

TOWN OF FREDERICK, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2013

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frederick, Colorado, as of and for the year ended December 31, 2013, which collectively comprise the basic financial statements of the Town, as listed in the table of contents. These financial statements are the responsibility of the Town of Frederick, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frederick, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 27-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

John Cutler & Associates, LLC

July 16, 2014

This section of the annual financial report offers readers of the Town of Frederick a discussion and analysis of the Town's financial performance during the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Town's financial statements, which immediately follow this section.

Financial Highlights

- The Town's financial status improved over the course of the 2013 fiscal year. Total net position increased 1.7%.
- General revenues account for \$4,919,466 or 27% of all revenues. The Town had \$13,149,567 in program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions.
- The Town had \$8,297,745 in expenses related to governmental activities, of which \$3,216,746 were offset by program specific charges for services and operating grants, contributions. Taxes of \$4,928,307 and other general revenues of \$73,823 and transfers in of \$1,049,122 as shown on the statement of activities, offset the costs.
- The Town had water, electric, and storm water charges for service income totaling \$8,572,941. Grants and capital contributions revenues totaled \$1,359,880. The cost of providing water, electric, and storm water services totaled \$8,031,029.
- Outlays for capital assets were primarily comprised of water rights, land, park improvements, street infrastructure, vehicles and equipment. See the Capital Assets Section of the Financial Statements for detail.
- The Town's governmental funds have outstanding capital leases and the 2006 sales and use tax bond totaling \$6,180,000 at December 31, 2013.
- The Town's business-type funds have outstanding debt totaling \$34,740 at December 31, 2013.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The **statement of activities** presents information showing how the Town of Frederick's net position changed during 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town of Frederick that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town of Frederick include general government, public safety (police), public works, community development and events. The Business-type Activities of the Town of Frederick include Water, Electric and Storm Water.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants; however, the Town Board establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

Major Features of the Town and Fund Financial Statements

	Government-wide Statements	<u>Fund Financial Statements</u>		
		Governmental Funds	Proprietary Funds	Fiduciary Fund
Scope	Entire Town (except fiduciary funds)	The activities of the Town not proprietary or fiduciary.	Activities the Town operates similar to private businesses: water, electric, and storm water services	Instances in which the Town administers resources on behalf of someone else.
Required Financial Statements	Statement of net assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis	Accrual	Modified accrual	Accrual	Accrual
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Town and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the required supplemental data required for non-major fund information and budgetary comparison schedules.

Financial Analysis of the Town as a Whole

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ending December 31, 2013, the Town's combined assets exceeded liabilities and deferred inflows of resources by \$102,052,560.

TOWN OF FREDERICK, COLORADO CONDENSED STATEMENT OF NET POSITION 2013/2012

	2013			2012
	Governmental Activities	Business- Type Activities	Total	Total
Assets				
Current Assets	12,802,861	16,697,817	29,500,678	30,755,378
Restricted Assets	2,421,200	-	2,421,200	74,297
Capital Assets - Net	<u>28,135,319</u>	<u>51,805,946</u>	<u>79,941,265</u>	<u>76,981,407</u>
Total Assets	<u>43,359,380</u>	<u>68,503,763</u>	<u>111,863,143</u>	<u>107,811,082</u>
Liabilities				
Current Liabilities	1,815,215	608,799	2,424,014	1,586,017
Long-Term Liabilities	<u>6,180,000</u>	<u>-</u>	<u>6,180,000</u>	<u>4,645,708</u>
Total Liabilities	<u>7,995,215</u>	<u>608,799</u>	<u>8,604,014</u>	<u>6,231,725</u>
Deferred Inflows of Resources				
Deferred Property Tax Revenue	<u>1,206,569</u>	<u>-</u>	<u>1,206,569</u>	<u>1,267,056</u>
Net Position				
Net Investment in Capital Assets	21,955,319	51,805,946	73,761,265	72,335,699
Restricted	242,000	-	242,000	221,000
Unrestricted	<u>11,960,277</u>	<u>16,089,018</u>	<u>28,049,295</u>	<u>27,755,602</u>
Total Net Position at December 31	<u>34,157,596</u>	<u>67,894,964</u>	<u>102,052,560</u>	<u>100,312,301</u>
Total Increase in Net Position				1,740,259
Percent Increase in Net Position				1.7%

The largest portion of the Town of Frederick's net position (71%) reflects its investment in capital assets (e.g. land, buildings, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

The restricted portion of net position (>1.0%) represents resources that are subject to external restrictions on

how they may be used. The remaining balance of net position (\$28,049,295) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

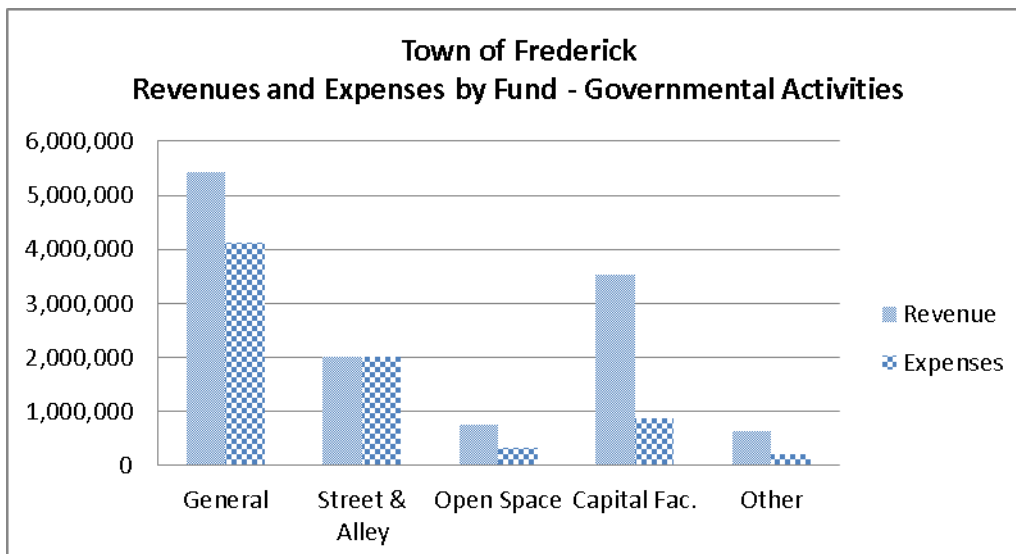
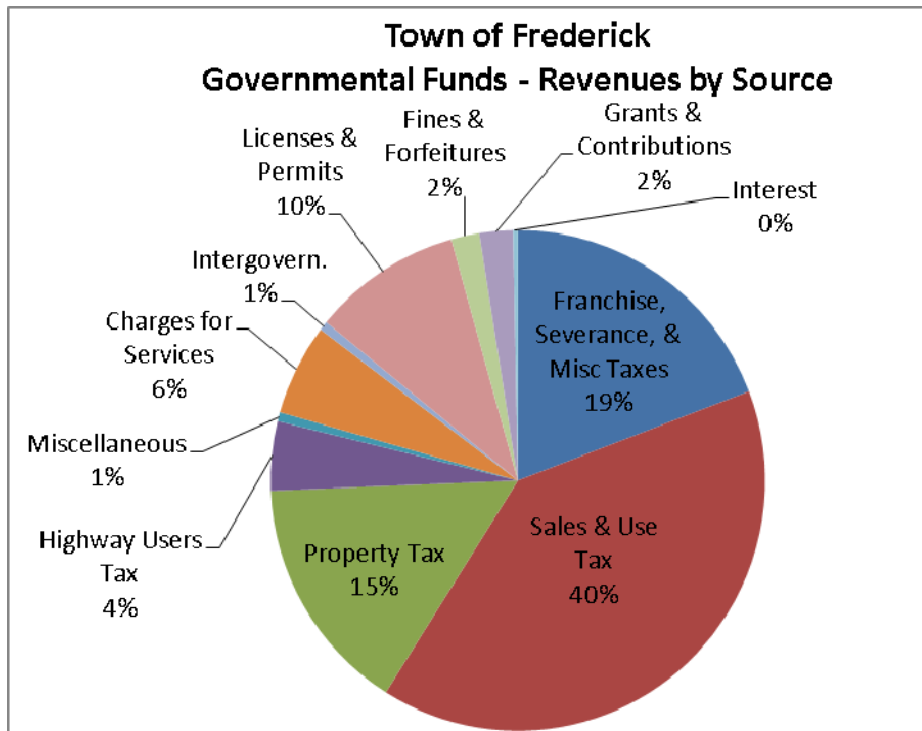
**TOWN OF FREDERICK, COLORADO
CONDENSED STATEMENT OF ACTIVITIES
2013/2012**

