



---

---

# **Budget/Financial Overview**

---

---



**Budget Process**

The Town of Frisco’s Charter (Article VIII) requires that “The proposed budget shall provide a financial plan for all Town funds and activities for at least the next fiscal year...” and that “the total of the proposed expenditures and provisions for contingencies in the adopted budget shall not exceed the total of estimated revenues.” The initial planning stage of budget preparation involves evaluating the outside forces that affect funding decisions: national, state and local economic conditions; federal and state mandates; political environment; social environment; citizen concerns and outside agency collaboration opportunities. Additionally, the Town includes discussions regarding long-range financial planning in its annual budget process and five-year capital expenditure projections for all funds are included in this document. The Town Manager, Department Directors, and the Finance Department assume the major role for preparing both the budget and the long-range financial plan. Budget policies provide the framework for the process; these policies are a part of the Financial Policies included in the Financial Summary section of this document. Detailed documentation for revenues, personnel expenditures, and operating expenditures are prepared by the Department Directors based on the line-item budgeting method. Department Directors also draft policy questions with information from applicable Town Policies as support.

At the end of September, the Town Manager approves the final draft which is available to the Council and the general public. In an effort to provide more transparency and public education regarding the budget process, the Town held its first Budget Open House on October 5. The Town also enhanced its website presentation to allow community input on policy questions and illustrate a map of the Town’s major capital improvement projects. Work sessions on the proposed upcoming year’s budget are held with Town Council in October; Council receives feedback from the website and the open house and public comment is allowed during these work sessions. (A copy of the Town’s budget calendar can be found at the end of this budget summary section.)

Per Home Rule Charter, the budget must be approved by ordinance; introduction of the 2012 ordinance was October 25, with second reading on November 8. The Town encourages citizen participation at all work sessions and the public hearing by publishing notices in local newspapers. Copies of the budget document are available for citizen review on the Town’s website ([www.friscogov.com](http://www.friscogov.com)) and at Town Hall.

The budgeting process is continuous throughout the entire year. Once the document has been approved, the Finance Department is responsible for monitoring activity. The Town’s accounting software and financial policies and procedures provide multiple controls on expenditures of funds.

It should also be noted that the Home Rule Charter authorizes the increase or reduction of budgeted amounts through the appropriations process; the Town, in recent years, has limited this to one supplemental appropriation ordinance per year.

**Budget Basis**

The Town’s annual budget for governmental funds is prepared using the modified accrual basis of accounting; under this method, the focus is on current financial resources measurement whereby revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction that can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred.

The annual budgets for the proprietary (enterprise) funds are prepared using the accrual basis of accounting, meaning that revenues and expenses are recognized when they are earned or incurred.

## **Fund Balances**

The Town of Frisco maintains the following operating funds: (See the fund structure chart at the end of this Budget Overview section.)

- General Fund – allows for the recording of the traditional municipal activities taking place in General Government, Legislative, Municipal Court, Finance, Administration, Discretionary (Grant Funding), Marketing, Community Development, Public Safety (Police), Public Works, Historic Park, Special Events, Recreation and Frisco Adventure Park.
- Capital Improvement Fund – allows for the recording of real estate investment fee revenue, transfers in from the general fund, and expenditures for capital improvements.
- Lodging Tax Fund – allows for the recording of a dedicated sales tax on lodging establishments and designated expenditures for the Information Center, recreation, special events/marketing, and operations and maintenance.
- Water Fund – allows for the recording of the acquisition, operation and maintenance of facilities, services, and water rights associated with providing water to the Town.
- Marina Fund – allows for the recording of operations and maintenance of the Frisco Bay Marina.

Illustrated below is a 5-year fund balance history of all the Town's funds; the proposed 2012 fund balance is also presented:

<b>Fund</b>	<b>Audited 2007</b>	<b>Audited 2008</b>	<b>Audited 2009</b>	<b>Audited 2010</b>	<b>Estimated 2011</b>	<b>Proposed 2012</b>
General	\$5,469,641	\$4,182,665	\$3,950,980	\$2,962,611	\$2,541,651	\$2,505,372
Capital Improvement	\$6,263,308	\$5,956,551	\$4,877,678	\$4,173,213	\$2,860,078	\$3,116,818
Conservation Trust	\$79,567	\$45,445	\$7,539	\$24,634	\$16,884	\$17,134
Water	\$3,821,439	\$2,691,881	\$3,078,327	\$3,377,958	\$3,669,615	\$3,802,684
Open Space	\$1,611,566	\$1,780,049	\$1,799,890	\$109,982	\$110,982	\$111,982
SCHA 5A	\$167,686	\$337,836	\$460,109	\$465,990	\$357,695	\$345,195
Insurance Reserve	\$307,160	\$319,958	\$323,539	\$260,676	\$197,976	\$135,276
Lodging Tax	\$408,422	\$480,637	\$510,471	\$326,767	\$167,987	\$106,653
Marina	\$1,204,721	\$1,210,272	\$1,103,282	\$735,191	\$524,034	\$355,171
	<u>\$19,333,510</u>	<u>\$17,005,294</u>	<u>\$16,111,815</u>	<u>\$12,437,022</u>	<u>\$10,446,901</u>	<u>\$10,496,284</u>

A brief explanation of significant variations in fund balances over this time period is offered below:

General Fund – In 2006, Town Council enacted a resolution requiring a nine-month reserve, based on operating expenditures, for this fund. These reserves are to be used in the event of future economic downturns. Amounts in excess of this reserve are to be transferred into the Capital Improvement Fund. In 2006, this transfer was delayed until 2007; there was also a transfer of excess funds in 2008. In 2009, as the national economic crisis became apparent, Town Council approved suspension of the nine-month reserve in order to allow use of approximately \$500,000 for 2009, 2010 and 2011 to maintain the town's level of service through employee retention and associated benefits. In addition, Town Council approved a transfer of \$1 million of General Fund reserves to the Capital Improvement Fund as partial funding for 2010 construction of the Frisco Adventure Park on Town-owned property. The 2011 budget reflected the first full year of operations for this amenity and its associated revenues and costs, i.e. salaries, benefits, increased insurance, equipment, etc. The nine month reserve requirement suspension remains in place for 2012; the projected 2012 fund balance is nearly unchanged from 2011 and represents approximately a three and one-half month reserve.

