



PRESENTATION OF 2022
ANNUAL COMPREHENSIVE FINANCIAL REPORT
AND AUDITOR'S REPORT

TOWN OF FRISCO
COLORADO

**FRISCO
COLORADO**

PREPARED BY THE
TOWN OF FRISCO
FINANCE DEPARTMENT

VISIT FRISCOGOV.COM
OR 970 668-5276

2022 Annual Comprehensive Financial Report



Presenters

Dylan Olchin

Finance Senior Manager, Town of Frisco Finance Dept.

Michael Jenkins *CA, CPA, CGMA*

Partner, McMahan and Associates, L.L.C.

2022 Annual Comprehensive Financial Report



Government-wide Statements

Provides a broad overview of Town's financial position and results of operations, similar to a private sector business, including capital assets and long-term debt on a full accrual basis.

Statement of Net Position (page C1)

- ❑ Assets exceed liabilities by \$101.75M at year-end:
 - \$55.44M net investment in capital assets
 - \$8.5M restricted for housing (\$5.8M), economic development (\$1.25M), TABOR reserves (\$0.73M), and other purposes
 - \$37.8M unrestricted = available for ongoing operations

- ❑ Total assets of \$112.7M:
 - \$39.4M is cash/investments
 - \$63.5M is capital assets, net of depreciation

2022 Annual Comprehensive Financial Report



Government-wide Statements

Provides a broad overview of Town's financial position and results of operations, similar to a private sector business, including capital assets and long-term debt on a full accrual basis.

Statement of Activities (page C2)

- Net position increased by \$3.35M
 - Governmental activities net position grew \$3.2M
 - Business-type activities (*Water + Marina*) net position up \$0.15M

- Sales tax revenues comprise 52% of total Town revenues
 - Increased \$1.5M or 11% over 2021

- REIF revenues represent 7% of total Town revenues
 - Decreased 29% over 2020

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Fund Statements

Record financial transactions for specific activities or governmental functions; focus on near-term inflows and outflows and spendable balances.

Governmental Funds		Proprietary Funds
<i>“Major” funds:</i>		<i>Enterprise funds:</i>
<ul style="list-style-type: none">• General Fund		<ul style="list-style-type: none">• Water Fund
<ul style="list-style-type: none">• SCHA 5A Fund		<ul style="list-style-type: none">• Marina Fund
<ul style="list-style-type: none">• Capital Improvement Fund		
<i>“Non-major” funds:</i>		
<ul style="list-style-type: none">• Conservation Trust Fund		
<ul style="list-style-type: none">• Historic Preservation Fund		
<ul style="list-style-type: none">• Insurance Reserve Fund		
<ul style="list-style-type: none">• Lodging Tax Fund		
<ul style="list-style-type: none">• Open Space Fund		
<ul style="list-style-type: none">• Nicotine Tax Fund		

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Fund Statements

Record financial transactions for specific activities or governmental functions; focus on near-term inflows and outflows and spendable balances.

Governmental Funds (*pages C3 – C6*)

- ❑ Aggregate decrease of \$0.55M in governmental fund balances:
 - General Fund increased \$4.4M after \$0.9M transfer to Capital Fund
 - SCHA 5A Fund decreased \$2.2M
 - Capital Improvement Fund decreased \$3.2M
 - Collectively, all non-major governmental funds up \$0.4M

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Budgetary Results

GENERAL FUND

	Final Budget	Actual	Better (Worse)	%
Revenues	\$16.8M	\$19.8M	\$3.0M	18%
Expenditures	(\$15.2M)	(\$14.4M)	\$0.8M	5%
Transfers in (out)	(\$0.9M)	(\$0.9M)	\$0.0M	0%
Net Change	\$0.6M	\$4.4M	\$3.8M	633%

- Revenues exceeded expectations by \$3.0M:
 - Sales taxes \$2.3M higher than budget & up 10% from 2021.
 - Nordic Center fees \$0.2M favorable to budget; up 23% from 2021.
 - Frisco Adventure Park up 29% from 2021.
- Expenditures \$0.8M less than anticipated:
 - Smaller special events (BBQ), Adventure Park, and Public Works.
- Includes a 7 month reserve.
- Ending Fund Balance of \$12,862,420