	2013			2012
	Governmental Activities	Business -Type Activities	Total	Total
Revenues				
<u>Program Revenues</u>				
Charges for Services	1,497,017	8,572,941	10,069,958	12,300,989
Operating Grants and Contributions	179,664	-	179,664	120,841
Capital Grants and Contributions	1,540,065	1,359,880	2,899,945	4,052,521
<u>General Revenues</u>				
Property Taxes	1,348,577	-	1,348,577	1,345,225
Sales and Use Taxes	3,267,211	-	3,267,211	2,604,990
Franchise Taxes	131,132	-	131,132	143,341
Other Taxes	181,387	-	181,387	355,696
Interest	25,474	9,157	34,631	114,197
Other Revenues	48,349	-	48,349	66,817
Loss on Disposal of Assets	(91,821)	-	(91,821)	
Transfers	1,049,122	(1,049,122)	-	-
Total Revenues	<u>9,176,177</u>	<u>8,892,856</u>	<u>18,069,033</u>	<u>21,104,617</u>
Expenses				
General Government	1,946,039	-	1,946,039	2,551,048
Public Safety	2,271,507	-	2,271,507	1,935,341
Public Works	3,712,465	-	3,712,465	3,249,055
Parks & Recreation	203,261	-	203,261	22,888
Interest on Long-Term Debt	164,473	-	164,473	276,551
Water	-	1,930,210	1,930,210	3,036,244
Electric	-	5,586,175	5,586,175	7,122,314
Storm Water	-	509,190	509,190	8,705
Interest on Long-Term Debt	-	5,454	5,454	32,668
Total Expenses	<u>8,297,745</u>	<u>8,031,029</u>	<u>16,328,774</u>	<u>18,234,814</u>
Change in Net Position	<u>878,432</u>	<u>861,827</u>	<u>1,740,259</u>	<u>2,869,803</u>

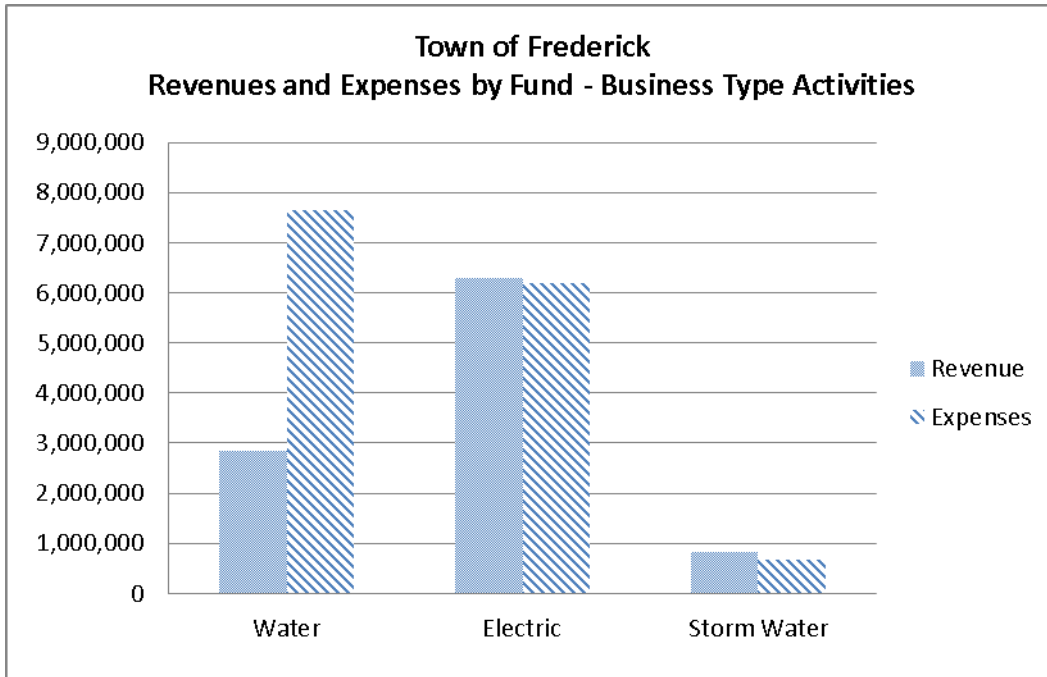
Financial Analysis of the Town's Funds

Governmental Activities. The focus of the Town of Frederick's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Unreserved fund balance represents resources that are available to be used by the fund they are reported in.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$12,365,067, an increase of \$4,097,945. The increase in fund balance is attributed to increases in revenues and capital lease proceeds.



Business-type Activities. Net Position of Business-type Activities increased by \$861,827 primarily due to a decrease in liabilities. The Electric Fund represents \$81,383 of the increase in Net Position, the Water Fund represents \$586,970 and the Storm Water represents \$193,019. Charges for services for business-type activities decreased \$2,452,044 in 2013. Operating revenues decreased \$2,400,584. Operating expenses decreased \$2,141,688.



General Fund Budgetary Highlights

The Town budgeted for General Fund expenditures of \$5,057,072 for the year ended December 31, 2013. Actual expenditures were \$4,124,723. The Town budgeted \$4,690,363 in revenues for the General Fund and actual revenues were \$4,813,715. There were transfers into the fund of \$605,969. The fund balance in the General Fund increased \$1,294,961.

Capital Assets and Debt Administration

Capital Assets

By the end of 2013, the Town had invested \$79,941,265 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, site improvements, vehicles and other equipment. This amount represents a net increase of \$2,959,858 or 3.8% increase from last year. Additional information on the Town's capital assets can be found in Note 4 of the financial statements. Total accumulated depreciation expense was \$23,430,002 in the governmental activities and \$6,065,016 in the business-type activities.

Long-Term Debt

At year-end the Town's governmental funds had outstanding capital leases, accrued compensated absences and the 2006 Sales and Use Tax Bond outstanding, which totaled \$6,339,351 at December 31, 2013.

The Town's business-type funds have accrued compensated absences totaling \$34,740 at December 31, 2013.

Fiduciary Fund Activities

Oil Royalty Trust Fund

The fund received \$37,593 of oil royalties and other revenue of \$2,083 and paid out \$33,281 in scholarships and support of other community organizations. The fund balance at December 31, 2013, is \$1,311,058.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Frederick at, 401 Locust Street, Frederick, Colorado 80530-0435