Capital Improvement Fund – This fund balance illustrated an increase in 2007 as a result of the transfer from the General Fund that represented two years of excess funds in the General Fund. (See explanation in the General Fund paragraph above.) The fund balance of this fund can vary significantly from year to year; it is funded primarily from real estate investment fees which are dependent upon the real estate market. That variance was illustrated in 2009 and 2010 when budget projections were reduced by 50. Additionally, some scheduled projects are impossible to complete within the year funding is appropriated due to weather conditions, staffing, contractor scheduling, and other conditions unique to the town's location. In 2010, this fund reflected the borrowing of \$2.5 million, transfers in of \$2.7 million, and the subsequent use of \$6.5 million for capital projects, the majority of which was expended on the Frisco Adventure Park discussed in the General Fund paragraph above. In 2012, capital projects are focused on maintenance of existing infrastructure and replacement of vehicles and equipment; addition and replacement of equipment and fleet for Frisco's Adventure Park; design for development of one of the Town's primary streets – Main Street; bike path system upgrades; and continuation of forestry management and the Town's sustainability efforts.

Conservation Trust Fund – Expenditures from this fund are restricted to certain types of projects; since this fund does not generate much revenue, the Town normally accumulates funds over a period of years until a sufficient amount is available for an allowable project. Capital projects for 2012 are designated for maintenance and replacement of existing public facilities. There is no required reserve for this fund.

Water Fund – In 2008, some major projects were completed; after 2008 and prior to the current year's budget, capital expenditures were limited to ongoing maintenance of existing infrastructure. In 2012, capital projects are designated for rehabilitation of a water tank; completion of water meter reading equipment; replacement of a water main and continued maintenance of the Town's water infrastructure. A four-month reserve, based on operating expenditures, is required for this fund.

Open Space Fund – The Town maintains this fund for future major capital projects or land acquisition; two potential properties have been identified to date but neither is expected to be available for several years. There is no required reserve for this fund and, in 2010, Town Council approved a transfer from this fund in the amount of \$1.7 million to fund the Frisco Adventure Park. The details of this transaction are discussed in both the General Fund and Capital Improvement Fund paragraphs above. Council remains committed to provide funding for the acquisition of the aforementioned properties, should they become available prior to replenishment of this fund.

Insurance Reserve Fund – In 2005, this fund was established to cover substantial insurance claims and unforeseen increases in the cost of providing health insurance. The fund balance is the equivalent of three months' worth of insurance expenditures. Funding for this fund was not provided until 2007. In an attempt to reduce health insurance costs, the Town has assumed more aggregating deductible liability risk; this potential liability of \$65,000 was budgeted in 2010 and 2011 and continues to be budgeted in 2012.

SCHA 5A Fund – This fund was established in late 2006 for the purpose of funding affordable housing, with funding beginning mid-2007. Funds are committed to County-wide affordable housing, loan programs and administrative costs. In 2012, the Town will continue to absorb certain costs associated with the Peak One Neighborhood attainable housing project and participate in the SCHA down payment assistance program. There is no required reserve for this fund.

Lodging Tax Fund – In 2008 and 2009, some major projects were not completed; in 2009, the Town assumed operations of the Information Center. In 2010, the fund balance saw a significant reduction as a result of funds budgeted for development plans for the Frisco Adventure Park discussed above. Considerable amounts will be expended from this fund in 2012 for operations and maintenance of sports fields and landscaping, as well as funding for various recreation programs. This fund has no required reserve.

Marina Fund – The Town took over operations of the Frisco Bay Marina in 2005. In 2010, the Town expended considerable amounts to replace aging infrastructure and to construct the first phase of a major pier redevelopment project. This project was not completed until 2011. Expenditures for 2012 are focused on addition of floating toilets and replacement of aging equipment. A four-month reserve, based on operating expenditures, is required for this fund.

**Revenues**

The Town’s revenue position for all funds can be analyzed by comparing revenue sources from all funds. The following table provides this presentation:

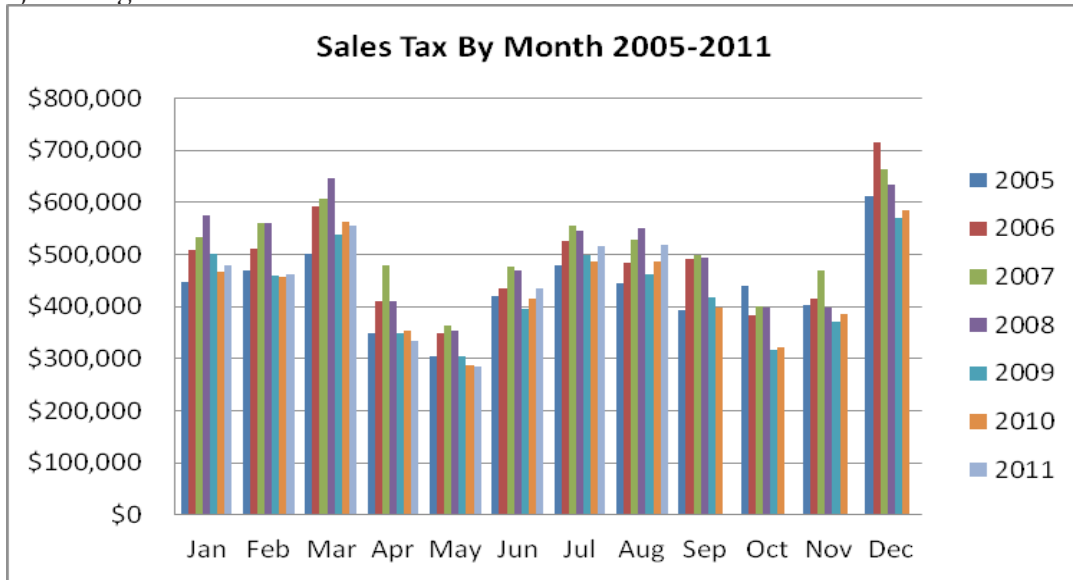
<b>Revenues</b>	<b>2011 Budget</b>	<b>2012 Budget</b>
Taxes	\$6,542,034	\$6,902,015
Licenses & Permits	\$334,400	\$288,000
Intergovernmental	\$546,000	\$288,125
Charges for Services	\$2,814,855	\$2,870,750
Investment Income	\$111,500	\$81,450
Lottery Proceeds	\$24,000	\$27,000
Other Revenues	\$551,976	\$582,800
Other Financing Sources		<u>807,689</u>
<b>Total Revenues</b>	<b><u>\$10,924,765</u></b>	<b><u>\$11,040,140</u></b>

