

**TOWN OF FREDERICK, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2011**

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Title Page	
Table of Contents	
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	
Management's Discussion and Analysis	i - viii
<b>Basic Financial Statements</b>	
Government Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Assets –Proprietary Fund Type	6
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund Type	7
Statement of Cash Flows - Proprietary Fund Type	8
Statement of Net Assets – Fiduciary Fund	9
Statement of Changes in Net Assets – Fiduciary Fund	10
Notes to Financial Statements	11 – 28

**TABLE OF CONTENTS**  
(Continued)

	<u>PAGE</u>
<b>FINANCIAL SECTION</b> (Continued)	
<b>Required Supplementary Information</b>	
General Fund - Budgetary Comparison Schedule	29
Street and Alley Fund - Budgetary Comparison Schedule	30
Open Space Fund - Budgetary Comparison Schedule	31
<b>Combining and Individual Fund Schedules</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	32
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds	33
Conservation Trust Fund – Budgetary Comparison Schedule	34
Capital Facilities Fund – Budgetary Comparison Schedule	35
Park Fund – Budgetary Comparison Schedule	36
Water Fund - Budgetary Comparison Schedule	37
Electric Fund - Budgetary Comparison Schedule	38
Tri Area Drainage Fund - Budgetary Comparison Schedule	39
Oil Royalty Trust Fund - Budgetary Comparison Schedule	40
<b>STATE COMPLIANCE</b>	
Local Highway Finance Report	41 - 42

## **FINANCIAL SECTION**



## JOHN CUTLER & ASSOCIATES

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

### INDEPENDENT AUDITORS' REPORT

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, 2011, 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Frederick, Colorado, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Frederick, Colorado's financial statements. The combining and individual fund schedules and state compliance, 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*

September 24, 2012

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, 2011. 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 financial status improved over the course of the 2011 fiscal year. Total net assets increased 2.4%.
- General revenues account for \$4,001,795 or 22% of all revenues. The Town had \$14,081,799 in program specific revenues in the form of charges for services, operating grants and contributions, and capital contributions.
- The Town had \$7,052,144 in expenses related to governmental activities, of which \$2,899,303 were offset by program specific charges for services and operating grants, contributions. Taxes of \$3,779,852 and other general revenues of \$10,744, and transfers in of \$1,252,365 as shown on the statement of activities, offset the costs.
- The Town had water, electric, and storm drainage charges for service income totaling \$10,132,946. Grants and capital contributions revenues totaled \$1,049,550. The cost of providing water, electric, and storm drainage services totaled \$8,733,693.
- Outlays for capital assets were primarily comprised of park improvements, trail improvements, street infrastructure additions. 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 \$4,460,333 at December 31, 2011.
- The Town's business-type funds have outstanding debt totaling \$742,970 at December 31, 2011.

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

The **statement of activities** presents information showing how the Town of Frederick's net assets changed during 2011. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses 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 Drainage.

### ***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 Drainage Funds. These funds are considered to be 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

	<b>Government-wide Statements</b>	<b><u>Fund Financial Statements</u></b>		
		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 drainage 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 Assets  Statement of Revenues, Expenses and Changes in Net Assets  Statement of Cash Flows	Statement of Fiduciary Net Assets  Statement of Changes in Fiduciary Net Assets
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 assets may serve over time as a useful indicator of the Town's financial position. For the year ending December 31, 2011, the Town's combined assets exceeded liabilities by \$97,442,498.

## TOWN OF FREDERICK, COLORADO CONDENSED STATEMENT OF NET ASSETS 2011/2010

	2011			2010
	Governmental Activities	Business- Type Activities	Total	Total
<b>Assets</b>				
Current Assets	9,140,320	19,748,443	28,888,763	25,321,181
Restricted Assets	-	74,297	74,297	78,871
Capital Assets - Net	29,524,367	46,519,407	76,043,774	77,566,181
<b>Total Assets</b>	<b>38,664,687</b>	<b>66,342,147</b>	<b>105,006,834</b>	<b>102,966,233</b>
<b>Liabilities</b>				
Current Liabilities	2,264,114	654,180	2,918,294	2,848,511
Long-Term Liabilities	3,950,373	695,669	4,646,042	4,972,981
<b>Total Liabilities</b>	<b>6,214,487</b>	<b>1,349,849</b>	<b>7,564,336</b>	<b>7,821,492</b>
<b>Net Assets</b>				
Invested in Capital Assets Net				
of Related Debt	25,290,652	45,776,437	71,067,089	72,265,774
Restricted	184,000	-	184,000	142,000
Unrestricted	6,975,548	19,215,861	26,191,409	22,736,967
<b>Total Net Assets at December 31</b>	<b>32,450,200</b>	<b>64,992,298</b>	<b>97,442,498</b>	<b>95,144,741</b>
Total Increase in Net Assets				2,297,757
Percent Increase in Net Assets				2.42%

The largest portion of the Town of Frederick's net assets (72%) 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 assets may be used to meet the Town's ongoing obligations to citizens and creditors.