BASIC FINANCIAL STATEMENTS

TOWN OF FREDERICK, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS	TOTALS	
		TYPE ACTIVITIES	2013	2012
ASSETS				
Cash and Investments	\$ 11,043,042	\$ 16,169,523	\$ 27,212,565	\$ 27,945,722
Restricted Cash and Investments	2,421,200	-	2,421,200	74,297
Receivables				
Property Taxes	1,206,569	-	1,206,569	1,267,056
Sales and Other	538,607	-	538,607	612,188
Accounts	-	437,658	437,658	768,569
Prepaid Expenses	14,643	90,636	105,279	161,843
Capital Assets, Not Depreciated	4,167,530	40,474,384	44,641,914	39,495,099
Capital Assets, Depreciated				
Net of Accumulated Depreciation	23,967,789	11,331,562	35,299,351	37,486,308
TOTAL ASSETS	43,359,380	68,503,763	111,863,143	107,811,082
LIABILITIES				
Accounts Payable	168,700	522,497	691,197	840,282
Accrued Salaries and Benefits	199,462	36,762	236,224	145,559
Accrued Interest	3,439	-	3,439	9,875
Accrued Compensated Absences	159,351	34,740	194,091	138,427
Developer Escrow	817,763	-	817,763	425,359
Deposits	-	14,800	14,800	26,250
Due to the Oil Royalty Fund	466,500	-	466,500	-
Noncurrent Liabilities				
Due within One Year	345,506	-	345,506	270,303
Due in More Than One Year	5,834,494	-	5,834,494	4,375,670
TOTAL LIABILITIES	7,995,215	608,799	8,604,014	6,231,725
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	1,206,569	-	1,206,569	1,267,056
NET POSITION				
Net Investment in Capital Assets	21,955,319	51,805,946	73,761,265	72,335,434
Restricted for Emergencies	242,000	-	242,000	221,000
Unrestricted and Unreserved	11,960,277	16,089,018	28,049,295	27,755,867
TOTAL NET POSITION	\$ 34,157,596	\$ 67,894,964	\$ 102,052,560	\$ 100,312,301

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,946,039	\$ -	\$ 179,664	\$ 409,806
Public Safety	2,271,507	152,247	-	-
Public Works	3,712,465	1,293,500	-	875,543
Parks and Recreation	203,261	51,270	-	254,716
Interest on Long-Term Debt	164,473	-	-	-
Total Governmental Activities	8,297,745	1,497,017	179,664	1,540,065
Business-Type Activities				
Water	1,930,210	2,008,976	-	1,359,880
Electric	5,586,175	6,139,650	-	-
Storm Water	509,190	424,315	-	-
Interest on Long-Term Debt	5,454	-	-	-
Total Business-Type Activities	8,031,029	8,572,941	-	1,359,880
Total Primary Government	\$ 16,328,774	\$ 10,069,958	\$ 179,664	\$ 2,899,945

GENERAL REVENUES

Sales Taxes
Property Taxes
Franchise Taxes
Other Taxes
Interest
Other

TRANSFERS

SPECIAL ITEM

Loss on Disposal of Assets

TOTAL GENERAL REVENUES
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2013	2012
\$ (1,356,569)	\$ -	\$ (1,356,569)	\$ (1,866,914)
(2,119,260)	-	(2,119,260)	(1,800,498)
(1,543,422)	-	(1,543,422)	(1,424,996)
102,725	-	102,725	396,163
(164,473)	-	(164,473)	(276,551)
<u>(5,080,999)</u>	<u>-</u>	<u>(5,080,999)</u>	<u>(4,972,796)</u>
-	1,438,646	1,438,646	1,426,430
-	553,475	553,475	1,416,225
-	(84,875)	(84,875)	402,346
-	(5,454)	(5,454)	(32,668)
<u>-</u>	<u>1,901,792</u>	<u>1,901,792</u>	<u>3,212,333</u>
(5,080,999)	1,901,792	(3,179,207)	(1,760,463)
3,267,211	-	3,267,211	2,604,990
1,348,577	-	1,348,577	1,345,225
131,132	-	131,132	143,341
181,387	-	181,387	355,696
25,474	9,157	34,631	114,197
48,349	-	48,349	66,817
1,049,122	(1,049,122)	-	-
<u>(91,821)</u>	<u>-</u>	<u>(91,821)</u>	<u>-</u>
<u>5,959,431</u>	<u>(1,039,965)</u>	<u>4,919,466</u>	<u>4,630,266</u>
878,432	861,827	1,740,259	2,869,803
<u>33,279,164</u>	<u>67,033,137</u>	<u>100,312,301</u>	<u>97,442,498</u>
<u>\$ 34,157,596</u>	<u>\$ 67,894,964</u>	<u>\$ 102,052,560</u>	<u>\$ 100,312,301</u>

TOWN OF FREDERICK, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	General Fund	Street and Alley Fund	Open Space Fund	Capital Facilities Fund	Other Governmental Funds
ASSETS					
Cash and Investments	\$ 4,358,396	\$ 2,110,252	\$ 2,019,728	\$ 1,504,568	\$ 1,050,098
Restricted Cash and Investments	-	-	-	2,421,200	-
Taxes Receivable	1,206,569	-	-	-	-
Accounts Receivable	312,053	154,280	72,274	-	-
Prepaid Expenses	14,643	-	-	-	-
Due From Other Funds	-	-	136,604	-	-
TOTAL ASSETS	\$ 5,891,661	\$ 2,264,532	\$ 2,228,606	\$ 3,925,768	\$ 1,050,098
LIABILITIES AND FUND EQUITY					
EQUITY					
LIABILITIES					
Accounts Payable	\$ 114,330	\$ 42,237	\$ 223	\$ 3,374	\$ 8,536
Accrued Liabilities	175,423	9,546	4,738	-	9,755
Developer Escrows and Deposits	304,433	513,330	-	-	-
Due to Other Funds	-	-	-	603,104	-
TOTAL LIABILITIES	594,186	565,113	4,961	606,478	18,291
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	1,206,569	-	-	-	-
FUND EQUITY					
Fund Balance					
Nonspendable	14,643	-	-	-	-
Restricted for Emergencies	242,000	-	-	-	-
Restricted for Open Space	-	-	2,223,645	-	-
Restricted for Street Improvements	-	1,699,419	-	-	-
Restricted for Parks and Recreation	-	-	-	-	155,041
Committed for Parks, Open Space, and Capital Outlay	-	-	-	3,319,290	876,766
Unassigned	3,834,263	-	-	-	-
TOTAL FUND EQUITY	4,090,906	1,699,419	2,223,645	3,319,290	1,031,807
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 5,891,661	\$ 2,264,532	\$ 2,228,606	\$ 3,925,768	\$ 1,050,098

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

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

Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include Bonds Payable of (\$3,730,000), Notes Payable (\$2,450,000), Accrued Compensated Absences (\$159,351), and Accrued Interest Payable (\$3,439).

Net position of governmental activities

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

Total
Governmental
Funds

2013	2012
\$ 11,043,042	\$ 8,185,981
2,421,200	-
1,206,569	1,267,056
538,607	612,188
14,643	80,117
136,604	-
<u>\$ 15,360,665</u>	<u>\$ 10,145,342</u>

\$ 168,700	\$ 42,020
199,462	143,785
817,763	425,359
603,104	-
<u>1,789,029</u>	<u>611,164</u>

<u>1,206,569</u>	<u>1,267,056</u>
------------------	------------------

14,643	80,117
242,000	221,000
2,223,645	1,800,052
1,699,419	1,700,241
155,041	309,490
4,196,056	1,661,394
<u>3,834,263</u>	<u>2,494,828</u>
<u>12,365,067</u>	<u>8,267,122</u>

28,135,319 29,108,682

(6,342,790) (4,096,640)

\$ 34,157,596 \$ 33,279,164

TOWN OF FREDERICK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	General Fund	Street and Alley Fund	Open Space Fund	Capital Facilities Fund	Other Governmental Funds
REVENUES					
Taxes and Fees	\$ 3,593,227	\$ 1,614,677	\$ 755,443	\$ 307,805	\$ 206,020
Licenses and Permits	802,059	-	-	-	-
Intergovernmental	-	-	-	-	48,696
Charges for Services	-	433,943	-	-	51,270
Fines and Forfeitures	152,247	-	-	-	-
Grants and Contributions	170,598	-	9,065	-	-
Interest	20,364	1,167	1,176	2,145	622
Miscellaneous	75,220	(26,868)	-	-	-
TOTAL REVENUES	4,813,715	2,022,919	765,684	309,950	306,608
EXPENDITURES					
General Government	1,794,940	-	-	-	-
Public Safety	2,157,038	-	-	-	-
Public Works	172,745	780,065	117,091	2,411	384,891
Parks and Recreation	-	-	-	-	203,261
Capital Outlay	-	860,266	-	763,935	-
Debt Service					
Principal	-	215,000	-	-	-
Interest	-	168,410	-	-	-
TOTAL EXPENDITURES	4,124,723	2,023,741	117,091	766,346	588,152
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	688,992	(822)	648,593	(456,396)	(281,544)
OTHER FINANCING SOURCES (USES)					
Transfers In	605,969	-	-	775,000	-
Transfers Out	-	-	(225,000)	(106,847)	-
Capital Lease Proceeds	-	-	-	2,450,000	-
TOTAL OTHER FINANCING SOURCES (USES)	605,969	-	(225,000)	3,118,153	-
NET CHANGE IN FUND BALANCES	1,294,961	(822)	423,593	2,661,757	(281,544)
FUND BALANCES, Beginning,	2,795,945	1,700,241	1,800,052	657,533	1,313,351
FUND BALANCES, Ending	<u>\$ 4,090,906</u>	<u>\$ 1,699,419</u>	<u>\$ 2,223,645</u>	<u>\$ 3,319,290</u>	<u>\$ 1,031,807</u>