As clearly indicated in this table, taxes far exceed any other revenue category, making the Town especially reliant upon and vulnerable to sales tax revenues. The 2012 projection of sales taxes was based upon 2011 estimates. In a constant economy, taxes and other stable revenue sources will reflect small amounts of growth. Building-related revenues (i.e. permits) will adjust up when development occurs and decrease as land inventory is depleted and when the economy is in a downturn.

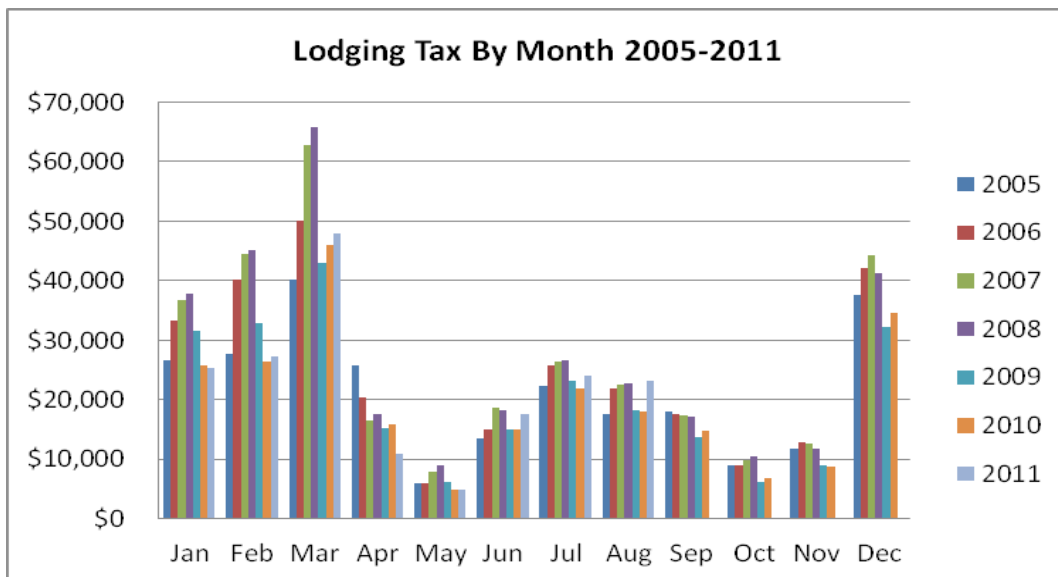
A great deal of time and effort goes into the Town’s sales tax and revenue projections. These projections are in compliance with the Town’s financial policies, whereby the Town must consider the regional economic activity, past history, and its impact on the Town’s resources. Because many of Frisco’s revenues are subject to risky variables (economy, weather, skier days, and tourism, for example), it is important to be conservative with revenue projections.

The following discussions of the Town's major sources of revenue explain the underlying assumptions for estimates and discuss significant revenue trends.

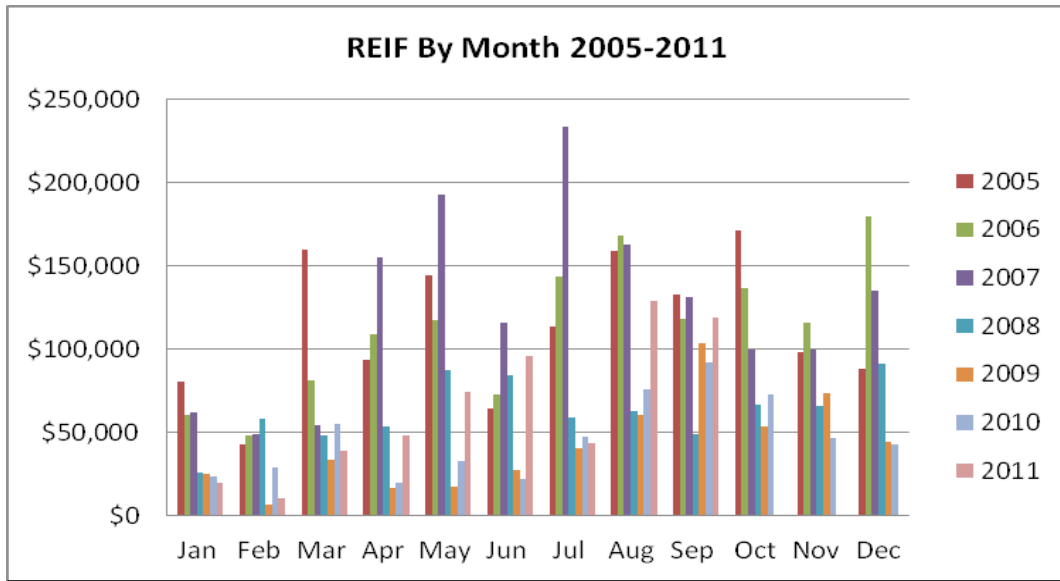
- Sales Tax Revenues – 3.9 percent increase over 2011 budget:** Sales tax revenues have comprised an average of roughly 77 percent of General Fund revenues over the past five years. These revenues include those derived from the 2 percent city sales tax and the 2 percent county sales tax collected within Frisco Town limits. Sales tax revenues for 2012 are projected at 3.9 percent over the currently budgeted 2011 sales tax. This projection is a 2.1 percent increase over 2011 estimated revenues. It is first based upon a trend analysis of deseasonalized and smoothed sales tax data over a 10-year period, which indicates an average year-over-year growth percentage of roughly 1.25 percent. Staff has then judgmentally weighed such factors as previous years' variance and current 2011 and 2012 national and state economic forecasts to arrive at the 2012 projected figure.