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Budgetary Results

SCHA 5A FUND

	Final Budget	Actual	Better (Worse)	%
Revenues	\$2.3M	\$2.6M	\$0.3M	13%
Expenditures	(\$6.7M)	(\$6.3M)	\$0.4M	6%
Partnership Contributions	\$1.5M	\$1.5M	\$0.0M	0%
Net Change	(\$2.9M)	\$(2.2)M	\$0.7M	24%

- Revenues exceeded expectations by \$0.3M:
 - SCHA sales tax \$0.4M higher than budget & up 13% from 2021.
- Expenditures \$0.4M below budget:
 - Lower capital expenditures as a result of project timing on Granite Park.
- Ending Fund Balance of \$5,816,544

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Budgetary Results

CAPITAL IMPROVEMENT FUND

	Final Budget	Actual	Better (Worse)	%
Revenues	\$2.2M	\$2.1M	(\$0.1M)	5%
Expenditures	(\$14.7M)	(\$5.9M)	\$8.8M	60%
Transfers in (out)	(\$0.64M)	(\$0.46M)	\$0.18M	28%
Net Change	(\$12.1M)	(\$3.3M)	\$8.8M	73%

- Revenues were below expectations by \$0.1M:
 - REIF \$0.2M lower than budget and down 29% from 2021.
- Expenditures \$8.6M below budget:
 - Lower capital expenditures as a result of project timing.
- Loan transfer to Marina Fund \$0.5M
- Ending Fund Balance of \$14,458,491

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Budgetary Results

WATER FUND

	Final Budget	Actual	Better (Worse)	%
Revenues	\$1.3M	\$1.3M	\$0.0M	0%
Expenses	(\$2.7M)	(\$1.8M)	\$0.9M	33%
Net Change	(\$1.4M)	(\$0.5M)	\$0.9M	64%

- Revenues on track with budget and up 1% from 2021 levels:
- Expenses \$0.9M below expectations:
 - Lower capital expenditures as a result of project timing but up 8% from 2021.
- Ending Net Position of \$12,105,600
- Council has recommended a 4 month reserve for this fund.

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Budgetary Results

MARINA FUND

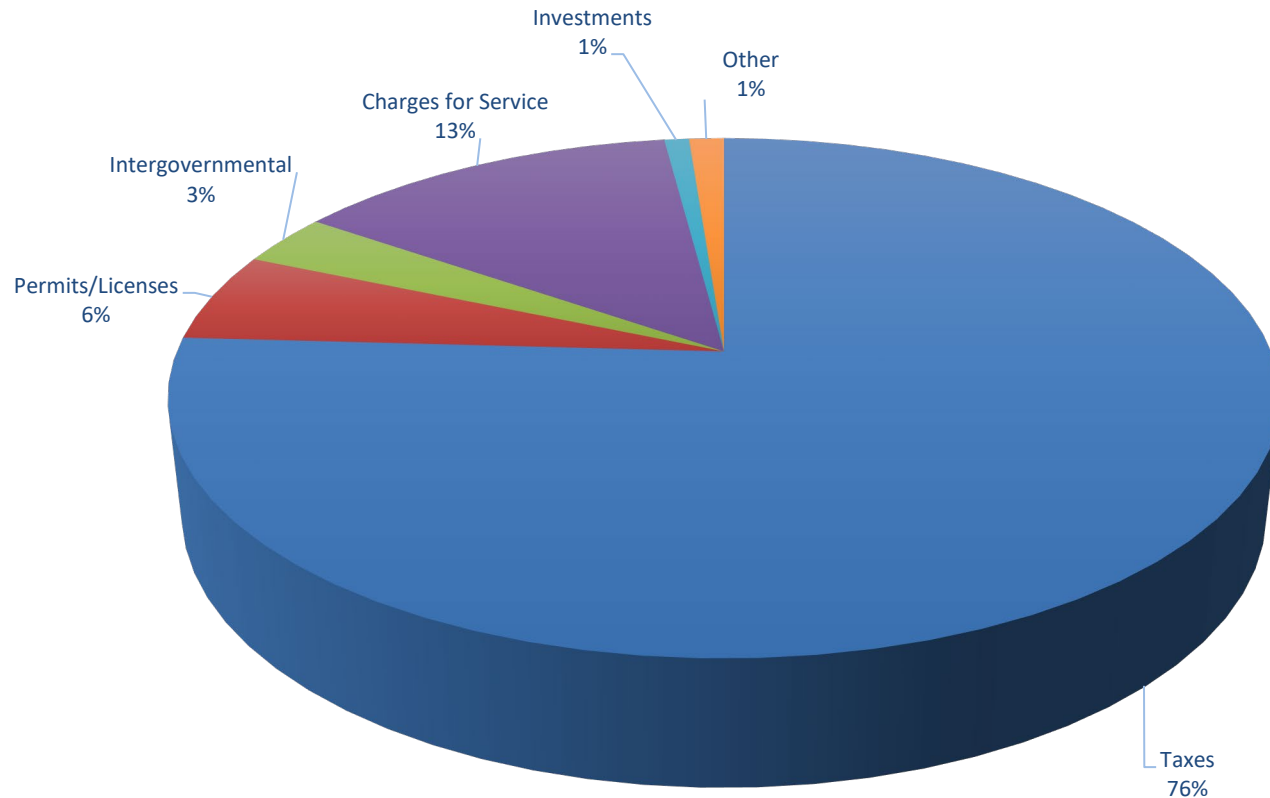
	Final Budget	Actual	Better (Worse)	%
Revenues	\$2.3M	\$1.9M	(\$0.4M)	17%
Expenses	(\$4.1M)	(\$2.5M)	\$1.6M	39%
Net Change	(\$1.8M)	(\$0.60M)	\$1.2M	67%