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

Total
Governmental
Funds

2013	2012
\$ 6,477,172	\$ 5,902,091
802,059	776,188
48,696	43,842
485,213	426,199
152,247	125,076
179,663	237,943
25,474	33,755
48,352	66,817
8,218,876	7,611,911
1,794,940	2,427,308
2,157,038	1,926,518
1,457,203	1,417,031
203,261	22,888
1,624,201	1,637,093
215,000	282,737
168,410	179,858
7,620,053	7,893,433
598,823	(281,522)
1,380,969	2,002,028
(331,847)	-
2,450,000	(750,092)
3,499,122	1,251,936
4,097,945	970,414
8,267,122	7,296,708
\$ 12,365,067	\$ 8,267,122

TOWN OF FREDERICK, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,097,945
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,078,481) exceeded capital outlay \$1,196,939, and loss on disposal of assets (\$91,821), in the current period.	(973,363)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include bond payments of \$215,000, payments of capital leases of \$5,837, note payable proceeds of (\$2,450,000), change in accrued compensated absences of (\$20,924), and change in accrued interest of \$3,937.	<u>(2,246,150)</u>
Change in Net Position of Governmental Activities	<u>\$ 878,432</u>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2013

	WATER FUND	ELECTRIC FUND	STORM WATER FUND	TOTALS	
				2013	2012
ASSETS					
Current Assets					
Cash and Investments	\$ 3,578,747	\$ 11,392,999	\$ 1,197,777	\$ 16,169,523	\$ 19,759,741
Restricted Cash and Investments	-	-	-	-	74,297
Accounts Receivable	138,051	255,324	44,283	437,658	768,569
Prepaid Expenses	90,636	-	-	90,636	81,726
Total Current Assets	3,807,434	11,648,323	1,242,060	16,697,817	20,684,333
Noncurrent Assets					
Capital Assets, net of accumulated depreciation	48,048,979	3,525,595	231,372	51,805,946	47,872,725
TOTAL ASSETS	51,856,413	15,173,918	1,473,432	68,503,763	68,557,058
LIABILITIES					
Current Liabilities					
Accounts Payable	223,873	222,136	76,488	522,497	798,262
Accrued Expenses	21,200	5,616	9,946	36,762	1,774
Accrued Interest Payable	-	-	-	-	2,499
Accrued Compensated Absences	14,957	10,033	9,750	34,740	-
Total Current Liabilities	260,030	237,785	96,184	593,999	802,535
Noncurrent Liabilities					
Deposits	14,800	-	-	14,800	26,250
Bonds Payable	-	-	-	-	695,136
Total Noncurrent Liabilities	14,800	-	-	14,800	721,386
TOTAL LIABILITIES	274,830	237,785	96,184	608,799	1,523,921
NET POSITION					
Net Investment in Capital Assets	48,048,979	3,525,595	231,372	51,805,946	47,177,589
Unreserved	3,532,604	11,410,538	1,145,876	16,089,018	19,855,548
TOTAL NET POSITION	\$ 51,581,583	\$ 14,936,133	\$ 1,377,248	\$ 67,894,964	\$ 67,033,137

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2013

	WATER FUND	ELECTRIC FUND	STORM WATER FUND	TOTALS	
				2013	2012
OPERATING REVENUES					
Charges for Services	\$ 1,959,364	\$ 6,108,635	\$ -	\$ 8,067,999	\$ 10,520,043
Contributions	-	-	424,315	424,315	411,051
Miscellaneous	49,612	31,015	-	80,627	42,431
TOTAL OPERATING REVENUES	2,008,976	6,139,650	424,315	8,572,941	10,973,525
OPERATING EXPENSES					
Administration	302,152	88,743	-	390,895	164,950
Operations	1,337,138	5,336,188	509,190	7,182,516	9,560,588
Depreciation	290,920	161,244	-	452,164	441,725
TOTAL OPERATING EXPENSES	1,930,210	5,586,175	509,190	8,025,575	10,167,263
OPERATING INCOME	78,766	553,475	(84,875)	547,366	806,262
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	2,085	6,404	668	9,157	80,442
Interest Expense	(5,454)	-	-	(5,454)	(32,668)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,369)	6,404	668	3,703	47,774
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	75,397	559,879	(84,207)	551,069	854,036
Capital Contributions	829,239	134,459	396,182	1,359,880	2,438,739
Transfers Out	(317,666)	(612,500)	(118,956)	(1,049,122)	(1,251,936)
NET INCOME	586,970	81,838	193,019	861,827	2,040,839
NET POSITION, Beginning	50,994,613	14,854,295	1,184,229	67,033,137	64,992,298
NET POSITION, Ending	\$ 51,581,583	\$ 14,936,133	\$ 1,377,248	\$ 67,894,964	\$ 67,033,137

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2013

Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	ELECTRIC FUND	STORM WATER FUND	TOTALS	
				2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 2,180,249	\$ 6,487,635	\$ 425,488	\$ 9,093,372	\$ 11,180,925
Cash Paid to Suppliers	(1,648,810)	(5,725,965)	(413,583)	(7,788,358)	(9,563,153)
Net Cash Provided by Operating Activities	<u>531,439</u>	<u>761,670</u>	<u>11,905</u>	<u>1,305,014</u>	<u>1,617,772</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Property and Equipment	(4,536,292)	-	(38,613)	(4,574,905)	(1,795,043)
Principal Paid on Debt	(695,136)	-	-	(695,136)	(47,834)
Interest Payments	(7,953)	-	-	(7,953)	(32,933)
Capital Contributions	829,239	134,459	396,182	1,359,880	2,438,739
Deposits from Customers	(11,450)	-	-	(11,450)	(21,940)
Operating Transfers Out	(317,666)	(612,500)	(118,956)	(1,049,122)	(1,251,936)
Net Cash Used by Capital and Related Financing Activities	<u>(4,739,258)</u>	<u>(478,041)</u>	<u>238,613</u>	<u>(4,978,686)</u>	<u>(710,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	2,085	6,404	668	9,157	80,442
Net Cash Provided by Investing Activities	<u>2,085</u>	<u>6,404</u>	<u>668</u>	<u>9,157</u>	<u>80,442</u>
Net Increase in Cash and Cash Equivalents	(4,205,734)	290,033	251,186	(3,664,515)	987,267
CASH AND INVESTMENTS, Beginning	<u>7,784,481</u>	<u>11,102,966</u>	<u>946,591</u>	<u>19,834,038</u>	<u>18,846,771</u>
CASH AND INVESTMENTS, Ending	<u>\$ 3,578,747</u>	<u>\$ 11,392,999</u>	<u>\$ 1,197,777</u>	<u>\$ 16,169,523</u>	<u>\$ 19,834,038</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income	\$ 78,766	\$ 553,475	\$ (84,875)	\$ 547,366	\$ 806,262
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation and Amortization	290,920	161,244	-	452,164	441,725
Loss on Disposal of Assets	189,520	-	-	189,520	-
Changes in Assets and Liabilities					
Accounts Receivable	(18,247)	347,985	1,173	330,911	207,400
Prepaid Expenses	(8,910)	-	-	(8,910)	(81,726)
Accounts Payable	(35,826)	(316,374)	76,435	(275,765)	242,337
Accrued Expenses	20,259	5,307	9,422	34,988	1,774
Accrued Compensated Absences	14,957	10,033	9,750	34,740	-
Total Adjustments	<u>452,673</u>	<u>208,195</u>	<u>96,780</u>	<u>757,648</u>	<u>811,510</u>
Net Cash Provided by Operating Activities	<u>\$ 531,439</u>	<u>\$ 761,670</u>	<u>\$ 11,905</u>	<u>\$ 1,305,014</u>	<u>\$ 1,617,772</u>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF NET POSITION
OIL ROYALTY TRUST FUND
December 31, 2013