- Lodging Tax – 5.96 percent increase over 2011 budget:** Lodging tax revenue, derived from a 2.35 percent levy on the rental of short-term accommodations, is the main source of funding for the Lodging Tax Fund. Lodging tax revenues for 2012 are projected at 5.96 percent over the currently budgeted 2011 lodging tax. This projection is a 2.89 percent increase over 2011 estimated revenues and is first based upon a simple trend analysis. Staff has then judgmentally weighed such factors as previous years' variance and current 2011 and 2012 national and state economic forecasts.

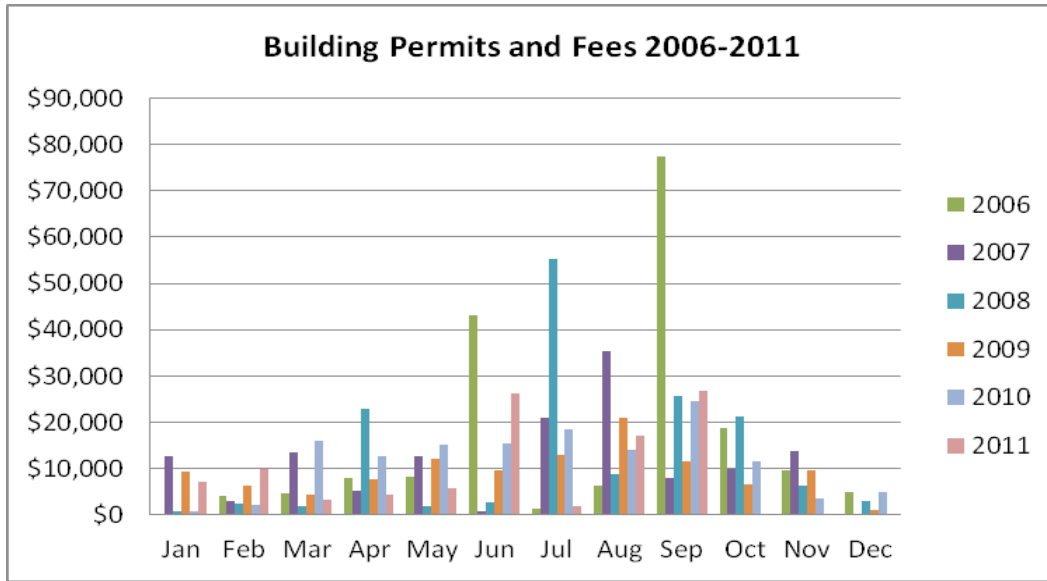


- REIF – 20 percent increase over 2011 budget:** Real Estate Investment Fee revenue is the main source of funding for the Capital Improvement Fund. Revenue derived from these 1 percent fees on the transfer of real property has dropped off significantly from the record years of 2005, 2006 and 2007. Real Estate Investment Fee revenue is projected at a 20 percent increase over currently budgeted 2011 REIF and a 12.5 percent increase over current 2011 estimated revenue. This projection is based upon actual 2011 revenues to date, an overview of the national, state and local housing markets, and the approach of residential build-out in Frisco. New projection methodologies for this volatile revenue stream were explored throughout 2009 and 2010, but no available data sets were identified that could provide the foundation for more reliable estimates.



- Amended Water Rates Fee Schedule – 3 percent annual increase (year 5 of 10):** The Town Council directed the preparation of a water rates study by Boyle Engineering, which was completed in May 2006. The Council adopted Resolution 06-26 in September 2006, which included a 3 percent increase in user rates and water tap fees annually over 10 years. Rate changes go into effect January 1 of each year. User rates for 2011 are \$34.78 per EQR. Water tap fees for 2011 are \$3,710 per EQR. Water use for July-December 2010/January-June 2011 decreased 16.95% over the prior year, with plant production of 246 million gallons compared to 296 million gallons. This significant overall decrease in water use may be attributed to the repair of several large water line leaks, and numerous smaller leaks in summer/autumn 2010. A system-wide leak detection survey is conducted every three years, and was completed in April 2010.

- Community Development Revenues – 22.22 percent decrease over 2011 budget:** Community Development revenues, which include planning permit fees (development application fees, subdivision fees and miscellaneous fees such as sign permits), building permit, plumbing permit, and mechanical permit fees, are projected to be less than those seen in 2011. A trend analysis of revenue data over a 10-year period was initially performed. However, the resultant growth projection was highly tempered by staff judgment. The assumptions made for 2012 are based upon staff's projections for upcoming projects in various stages of planning, the Town of Frisco's approach to residential and commercial build-out, the knowledge that the majority of projects will continue to occur through the redevelopment of existing structures and properties, and the condition of the national and state economies and housing markets.



- Grant Revenues:** The budget does not reflect the full potential revenues from grant applications. Staff understands the value of grant dollars and intends to make grant requests through the Clean Vessel Act totaling \$65,000 during 2012. The Town has been denied some grant funding in the recent past due to high reserve balances; with the decreases to those balances in recent years, there should be greater opportunities in the realm of grant revenues.