- Revenues below budget by \$0.4M:
 - User charges were below expectations by \$0.4M and down 11% from 2021.
 - Reduced hours and weather related losses.
- Expenses \$1.6M below anticipated:
 - Salaries & benefits \$0.3M lower than budget due to staffing shortages.
 - Capital expenditures less than expected as a result of project funding.
- Loan from Capital Fund of \$0.5M necessitated by a negative cash balance.
- Ending Net Position of \$5,309,952.
- Council has recommended a 4 month reserve on this fund that is not being met.

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Governmental Revenues



2021 Comparatives

Taxes = 80%

Intergovernmental = 4%

Charges for Services = 11%

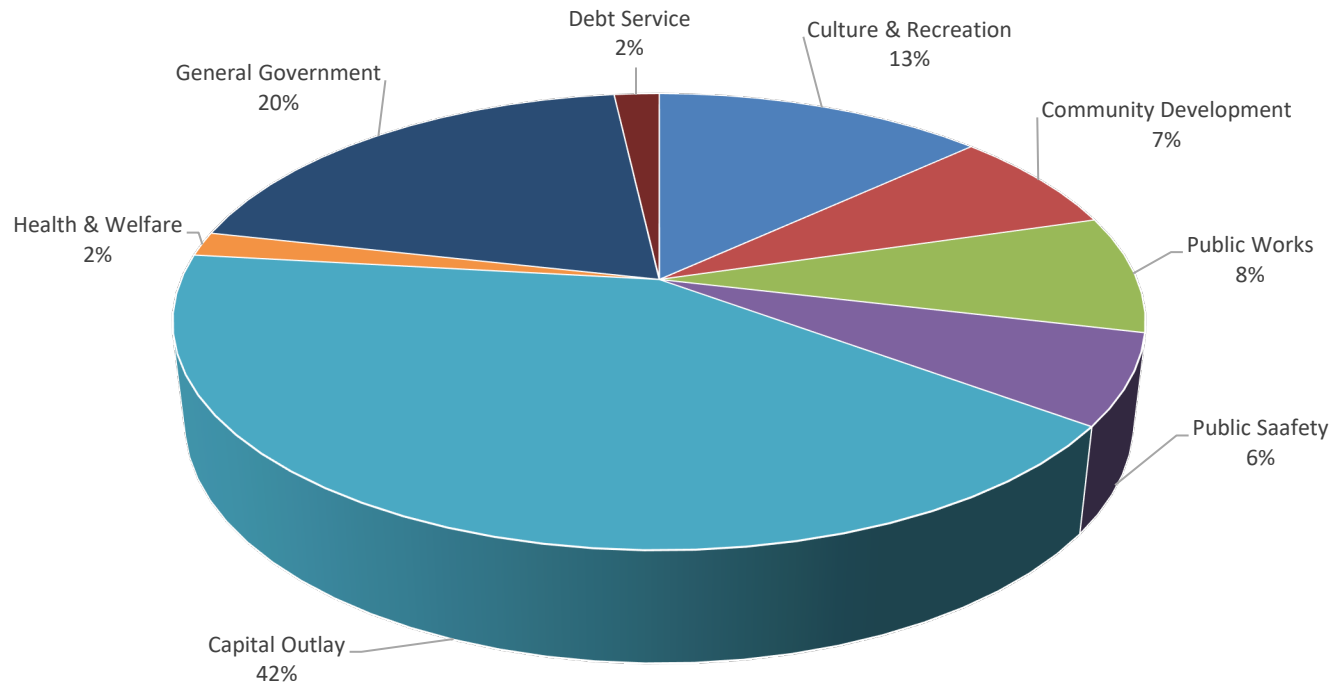
Investment = 0%

Permits/Licenses = 3%

Other = 2%

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Governmental Expenditures



General government = 33%
Culture & Recreation = 15%
Health and Welfare = 3%

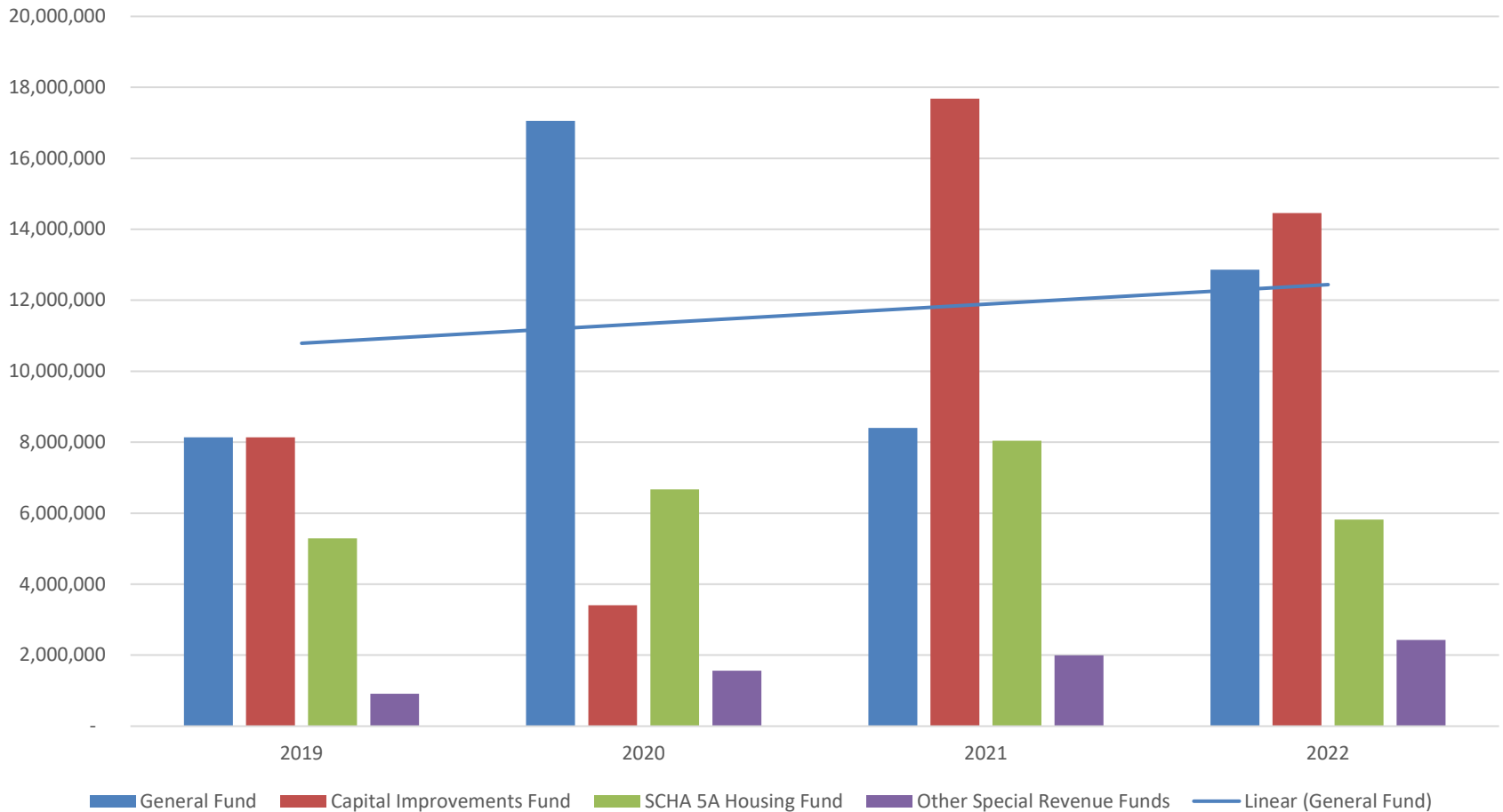
2021 Comparatives

Public safety = 9%
Comm. Dvlpmt. = 11%
Capital outlay = 15%

Public works = 12%
Debt service = 2%

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Governmental Fund Balances: 2019 - 2022





McMahan and Associates, L.L.C.

www.mcmahancpa.com

Michael Jenkins *CA, CPA, CGMA* – Partner



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Audit Results

✓ Unmodified (“clean”) audit opinion on financial statements

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✓ Highest level of independent auditor assurance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