The restricted portion of net assets (<1.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (\$26,191,409) 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 assets, for the government as a whole, as well as for its separate Governmental and Business-type Activities.

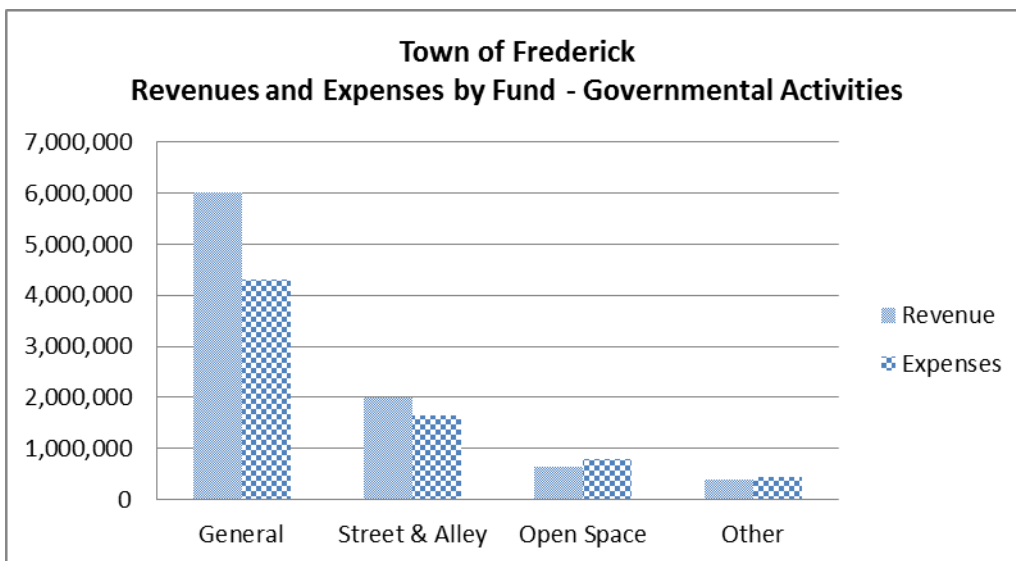
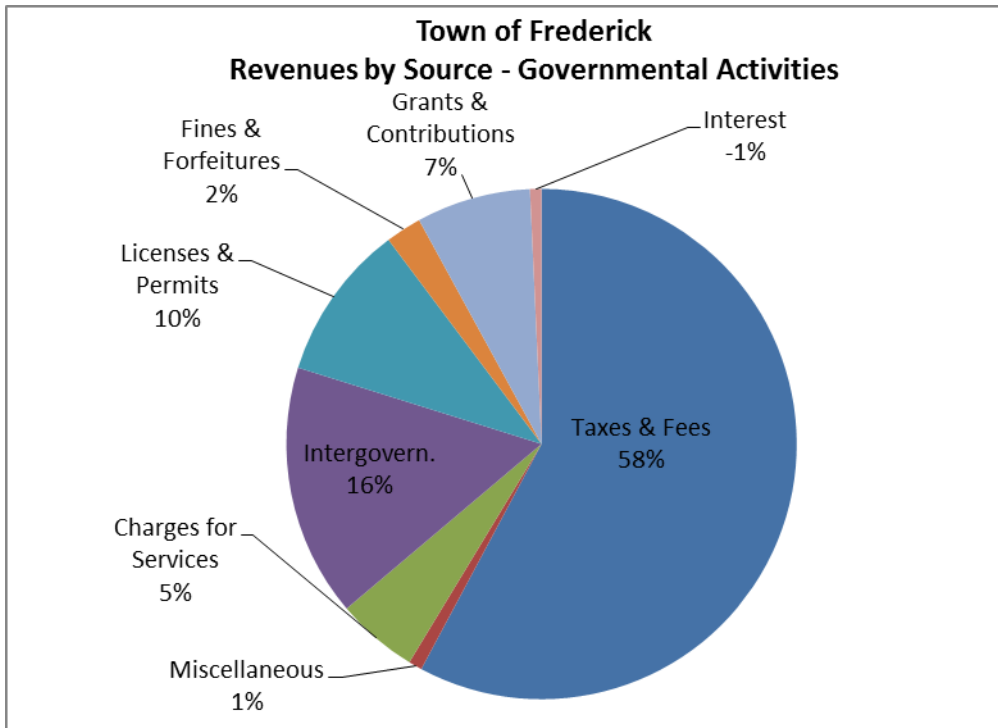
**TOWN OF FREDERICK, COLORADO  
CONDENSED STATEMENT OF ACTIVITIES  
2011/2010**