**Personnel**

The number of employees is directly related to services offered, regulations enforced, and the amount of growth and activity both inside and outside the Town of Frisco. Employee retention continues to be a cause for concern; employee turnover in 2010 was 11.3%. Turnover through September of 2011 is 19.7%; this rate represents year round and seasonal employees. The Colorado turnover data for other local municipalities is 11.1%. The 2012 budget was proposed based upon the following wage and benefit guidelines:

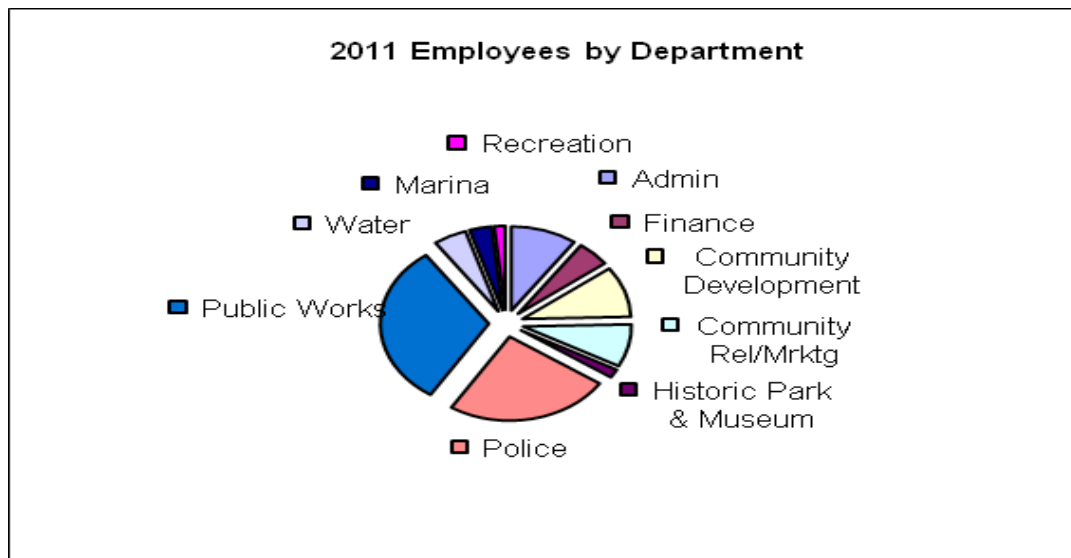
- In late 2010, the Town began operations of the Frisco Adventure Park. A new Recreation Department was created, which resulted in the addition of four FTEs and approximately 30 seasonal employees; after a full year of operations, the 2012 budget more accurately reflects these costs.
- The Town approved a Total Compensation Plan in 2006 with the intent to conduct a complete salary review every three years to establish appropriate salary ranges; due to economic conditions, this survey will be conducted in a future year.
- Performance-based merit increases have been budgeted in 2012, with a maximum increase of 3%.
- The Town's health insurance is self-funded with a stop-loss deductible of \$30,000 per claim. The Town's 2012 budget for health insurance is a decrease of \$110,000 from 2011 projections, resulting

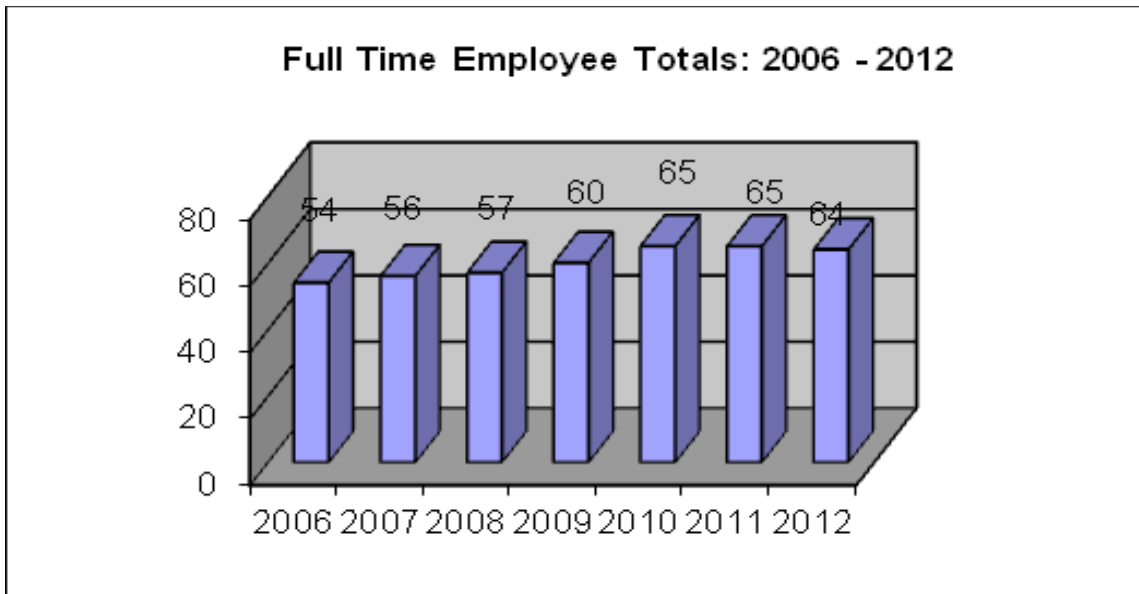
from the restructure of the Town's health benefits to a consumer-driven model. The Town will continue to assume an additional \$65,000 risk in aggregate liability. The Town believes the flexibility of self-funding has helped the Town control health insurance costs.

- To meet the ongoing demands of compliance reporting and increasing litigation, the part time administrative assistant in the police department will be converted to full time in 2012.
- A planning position in the Community Development Department was eliminated; the front desk receptionist position was moved to this department from Administration.
- In late 2010, the Recreation Department was created to supervise the operations at the Frisco Adventure Park. In 2012, the Frisco Bay Marina and the Frisco Historic Park and Museum will become part of the Recreation Department, a move from the supervision of the Finance Department.

The following table summarizes changes in personnel from 2006 through 2011; a brief explanation of changes follows the table.

