
Community Development				
Building Permits Issued	*	102	145	154
CO's Issued	*	146	32	35
Planning Commission Meetings	*	20	18	18
Culture and Recreation				
Parks	10	10	10	10
Historic Park and Museum	1	1	1	1
Skateboard parks	1	1	1	1
Volleyball courts	1	1	1	1
Tennis courts	2	2	2	2
Miles of trails	11.5	11.5	11.5	11.5
Nordic ski trails	43 km	43 km	43 km	43 km
Outdoor ice rinks	1	1	1	1
Baseball, soccer, and multi-use fields	2	2	2	2
Housing				
Impact Fees (\$2 or less/sq ft, new construction)	*	70,242 sq ft	21,024 sq ft	34,626 sq ft
Municipal Water				
Number of water service connections	1825	1825	1,916	1925
Daily average water consumption in million gallons	.72 mgd	.70 mgd	.493 mgd	.786 mgd
Miles of water mains	31	31	32.5	32.5
Marina				
Service and storage buildings	3	3	3	4
Offices	1	1	1	1
Lighthouses	1	1	1	1
Restaurants	1	1	1	1
Docks	4	5	11	11
Paddle Boats	21	36	36	44
Power Boats	13	13	13	15

* Information not readily available

Information not readily available for 2001-2006

Source: Town of Frisco Human Resources