	<u>PRIVATE PURPOSE TRUST</u>
ASSETS	
Cash and Investments	\$ 841,399
Accounts Receivable	3,159
Due from Other Funds	<u>466,500</u>
 TOTAL ASSETS	 <u>1,311,058</u>
 NET POSITION	 <u><u>\$ 1,311,058</u></u>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF CHANGES IN NET POSITION
 OIL ROYALTY TRUST FUND
 Year Ended December 31, 2013

	PRIVATE PURPOSE TRUST
ADDITIONS	
Oil Royalties	\$ 37,593
Contributions	1,600
Investment Income	483
	<hr/>
TOTAL ADDITIONS	39,676
	<hr/>
DEDUCTIONS	
Purchased Services	7,811
Scholarships	8,000
Donations	17,470
	<hr/>
TOTAL DEDUCTIONS	33,281
	<hr/>
CHANGE IN NET POSITION	6,395
	<hr/>
NET POSITION, Beginning	1,304,663
	<hr/>
NET POSITION, Ending	<u>\$ 1,311,058</u>

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

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

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

In the fund financial statements, the Town reports the following major governmental funds:

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

The *Street and Alley Fund* accounts for revenues from specific sources and to account for the construction and maintenance of the Town's streets and alleys

The *Open Space Fund* accounts for allocated impact fee and sales tax revenues approved by voters to provide funding for the acquire and maintain open space areas within the Town.

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

The Town reports the following major proprietary funds:

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

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

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

Additionally, the Town reports the following fund type:

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets' lives are not capitalized.

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

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

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation time up to 160 hours. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time at their current pay rate.

Employees are not compensated for any of their accrued sick time.

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

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

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

TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

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

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

Property Taxes

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

TOWN OF FREDERICK, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

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

Legal Compliance

At December 31, 2013, actual expenditures in the Storm Water Fund exceeded its budgeted amounts by \$2,857. This may be a violation of State Statute.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2013 follows:

Petty Cash	\$ 450
Cash Deposits	8,954,310
Investments	<u>21,520,404</u>
Total	<u>\$ 30,475,164</u>

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

Cash and Investments	\$ 27,212,565
Restricted Cash and Investments	2,421,200
Fiduciary Funds	<u>841,399</u>
Total	<u>\$ 30,475,164</u>

TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2013, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

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

At December 31, 2013, the Town had deposits with financial institutions with a carrying amount of \$8,954,310. The bank balances with the financial institutions were \$9,144,456. Of these balances, \$500,000 was covered by federal depository insurance and \$8,644,456 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

As of December 31, 2013 the Town had the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>	
		<u>0 – 1 Years</u>	<u>1 – 5 Years</u>
U.S. Government Securities	\$ 1,534,995	\$ 1,017,730	\$ 517,265
U.S. Government Agencies	5,792,562	-	5,792,562
Corporate Bonds	2,591,453	1,015,605	1,575,848
Local Government Investment Pools	<u>11,601,394</u>	<u>11,601,394</u>	<u>-</u>
Total	<u>\$ 21,520,404</u>	<u>\$ 13,634,729</u>	<u>\$ 7,885,675</u>

Interest Rate Risk

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

TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Investments (Continued)

Credit Risk

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

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

The above investments are authorized for all funds and fund types used by Colorado municipalities. The Town's securities at December 31, 2013, are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Services for its U.S. Government Agencies and Securities. The Town's Corporate Debt and Commercial Paper is rated at least AA- by Standard and Poor's and Aa3 by Moody's Investors Services.

The Town had invested \$5,526,963 in the Colorado Government Liquid Asset Trust (COLOTRUST) and \$6,074,431 in the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. They operate similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrust and CSAFE are rated AAAM by Standard and Poor's.

Restricted Cash

Cash is restricted for the following purposes:

2013 Lease Proceeds – Public Works Facility	<u>\$ 2,421,200</u>
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TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 is summarized below:

	<u>Balances</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/13</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 3,385,989	\$ 668,809	\$ -	\$ 4,054,798
Construction in Process	<u>-</u>	<u>112,732</u>	<u>-</u>	<u>112,732</u>
Total Capital Assets, not depreciated	<u>3,385,989</u>	<u>781,541</u>	<u>-</u>	<u>4,167,530</u>
Capital Assets, depreciated				
Buildings	3,139,302	-	-	3,139,302
Improvements other than buildings	7,759,558	195,695	-	7,955,253
Infrastructure	33,051,024	-	-	33,051,024
Equipment	<u>3,128,013</u>	<u>219,703</u>	<u>95,504</u>	<u>3,252,212</u>
Total Capital Assets, depreciated	<u>47,077,897</u>	<u>415,398</u>	<u>95,504</u>	<u>47,397,791</u>
Less Accumulated Depreciation				
Buildings	735,691	67,461	-	803,152
Improvements	1,430,783	200,480	-	1,631,263
Infrastructure	17,296,393	1,568,990	-	18,865,383
Equipment	<u>1,892,337</u>	<u>241,550</u>	<u>3,683</u>	<u>2,130,204</u>
Total Accumulated Depreciation	<u>21,355,204</u>	<u>2,078,481</u>	<u>3,683</u>	<u>23,430,002</u>
Total Capital Assets, depreciated, Net	<u>25,722,693</u>	<u>(1,663,083)</u>	<u>(91,821)</u>	<u>23,967,789</u>
Governmental Activities, Capital Assets, Net	<u>\$ 29,108,682</u>	<u>\$ (881,542)</u>	<u>\$ (91,821)</u>	<u>\$ 28,135,319</u>

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

Governmental Activities

General Government	\$ 130,175
Public Safety	114,469
Public Works	<u>1,833,837</u>
Total	<u>\$ 2,078,481</u>

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/13</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 1,045,519	\$ -	\$ -	\$ 1,045,519
Water Rights	33,313,508	4,625,224	189,520	37,749,212
System Enhancement	1,019,000	-	-	1,019,000
Construction in Progress	<u>731,083</u>	<u>85,841</u>	<u>156,271</u>	<u>660,653</u>
Total Capital Assets, not depreciated	<u>36,109,110</u>	<u>4,711,065</u>	<u>345,791</u>	<u>40,474,384</u>
Capital Assets, depreciated				
Intangible Assets	74,850	-	-	74,850
Buildings	475,826	-	-	475,826
Utility Systems	16,579,016	-	-	16,579,016
Equipment	<u>246,775</u>	<u>20,111</u>	-	<u>266,886</u>
Total Capital Assets, depreciated	<u>17,376,467</u>	<u>20,111</u>	-	<u>17,396,578</u>
Less: Accumulated Depreciation				
Intangible Assets	47,717	10,693	-	58,410
Buildings	75,081	11,896	-	86,977
Utility Systems	5,358,686	401,411	-	5,760,097
Equipment	<u>131,368</u>	<u>28,164</u>	-	<u>159,532</u>
Total Accumulated Depreciation	<u>5,612,852</u>	<u>452,164</u>	-	<u>6,065,016</u>
Total Capital Assets, depreciated, Net	<u>11,763,615</u>	<u>(432,053)</u>	-	<u>11,331,562</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 47,872,725</u>	<u>\$ 4,279,011</u>	<u>\$ (345,791)</u>	<u>\$ 51,805,946</u>

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

Business-type Activities

Water Fund	\$ 288,580
Electric Fund	<u>161,244</u>
Total	<u>\$ 452,164</u>

TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2013.