<b>Personnel Summary</b>							
<b>Summary of Authorized Full Time Positions by Department</b>							
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Elected Officials</b>	7	7	7	7	7	7	7
<b>Administration/Finance</b>	9	9					
<b>Administration</b>			6	6	6	6	5
<b>Finance</b>			3	3	3	3	3
<b>Community Development</b>	6	6	6	6	6	6	6
<b>Community Relations/Marketing</b>	3	3	3	5	5	5	5
<b>Historic Park &amp; Museum</b>	1	1	1	1	1	1	1
<b>Police</b>	14	15	15	15	15	15	15
<b>Public Works</b>	16	16	18	19	19	19	19
<b>Water</b>	4	4	3	3	3	3	3
<b>Marina</b>	1	2	2	2	2	2	2
<b>Recreation</b>					5	1	1
<b>Frisco Adventure Park</b>						4	4
<b>Total TOF Employees</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>60</b>	<b>65</b>	<b>65</b>	<b>64</b>





Positions Added	2006	2007	2008	2009	2010	2011	2012
New Program - Historic Park & Museum	1						
Police Officer	1						
Community Services Officer		1					
Administrative Assistant - Marina		1					
Maintenance Operator - Public Works			1				
Maintenance Operator - Public Works				1			
New Program - Visitor Information Center				2			
Marketing Coordinator - Full Time					1		
Recreation/Adventure Park - New Program					4		
Administrative Assistant - Police Department							1

- In 2005, the Town took over the operations of the Frisco Bay Marina and hired a full-time marina manager.
- In 2006, the Town took over the operations of the Frisco Historic Park and Museum and hired a full-time supervisor.
- In 2007, a full time officer manager was hired to aid in the operations at the Frisco Bay Marina.
- In 2008, the Administration and Finance Departments became separate divisions of the Town.
- In 2008 and 2009, a full time maintenance operator was added each year to the Public Works staff to aid in maintaining the Town's existing and additional infrastructure.
- In 2009, the Town assumed operations of the Copper/Frisco Information Center, resulting in an addition of two FTEs.
- In 2010, a part time employee in the Special Events Department was moved to a full time position, resulting in the addition of .75 FTE.
- In 2010, four FTEs were added to the new Recreation Department and one FTE was transferred to the Recreation Department from the Community Relations/Marketing Department.
- In 2012, one .75 FTE was converted to full time in the Police Department.

The following chart illustrates a yearly comparison of total personnel expenditures by department for the General Fund. The Town's 2012 personnel expenditures make up 61.99% of the General Fund total expenditures, similar to the prior five years.

	2012	2011	2010	2009	2008	2007
Health Benefits	605,000	715,000	580,000	680,000	675,000	632,125
Legislative	51,125	51,125	41,491	41,603	31,504	28,189
Finance	175,883	174,482	171,006	169,508	158,191	166,128
Administration	465,579	499,891	476,528	462,142	432,590	391,699
Communications/Marketing	71,841	66,077	76,799	76,732	78,995	74,576
Community Development	433,338	443,803	431,041	422,020	400,435	379,537
Historic Park	113,586	112,125	103,376	105,159	81,078	72,792
Special Events	127,342	121,708	161,488	148,216	139,390	104,416
Municipal Court	17,400	17,182	23,789	16,718	16,337	15,672
Police	1,054,986	1,041,074	1,024,705	1,020,373	940,429	886,488
Public Works Administration	212,587	232,241	219,390	232,696	215,172	151,291
Public Works Streets	292,569	287,632	319,902	273,818	257,054	209,036
Public Works Grounds	404,052	400,096	354,931	391,365	343,918	443,442
Public Works Buildings	128,169	128,878	122,716	121,134	132,090	
Public Works Fleet	129,855	131,654	128,503	125,812	117,352	115,083
Recreation	163,600	155,143	94,039	91,693	97,412	54,949
Frisco Adventure Park	12,993	451,889	74,013			
<b>Total Personnel Expenditures</b>	<b>4,959,905</b>	<b>5,030,000</b>	<b>4,403,717</b>	<b>4,378,989</b>	<b>4,116,947</b>	<b>3,725,423</b>
<b>General Fund Expenditures</b>	<b>8,001,269</b>	<b>8,299,456</b>	<b>7,394,222</b>	<b>7,566,915</b>	<b>6,948,123</b>	<b>6,113,809</b>
<b>% Total PE to GF Expenditures</b>	<b>61.99%</b>	<b>60.61%</b>	<b>59.56%</b>	<b>57.87%</b>	<b>59.25%</b>	<b>60.93%</b>

Another method to aid Council in its evaluation of changes to personnel is presented below. This table compares personnel expenditures to General Fund revenues. With this information, the Council may be better able to accurately understand and evaluate future projections and the solvency the budget reflects. While it is one measurement tool, it is also important to note that, as definitions of operations and capital change, the percentage of personnel expenditures (PE) and non-personnel expenditures (NPE) to General Fund revenue can vary greatly. In 2009, for example, the Town ceased treating seasonal employees as independent contractors, resulting in a one-time increase in recorded personnel expenditures. Additionally, as a result of the economic downturn, 2009 and 2010 revenues were much lower than prior years. These two factors resulted in a higher percentage of personnel expenditures to General Fund revenue.

**Percent Total Personnel Expenditures to General Fund Revenues:**

<b><u>Proposed 2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>62.27%</b>	<b>64.90%</b>	<b>63.22%</b>	<b>55.21%</b>	<b>52.92%</b>	<b>54.68%</b>

**Percent Total Non-personnel Expenditures to General Fund Revenues:**

<b><u>Proposed 2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>38.18%</b>	<b>42.19%</b>	<b>42.93%</b>	<b>40.19%</b>	<b>36.39%</b>	<b>35.05%</b>

For additional information regarding personnel, please refer to the information provided under the “Personnel” tab in this budget document.

**Expenditures**

Expenditures relate to the ongoing day-to-day expenses required to provide basic services to customers and to maintain infrastructure. The Town examines workload indicators, past expenditures, and approved service levels when projecting its future expenditures. The challenge of being able to address employee retention with merit increases in wages, increases in the cost of natural resources, the prevailing economic conditions and additional service levels required at the Frisco Adventure Park were major factors in estimating expenditures in 2012.

The chart listed below compares the 2011 budget for all fund expenditures to the 2012 budget.