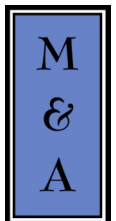
**Town of Frisco
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO



2022 Annual Comprehensive Financial Report



Audit Highlights - Government-wide

Statement of Net Position (page C1)

- High liquidity:
 - ❑ \$39.4M of cash/investments at year-end; down \$1.8M from 2021

- Strong asset base:
 - ❑ \$63.5M of capital assets (net); \$4.6M increase from 2021:
 - \$12.1M of capital additions in 2022 includes land for housing development (\$3.0M), Galena St. development (\$2.5M), Police department remodel (\$1.8M), marina fuel system (\$0.8M), water treatment headworks intake (\$0.5M), etc.

- Solid equity position:
 - ❑ Assets exceed liabilities by \$101.8M at year-end:
 - \$55.4M net “equity” in capital assets
 - \$8.5M restricted: Housing (\$5.8M), Economic development (\$1.2M), TABOR reserves (\$0.7M), and other purposes
 - \$37.8M unrestricted = available for ongoing operations

- No new long-term debt, with pay-down of existing arrangements

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Audit Highlights - Government-wide

Statement of Activities (page C2)

- *Growth in net position:*
 - ❑ Positive results from all activities:
 - \$3.2M increase in net position from governmental activities (4% increase over prior year net position)
 - \$0.2M increase in net position from business-type activities (1% increase over prior year net position)

- *Revenues track with the resort economy:*
 - ❑ As in prior years, only 28% of costs of general governmental operations are funded by direct revenues