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/13</u>	Due In <u>One Year</u>
Capital Leases	\$ 5,837	\$ -	\$ 5,837	\$ -	\$ -
PW Facility – Loan	-	2,450,000	-	2,450,000	120,506
Revenue Bonds	3,945,000	-	215,000	3,730,000	225,000
Accrued Compensated Absences	<u>138,427</u>	<u>20,924</u>	<u>-</u>	<u>159,351</u>	<u>-</u>
Total	<u>\$ 4,089,264</u>	<u>\$ 2,470,924</u>	<u>\$ 220,837</u>	<u>\$ 6,339,351</u>	<u>\$ 345,506</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

Revenue Bonds

2006 Sales and Use Tax Revenue Bonds were issued to finance a portion of the construction and improvements of the section of Weld County Road 13 within the Town limits. Principal and interest payments are due annually on December 15 through December 15, 2026. Interest accrues at a rate of 4.25%.

Public Works Facility Loan

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

Capital Leases

The Town has entered into several capital lease agreements to purchase vehicles and equipment which will be paid from revenues of the General, Park Improvement, and Street and Alley Funds. These leases require interest to be paid ranging from 3.95% to 7.15%. These leases matured during the year ended December 31, 2013.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements

Annual debt service requirements for the outstanding bonds and loans at December 31, 2013 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 345,506	\$ 206,645	\$ 552,151
2015	322,735	228,165	550,990
2016	330,662	215,838	546,500
2017	344,121	202,779	546,900
2018	357,491	189,409	546,900
2019 - 2023	2,017,182	720,420	2,737,602
2024 - 2028	1,691,400	292,579	1,983,979
2029 - 2032	<u>770,903</u>	<u>77,297</u>	<u>848,200</u>
Total Debt Service Requirements	<u>\$ 6,180,000</u>	<u>\$ 2,133,132</u>	<u>\$ 8,313,132</u>

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2013.

	<u>Balance</u>		<u>Payments</u>	<u>Balance</u>	<u>Due In</u>
	<u>12/31/12</u>	<u>Additions</u>		<u>12/31/13</u>	<u>One Year</u>
2003 Water Revenue					
Note Payable	\$ 695,136	\$ -	\$ 695,136	\$ -	\$ -
Accrued Compensated Absences	<u>-</u>	<u>34,740</u>	<u>-</u>	<u>34,740</u>	<u>-</u>
Total	<u>\$ 695,136</u>	<u>\$ 34,740</u>	<u>\$ 695,136</u>	<u>\$ 34,740</u>	<u>\$ -</u>

Water Revenue Note Payable

2003 Water Revenue Note Payable was issued to pay for improvements to rehabilitate Milavec Lake. Principal payments are due annually on December 1 and interest payments are due semi-annually on June 1 and December 1, through January 1, 2024. Interest accrues at a rate of 4.50%. This note was paid off by the Town during year ended December 31, 2013.

TOWN OF FREDERICK, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2013, were comprised of the following:

Capital Facilities Fund	\$ 106,847
Water Fund	92,666
Electric Fund	387,500
Storm Water Fund	<u>18,956</u>
Transfer to the General Fund	<u>\$ 605,969</u>
Open Space Fund	\$ 225,000
Water Fund	225,000
Electric Fund	225,000
Storm Water Fund	<u>100,000</u>
Transfer to the Capital Facilities Fund	<u>\$ 775,000</u>

The transfers to the General Fund were made to assist with operating and administrative costs. The transfers to the Capital Facilities Fund were made to assist with the purchase and construction of the Public Works Facility. These transfers are budgeted annually.

NOTE 7: RETIREMENT COMMITMENTS

Police Pension Plan

Plan Description – The Town’s full-time police officers participate in an FPPA Supplemental Social Security Program designed to provide supplementary coverage under the statewide plan. The FPPA Social Security Supplemental Retirement Plan was implemented on January 1, 2007, and provides a benefit payable over a member’s lifetime based upon his/her Highest Average Salary (HAS) and years of service. It is supplemental to any Social Security benefits that a member may receive. The new plan is designed to give half the benefit of the Statewide Defined Benefit Plan for half the cost. The employer and member each contribute 4 percent.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by contacting FPPA.

Funding Policy – The contribution requirements of plan members and the Town are established and may be amended by the State legislature. Both the Town and the employee contribute 4.0% of the employee’s covered salary. The Town and employee contributions to the Plan for the years ending December 31, 2012 and 2013 were \$42,516 and \$40,985, respectively, equal to the required contributions.

TOWN OF FREDERICK, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Deferred Compensation Plan

All full-time employees are eligible to participate in a voluntary 457 Deferred Comp Plan. The Plan is administered by the International City/County Management Association (ICMA-RC). The Town matches up to 4%. The Town contributed \$47,967 and \$51,961 to the plan for the years ended December 31, 2012 and 2013, respectively, equal to the required contribution.

NOTE 8: RISK MANAGEMENT

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

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 8, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated pursuant to its existing sales and use tax code by the Town in 1994 and subsequent years for debt services, municipal operations, capital projects, and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2013, the emergency reserve of \$242,000 was recorded in the General Fund.

NOTE 10: SUBSEQUENT EVENTS

The Town has evaluated subsequent events through the date which the financial statements were issued. There were no material subsequent events that required recognition or additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FREDERICK, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes and Fees	\$ 2,888,356	\$ 3,444,623	\$ 3,593,227	\$ 148,604	\$ 3,175,921
Licenses and Permits	500,000	799,437	802,059	2,622	776,188
Fines and Forfeitures	125,000	152,247	152,247	-	125,076
Grants and Contributions	65,300	191,046	170,598	(20,448)	113,447
Interest	1,500	29,195	20,364	(8,831)	12,272
Miscellaneous	52,400	73,815	75,220	1,405	65,709
TOTAL REVENUES	<u>3,632,556</u>	<u>4,690,363</u>	<u>4,813,715</u>	<u>123,352</u>	<u>4,268,613</u>
EXPENDITURES					
General Government	2,462,995	2,465,615	1,794,940	670,675	2,427,308
Public Safety	2,376,012	2,376,012	2,157,038	218,974	1,926,518
Public Works	215,445	215,445	172,745	42,700	638,034
Capital Outlay	-	-	-	-	175,005
Debt Service					
Principal	-	-	-	-	15,958
Interest	-	-	-	-	2,798
TOTAL EXPENDITURES	<u>5,054,452</u>	<u>5,057,072</u>	<u>4,124,723</u>	<u>932,349</u>	<u>5,185,621</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,421,896)</u>	<u>(366,709)</u>	<u>688,992</u>	<u>1,055,701</u>	<u>(917,008)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	<u>547,140</u>	<u>617,662</u>	<u>605,969</u>	<u>(11,693)</u>	<u>2,002,028</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>547,140</u>	<u>617,662</u>	<u>605,969</u>	<u>(11,693)</u>	<u>2,002,028</u>
NET CHANGE IN FUND BALANCE	(874,756)	250,953	1,294,961	1,044,008	1,085,020
FUND BALANCE, Beginning	<u>1,568,762</u>	<u>1,568,762</u>	<u>2,795,945</u>	<u>1,227,183</u>	<u>1,710,925</u>
FUND BALANCE, Ending	<u>\$ 694,006</u>	<u>\$ 1,819,715</u>	<u>\$ 4,090,906</u>	<u>\$ 2,271,191</u>	<u>\$ 2,795,945</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