<b><u>Expenditures</u></b>	<b><u>2011 Budget</u></b>	<b><u>2012 Budget</u></b>
General Government	\$2,354,830	\$2,174,419
Public Safety	\$1,307,910	\$1,368,273
Community Development	\$1,045,924	\$1,038,263
Public Works	\$1,830,526	\$1,720,952
Culture and Recreation	\$2,124,680	\$2,090,596
Capital Outlay	\$2,793,795	\$1,687,500
Debt Service	\$448,060	\$500,449
Other Expenditures	\$1,175,223	\$1,217,994
<b>Total Expenditures</b>	<b><u>\$13,080,948</u></b>	<b><u>\$11,798,446</u></b>

The 2012 budgeted expenditures for all funds decreased over the 2011 budget by \$1,282,502 or 9.8%, mostly due to a decrease in 2012 capital projects. Many of the capital improvement expenditures budgeted for 2012 are for maintenance of existing infrastructure and are described below.

All of the proposed capital improvement projects are subjected to an evaluation process, to assess the project’s impact on the overall sustainability of the town. This evaluation includes review of the proposed project and its impacts to energy efficiency and/or natural resources, quality of services and/or infrastructure, public safety and/or well-being of the community, and the local economy. Capital improvement projects budgeted for 2012 total \$1,795,550, broken down by fund as follows:

Capital Improvement Fund	\$793,500
Conservation Trust Fund	\$ 27,000
Water Fund	\$324,000
SCHA 5A Fund	\$150,000
Lodging Tax Fund	\$226,050
Marina Fund	\$275,000

Descriptions of these capital projects can be found on each fund’s 5-year capital plan within the specific fund section of this document.

The following capital improvement projects, totaling \$635,000, are significant non-recurring expenditures; further details regarding these expenditures can be obtained by referring to the applicable policy question:

**Main Street Revitalization Plans** – To obtain detailed engineering designs for Main Street. The engineering designs are intended to provide drawings and estimated costs of a revitalized Main Street and will allow the Town to request bids for construction to be completed in a future year. Engineering designs themselves will have no effect on future operating budgets. The implementation of the designs, however, which will be budgeted in the Capital Improvement Fund in a future year, will impact future operating budgets. Operating expenditures at that time could require additional personnel hours for landscaping and street maintenance. 2012 budget \$225,000, Policy Question # 3.

**Boiler Replacement** – To replace the aging boiler at the Public Works Facility. Replacement boilers are 95% efficient and will impact future operating budgets with long term savings through reduced heating costs. 2012 budget \$25,000, Policy Question #10.

**Frisco Bike Pathway System Upgrades** – To improve signage on the current bike path system. An assessment of the current signage revealed users experience problems with directions to the town’s center, amenities, etc. New signage will be completed over a four year period and will impact future operating budgets in each of those years as additional personnel hours would be required for installation of signage. 2012 budget \$15,000, Policy Question #11.

**Pedestrian Bridge Deck Replacement** - To replace the deck on the pedestrian bridge at the Waterdance subdivision. This improvement will enhance the quality of the infrastructure and no future operating impacts are expected. 2012 budget \$15,000, Policy Question #11.

**Water Tank Interior** – To rehabilitate the 850,000 gallon water tank on the Dam Road. Inspections revealed corrosion in several areas which will require interior surface rehabilitation. No impacts to future operating budgets are expected. 2012 budget \$110,000, Policy Question #13.

**Vehicle Read Water Meters** – To install the remaining radio read sensors for the water system. These new meters will reduce future operating budgets through savings in personnel time required and enhanced accuracy provided by electronic readings. 2012 budget \$145,000, Policy Question #13.

**Floating Toilets** – To provide additional toilet facilities to Marina customers. These facilities will provide two fully functioning flush toilets and hand washing stations to slip holders at the Marina. Impacts to future operating budgets would be required for additional maintenance and cleaning. 2012 budget \$65,000, Policy Question 22.

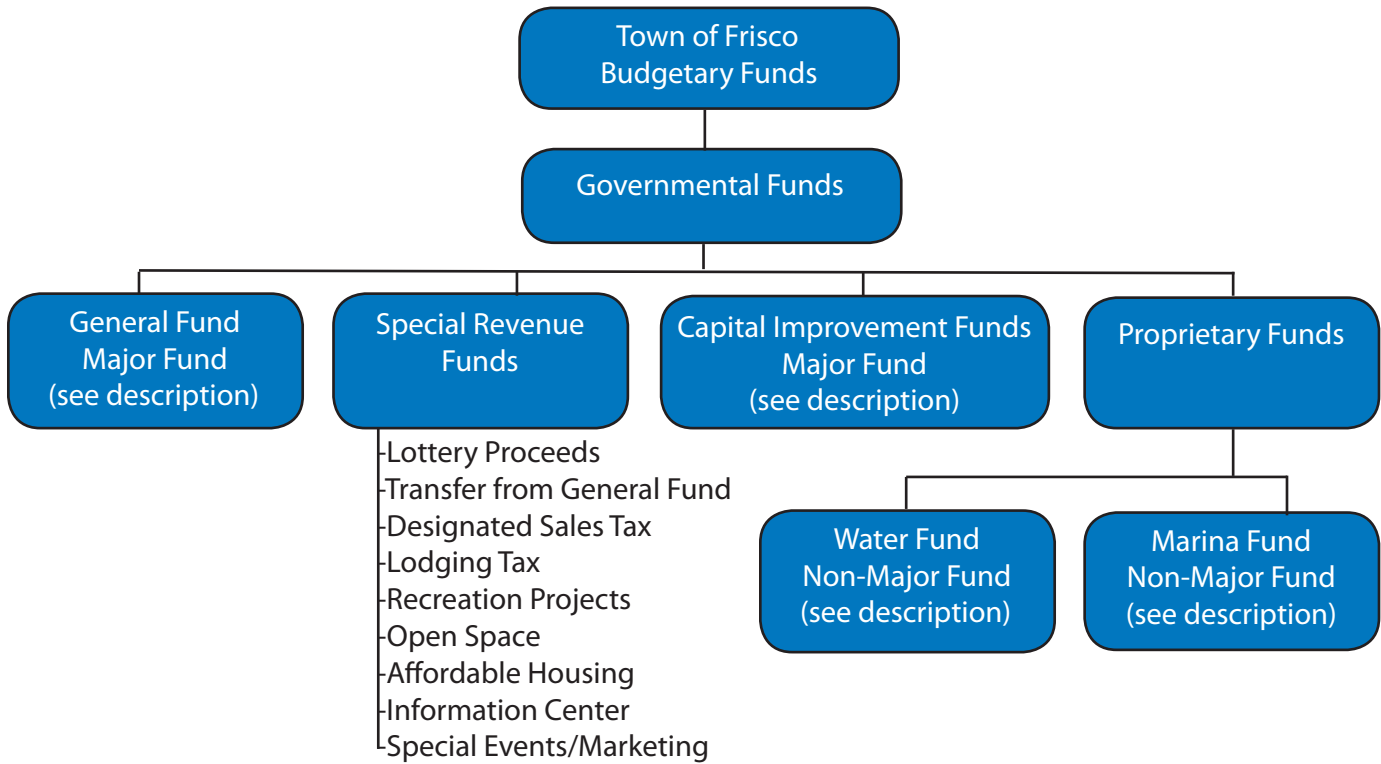
**Snow Gun** – To purchase an additional snow gun for the Frisco Adventure Park. This purchase will provide the ability to utilize all hydrants and possibly open the facility earlier in the season. Impacts to future operating budgets are expected in the form of additional staff time for operations of the snow guns and additional utility expenditures. Provided the facility is able to open earlier, additional revenues also would be expected. 2012 budget \$35,000, Policy Question 25.