 - ❑ Sales & use taxes = 50% of total revenues; up 11% from 2021
 - ❑ Real estate investment fees = 6% of total revenues; down 29% from 2021

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Audit Highlights – Fund Level

Statement of Revenues, Expenditures & Changes in Fund Balances – Governmental Funds (page C5)

- Positive fund performances:
 - ❑ \$0.5M net decrease across all governmental funds for 2022:
 - \$4.5M increase in General Fund (after \$0.9M transfer to Capital Fund)
 - \$2.2M decrease in SCHA 5A Fund (capital outlay totaling \$6.2M)
 - \$3.2M decrease in Capital Improvement Fund (\$5.4M of capital outlay)

- Strong fund balances:
 - ❑ Governmental fund balances as % of current year expenditures:
 - General Fund = 89%
 - SCHA 5A Fund = 91%
 - Capital Improvement Fund = 248%
 - All governmental funds = 219%

- All funds performed well relative to and within adopted budgets.

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Audit Highlights – The Big Picture

- Overall financial health continues to be good at end of 2022:
 - ❑ Strong fund balances in all governmental funds
 - ❑ Both enterprise funds (Water & Marina) grew last year
 - ❑ Significant increases in sales taxes
 - ❑ All funds within approved budgets
 - ❑ Positive financial results position the Town well for the current economic uncertainties.

- Auditor Letter to Governing Board:
 - ❑ Accounting practices are conservative, consistent & compliant!

- Thank you to Leslie, Dylan & finance staff!

- Any questions?