STREET AND ALLEY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes and Fees	\$ 1,090,900	\$ 1,241,932	\$ 1,614,677	\$ 372,745	\$ 1,424,912
Charges for Services	378,000	433,943	433,943	-	375,293
Interest	700	3,491	1,167	(2,324)	9,032
Miscellaneous	686,681	373,281	(26,868)	(400,149)	1,108
TOTAL REVENUES	<u>2,156,281</u>	<u>2,052,647</u>	<u>2,022,919</u>	<u>(29,728)</u>	<u>1,810,345</u>
EXPENDITURES					
Public Works	936,715	1,116,584	780,065	336,519	610,505
Capital Outlay	630,000	553,000	860,266	(307,266)	478,888
Debt Service					
Principal	215,000	215,000	215,000	-	266,779
Interest	168,240	168,410	168,410	-	177,060
TOTAL EXPENDITURES	<u>1,949,955</u>	<u>2,052,994</u>	<u>2,023,741</u>	<u>29,253</u>	<u>1,533,232</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>206,326</u>	<u>(347)</u>	<u>(822)</u>	<u>(475)</u>	<u>277,113</u>
OTHER FINANCING USES					
Transfers Out	-	-	-	-	(386,199)
NET CHANGE IN FUND BALANCE	206,326	(347)	(822)	(475)	(109,086)
FUND BALANCE, Beginning	<u>1,543,349</u>	<u>1,543,349</u>	<u>1,700,241</u>	<u>156,892</u>	<u>1,809,327</u>
FUND BALANCE, Ending	<u>\$ 1,749,675</u>	<u>\$ 1,543,002</u>	<u>\$ 1,699,419</u>	<u>\$ 156,417</u>	<u>\$ 1,700,241</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

OPEN SPACE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 350,000	\$ 626,717	\$ 653,442	\$ 26,725	\$ 520,998
Open Space Fees	75,000	235,631	102,001	(133,630)	240,260
Grants and Contributions	250,000	9,065	9,065	-	117,103
Interest Income	500	599	1,176	577	7,391
TOTAL REVENUES	<u>675,500</u>	<u>872,012</u>	<u>765,684</u>	<u>(106,328)</u>	<u>885,752</u>
EXPENDITURES					
Public Works	136,745	136,745	117,091	19,654	30,988
Capital Outlay	836,000	8,367	-	8,367	919,210
TOTAL EXPENDITURES	<u>972,745</u>	<u>145,112</u>	<u>117,091</u>	<u>28,021</u>	<u>950,198</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(297,245)</u>	<u>726,900</u>	<u>648,593</u>	<u>(78,307)</u>	<u>(64,446)</u>
OTHER FINANCING USES					
Transfers Out	-	(361,604)	(225,000)	136,604	(363,893)
TOTAL OTHER FINANCING USES	<u>-</u>	<u>(361,604)</u>	<u>(225,000)</u>	<u>136,604</u>	<u>(363,893)</u>
NET CHANGE IN FUND BALANCES	<u>(297,245)</u>	<u>365,296</u>	<u>423,593</u>	<u>58,297</u>	<u>(428,339)</u>
FUND BALANCES, Beginning	<u>1,974,531</u>	<u>1,974,531</u>	<u>1,800,052</u>	<u>(174,479)</u>	<u>2,228,391</u>
FUND BALANCES, Ending	<u>\$ 1,677,286</u>	<u>\$ 2,339,827</u>	<u>\$ 2,223,645</u>	<u>\$ (116,182)</u>	<u>\$ 1,800,052</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

CAPITAL FACILITIES FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Capital Improvement Fees	\$ 225,000	\$ 225,000	\$ 307,805	\$ 82,805	\$ 332,000
Charges for Services	-	-	-	-	800
Grants and Contributions	1,100	1,100	-	(1,100)	7,393
Interest Income	-	-	2,145	2,145	1,184
TOTAL REVENUES	<u>226,100</u>	<u>226,100</u>	<u>309,950</u>	<u>83,850</u>	<u>341,377</u>
EXPENDITURES					
Public Works	23,000	155,742	2,411	153,331	37,951
Capital Outlay	2,300,000	875,197	763,935	111,262	-
Debt Service	175,000	-	-	-	-
TOTAL EXPENDITURES	<u>2,498,000</u>	<u>1,030,939</u>	<u>766,346</u>	<u>264,593</u>	<u>37,951</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,271,900)</u>	<u>(804,839)</u>	<u>(456,396)</u>	<u>348,443</u>	<u>303,426</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	775,000	775,000	-
Transfers Out	(122,296)	-	(106,847)	(106,847)	-
Capital Lease Proceeds	2,300,000	2,300,000	2,450,000	150,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,177,704</u>	<u>2,300,000</u>	<u>3,118,153</u>	<u>818,153</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(94,196)	1,495,161	2,661,757	1,166,596	303,426
FUND BALANCES, Beginning	<u>627,957</u>	<u>627,957</u>	<u>657,533</u>	<u>29,576</u>	<u>354,107</u>
FUND BALANCES, Ending	<u>\$ 533,761</u>	<u>\$ 2,123,118</u>	<u>\$ 3,319,290</u>	<u>\$ 1,196,172</u>	<u>\$ 657,533</u>

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

TOWN OF FREDERICK, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2013

	SPECIAL REVENUE		TOTALS	
	CONSERVATION	PARK		
	TRUST FUND	IMPROVEMENT FUND	2013	2012
ASSETS				
Cash and Investments	\$ 155,041	\$ 895,057	\$ 1,050,098	\$ 1,316,632
Accounts Receivable	-	-	-	81
TOTAL ASSETS	\$ 155,041	\$ 895,057	\$ 1,050,098	\$ 1,316,713
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ 8,536	\$ 8,536	\$ 3,362
Accrued Liabilities	-	9,755	9,755	-
TOTAL LIABILITIES	-	18,291	18,291	3,362
FUND EQUITY				
Fund Balance				
Restricted for Parks & Recreation	155,041	-	155,041	309,490
Committed for Parks, Open Space, and Capital Outlay	-	876,766	876,766	1,003,861
TOTAL FUND EQUITY	155,041	876,766	1,031,807	1,313,351
TOTAL LIABILITIES AND FUND BALANCES	\$ 155,041	\$ 895,057	\$ 1,050,098	\$ 1,316,713

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended December 31, 2013

	SPECIAL REVENUE		TOTALS	
	CONSERVATION	PARK		
	TRUST FUND	IMPROVEMENT FUND	2013	2012
REVENUES				
Intergovernmental	\$ 48,696	\$ -	\$ 48,696	\$ 43,842
Park Impact Fees	-	206,020	206,020	208,000
Charges for Services	-	51,270	51,270	50,106
Interest Income	116	506	622	3,876
TOTAL REVENUES	48,812	257,796	306,608	305,824
EXPENDITURES				
Public Works	-	384,891	384,891	99,553
Parks and Recreation	203,261	-	203,261	22,888
Capital Outlay	-	-	-	63,990
TOTAL EXPENDITURES	203,261	384,891	588,152	186,431
NET CHANGE IN FUND BALANCE	(154,449)	(127,095)	(281,544)	119,393
FUND BALANCES, Beginning	309,490	1,003,861	1,313,351	1,193,958
FUND BALANCES, Ending	\$ 155,041	\$ 876,766	\$ 1,031,807	\$ 1,313,351

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Intergovernmental	\$ 36,000	\$ 48,696	\$ 48,696	\$ -	\$ 43,842
Interest Income	-	116	116	-	40
TOTAL REVENUES	36,000	48,812	48,812	-	43,882
EXPENDITURES					
Parks and Recreation	266,500	266,500	203,261	63,239	22,888
TOTAL EXPENDITURES	266,500	266,500	203,261	63,239	22,888
NET CHANGE IN FUND BALANCE	(230,500)	(217,688)	(154,449)	63,239	20,994
FUND BALANCE, Beginning	308,608	308,608	309,490	882	288,496
FUND BALANCE, Ending	\$ 78,108	\$ 90,920	\$ 155,041	\$ 64,121	\$ 309,490