Excluding capital outlay, other significant changes in expenditures are as follows:

- A 3.06% decrease in expenditures in the General Fund, primarily as a result of eliminating a planning position and a significant change in the Town's employee benefit package.
- A 2.12% increase in expenditures in the Water Fund, mainly caused by anticipated increases in utility costs, increased costs for water treatment chemicals, increased administrative fees and salary merit increases.
- A 5.27% increase in expenditures in the Marina Fund, mostly caused by salary merit increases, increased administrative fees and anticipated increases in utility costs.

As additional information, prior to the detail for each fund, there is a fund summary of revenues and expenditures which provides multiple year comparative information. Additionally, in the Financial Information section, there are two budget summaries that illustrate the revenues, expenditures, transfers and loans projected for all funds for 2011 and budgeted for 2012. There also is a similar schedule covering multiple years for all Town funds.

**Town of Frisco Fund Structure**



**Fund Descriptions:**

**Major Funds**

Major funds represent the significant activities of the Town and include any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget.

**Major Governmental Funds**

The main operating fund for the Town of Frisco, the General Fund is a major fund of the Town and is used to account for the resources devoted to funding services traditionally associated with local government. It has some limited interaction with a majority of the other funds. The Capital Improvement Fund, the Town’s major Special Revenue Fund, is used to account for resurfacing of streets, employee housing, environmental sustainability, certificate of participation repayment, reforestation projects, and other capital development/improvements.

**Non-Major Proprietary Funds**

These funds are used to account for the acquisition, operation, and maintenance of government facilities and services, which are entirely self-supported by user charges. There are no major funds within this fund type. The non-major funds of this type include the Water Fund, which provides water services to the Town’s nearly 2,700 water customers, as well as the Marina Fund, which provides recreational boating at Dillon Reservoir.

**Non-Major Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds include Conservation Trust Fund, Open Space Fund, SCHA Fund (5A), Insurance Reserve Fund, and Lodging Tax Fund.

A more detailed description of each fund is provided at the beginning of the approved budget section for that fund. All funds, major and non-major, are appropriated.

## Town of Frisco Use of Funds by Department

The following table lists Town departments and the operating funds they use:

### USE OF FUNDS BY DEPARTMENT

	<b>General Fund</b>	<b>Water Fund</b>	<b>Lodging Tax Fund</b>	<b>Marina Fund</b>
General Government/Administration	X			
Legislative	X			
Municipal Court	X			
Finance	X			
Marketing and Special Events	X		X	X
Community Development	X			
Police	X			
Public Works	X	X	X	
Recreation	X		X	
Water		X		
Information Center			X	
Marina				X



**2012 BUDGET CALENDAR**

7/1/11	F	Town Manager and Finance Director project revenues and expenditure patterns
7/12/11	F	Budget worksheets with 6 month CY actuals and budget instructions to Department Directors
7/19/11	TU	Draft worksheets due to Finance Director
8/3/11	W	Draft policy questions to Finance Director
8/10/11	W	Leadership team and Town Manager-Review policy questions
8/19/11	F	Finance Director prepares preliminary budget
8/23/11	TU	Work session with Council – Revenue Update, 2011 expenditure review, reserve update
8/26/11	F	Revised policy questions due to Town Manager
8/31/11	W	Leadership team and Finance Director-Review budget/prioritize capital
9/1/11	TH	Leadership team and Finance Director-Review budget/prioritize capital
9/2/11	F	Program priorities, budget successes, training allocation to Finance Director
9/14/11	W	Finance Director finalizes preliminary budget – Submit to Department Directors for review
9/20/11	T	Reviewed budget returned to Finance Director
9/30/11	F	Proposed budget submitted to Town Council ; budget on website
10/5/11	W	Budget Open House – 4:00-7:00 p.m. – basic budget education
10/7/11	F	Shut down web feedback site
10/10/11	M	Summary of web and open house feedback to Council
10/11/11	TU	All day work session with Council and Department Directors – all funds
10/14/11	F	Publishing deadline
10/25/11	TU	Public Hearing: Resolution to adopt budget and first reading of ordinances, mill levy and appropriation of funds
11/8/11	TU	Second reading of ordinances: mill levy and appropriation of funds
12/15/11	TH	Certification of mill levy to County Commissioners

This Page Intentionally Left Blank