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

PARK IMPROVEMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Park Impact Fees	\$ 150,000	\$ 206,020	\$ 206,020	\$ -	\$ 208,000
Charges for Services	50,100	51,270	51,270	-	50,106
Interest Income	200	209	506	297	3,836
TOTAL REVENUES	<u>200,300</u>	<u>257,499</u>	<u>257,796</u>	<u>297</u>	<u>261,942</u>
EXPENDITURES					
Public Works	807,063	407,875	384,891	22,984	99,553
Capital Outlay	-	-	-	-	63,990
TOTAL EXPENDITURES	<u>807,063</u>	<u>407,875</u>	<u>384,891</u>	<u>22,984</u>	<u>163,543</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(606,763)</u>	<u>(150,376)</u>	<u>(127,095)</u>	<u>23,281</u>	<u>98,399</u>
NET CHANGE IN FUND BALANCES	(606,763)	(150,376)	(127,095)	23,281	98,399
FUND BALANCES, Beginning	<u>859,975</u>	<u>859,975</u>	<u>1,003,861</u>	<u>143,886</u>	<u>905,462</u>
FUND BALANCES, Ending	<u>\$ 253,212</u>	<u>\$ 709,599</u>	<u>\$ 876,766</u>	<u>\$ 167,167</u>	<u>\$ 1,003,861</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ 1,818,800	\$ 1,818,800	\$ 1,959,364	\$ 140,564	\$ 2,022,144
Contributions	206,800	206,800	829,239	622,439	2,097,177
Interest Income	2,100	2,100	2,085	(15)	34,345
Miscellaneous	1,000,000	1,000,000	49,612	(950,388)	1,791
Transfers In	977,670	977,670	-	(977,670)	-
TOTAL REVENUES	4,005,370	4,005,370	2,840,300	(1,165,070)	4,155,457
EXPENDITURES					
Administration	424,910	424,910	302,152	122,758	148,629
Operations	2,221,520	2,916,657	1,337,138	1,579,519	2,591,422
Capital Outlay	853,000	4,772,955	4,690,224	82,731	1,194,607
Depreciation Expense	279,160	279,160	290,920	(11,760)	280,973
Debt Service	-	-	700,590	(700,590)	80,502
Transfers Out	-	225,000	317,666	(92,666)	621,247
TOTAL EXPENDITURES	3,778,590	8,618,682	7,638,690	979,992	4,917,380
NET INCOME, Budget Basis	\$ 226,780	\$ (4,613,312)	(4,798,390)	\$ (185,078)	(761,923)
GAAP BASIS ADJUSTMENTS					
Capital Outlay			4,690,224		1,179,387
Principal Paid on Long-Term Debt			695,136		47,834
NET INCOME, GAAP Basis			586,970		465,298
NET POSITION, Beginning			50,994,613		50,529,315
NET POSITION, Ending			\$ 51,581,583		\$ 50,994,613

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

ELECTRIC FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ 7,750,000	\$ 6,089,495	\$ 6,108,635	\$ 19,140	\$ 8,497,899
Contribution	97,000	155,000	134,459	(20,541)	135,200
Interest Income	2,400	2,000	6,404	4,404	42,507
Miscellaneous	27,003,000	30,409	31,015	606	40,640
Transfers In	860,215	-	-	-	-
TOTAL REVENUES	<u>35,712,615</u>	<u>6,276,904</u>	<u>6,280,513</u>	<u>3,609</u>	<u>8,716,246</u>
EXPENDITURES					
Administration	488,030	100,530	88,743	11,787	16,321
Operations	8,216,770	6,879,270	5,336,188	1,543,082	6,945,436
Capital Outlay	27,000,000	-	-	-	490,701
Depreciation Expense	151,960	151,960	161,244	(9,284)	160,557
Transfers Out	387,500	612,500	612,500	-	308,539
TOTAL EXPENDITURES	<u>36,244,260</u>	<u>7,744,260</u>	<u>6,198,675</u>	<u>1,545,585</u>	<u>7,921,554</u>
NET INCOME, Budget Basis	<u>\$ (531,645)</u>	<u>\$ (1,467,356)</u>	81,838	<u>\$ 1,549,194</u>	794,692
GAAP BASIS ADJUSTMENTS					
Capital Outlay			-		490,701
NET INCOME, GAAP Basis			81,838		1,285,393
NET POSITION, Beginning			<u>14,854,295</u>		<u>13,568,902</u>
NET POSITION, Ending			<u>\$ 14,936,133</u>		<u>\$ 14,854,295</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

STORM WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Drainage Fees	\$ 196,550	\$ 415,624	\$ 424,315	\$ 8,691	\$ 411,051
Contributions	405,000	405,000	396,182	(8,818)	206,362
Interest Income	200	200	668	468	3,590
Transfers In	134,000	-	-	-	-
TOTAL REVENUES	<u>735,750</u>	<u>820,824</u>	<u>821,165</u>	<u>341</u>	<u>621,003</u>
EXPENDITURES					
Operations	389,309	553,896	509,190	44,706	8,510
Capital Outlay	-	-	40,952	(40,952)	124,955
Depreciation Expense	-	2,339	-	2,339	195
Transfers Out	-	100,256	118,956	(18,700)	322,150
TOTAL EXPENDITURES	<u>389,309</u>	<u>656,491</u>	<u>669,098</u>	<u>(12,607)</u>	<u>455,810</u>
NET INCOME, Budget Basis	<u>\$ 346,441</u>	<u>\$ 164,333</u>	152,067	<u>\$ (12,266)</u>	165,193
GAAP BASIS ADJUSTMENTS					
Capital Outlay			<u>40,952</u>		<u>124,955</u>
NET INCOME, GAAP Basis			193,019		290,148
NET POSITION, Beginning			<u>1,184,229</u>		<u>894,081</u>
NET POSITION, Ending			<u>\$ 1,377,248</u>		<u>\$ 1,184,229</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

OIL ROYALTY TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2013

	2013			VARIANCE Positive (Negative)	2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Oil Royalties	\$ 50,000	\$ 37,593	\$ 37,593	\$ -	\$ 63,025
Contributions	-	1,600	1,600	-	-
Investment Income	300	205	483	278	5,188
TOTAL REVENUES	50,300	39,398	39,676	278	68,213
EXPENDITURES					
Purchased Services	15,000	15,000	7,811	7,189	28,672
Scholarships	8,000	8,000	8,000	-	6,000
Donations	117,000	17,000	17,470	(470)	17,850
Transfers out	-	466,500	-	466,500	-
TOTAL EXPENDITURES	140,000	506,500	33,281	473,219	52,522
CHANGE IN NET POSITION	(89,700)	(467,102)	6,395	473,497	15,691
NET ASSETS, Beginning	1,275,992	1,275,992	1,304,663	28,671	1,288,972
NET ASSETS Ending	<u>\$ 1,186,292</u>	<u>\$ 808,890</u>	<u>\$ 1,311,058</u>	<u>\$ 502,168</u>	<u>\$ 1,304,663</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Frederick
		YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of Town of Frederick	Prepared By: Phone:	Mitzi McCoy 720-382-5500

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)	116,030
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	744,092
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		b. Snow and ice removal	33,931
3. Other local imposts (from page 2)	1,054,918	c. Other	53,807
4. Miscellaneous local receipts (from page 2)	18,478	d. Total (a. through c.)	87,738
5. Transfers from toll facilities		4. General administration & miscellaneous	272,125
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,219,985
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)	1,073,396	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	410,325	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	168,260
E. Total receipts (A.7 + B + C + D)	1,483,721	b. Redemption	215,000
		c. Total (a. + b.)	383,260
		3. Total (1.c + 2.c)	383,260
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			1,603,245

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
	1,994,611	1,483,721	1,603,245	1,875,087	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2013	
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	1,167
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	597,623	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	373,281	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	84,014	g. Other Misc. Receipts	17,311
6. Total (1. through 5.)	1,054,918	h. Other	
c. Total (a. + b.)	1,054,918	i. Total (a. through h.)	18,478
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	366,647	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	43,678	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	43,678	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	410,325	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			116,030
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	116,030
			(Carry forward to page 1)
Notes and Comments:			