	2011			2010
	Governmental Activities	Business -Type Activities	Total	Total
<b>Revenues</b>				
<u>Program Revenues</u>				
Charges for Services	1,399,752	10,132,946	11,532,698	10,575,952
Operating Grants and Contributions	51,835	-	51,835	100,767
Capital Grants and Contributions	1,447,716	1,049,550	2,497,266	1,227,522
<u>General Revenues</u>				
Property Taxes	1,271,637	-	1,271,637	1,067,143
Sales and Use Taxes	2,126,021	-	2,126,021	1,708,480
Franchise Taxes	100,793	-	100,793	89,685
Other Taxes	281,401	-	281,401	192,672
Interest	(58,425)	211,199	152,774	148,872
Other Revenues	69,169	-	69,169	408,428
Transfers	1,252,365	(1,252,365)	-	-
<b>Total Revenues</b>	7,942,264	10,141,330	18,083,594	15,519,521
<b>Expenses</b>				
General Government	2,116,657	-	2,116,657	2,267,997
Public Safety	1,656,592	-	1,656,592	1,649,002
Public Works	3,086,329	-	3,086,329	3,210,829
Interest on Long-Term Debt	192,566	-	192,566	200,640
Water	-	2,128,544	2,128,544	1,223,247
Electric	-	6,562,084	6,562,084	6,489,882
Tri-area Drainage	-	6,813	6,813	642
Interest on Long-Term Debt	-	36,252	36,252	56,427
<b>Change in Net Assets</b>	890,120	1,407,637	2,297,757	420,855

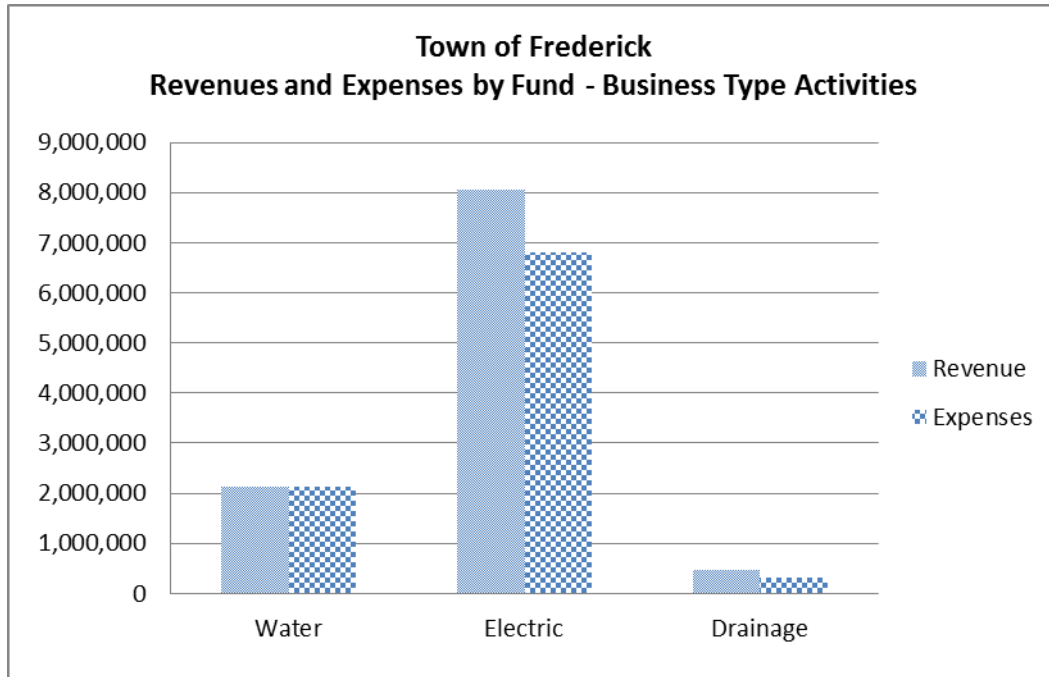
**Financial Analysis of the Town's Funds**

**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. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the Town's governmental funds reported a combined ending fund balance of \$7,296,708 an increase of \$1,829,533. The increase in fund balance is attributed to increases in revenues as well as slight decreases in expenditures.



**Business-type Activities.** Net assets in Business-type Activities increased by \$1,407,637 primarily due to an increase revenues and capital contributions. The Electric Fund represents \$1,247,896 of the increase in net assets, the Water Fund represents \$7,624 and the Tri-Area Drainage represents \$152,117. Charges for services for business-type activities increased \$329,954 in 2011. Operating revenues increased \$334,591. Operating expenses increased \$983,670.



### **General Fund Budgetary Highlights**

The Town budgeted for General Fund expenditures of \$4,670,090 for the year ended December 31, 2011. Actual expenditures were \$4,320,305. The Town budgeted \$2,683,200 in revenues for the General Fund and actual revenues were \$3,682,114. The fund balance in the General Fund increased \$1,706,285.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

By the end of 2011, the Town had invested \$76,043,774, 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 decrease of \$1,522,407 or 1.9% decrease from last year. Additional information on the Town's capital assets can be found in Note 4 to the financial statements. Total accumulated depreciation expense for the year was \$19,311,239 in the governmental activities and \$5,171,127 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 \$4,460,333 at December 31, 2011.

The Town's business-type funds have outstanding debt totaling \$742,970 at December 31, 2011.

## **Fiduciary Fund Activities**

### ***Oil Royalty Trust Fund***

The fund received \$93,577 of oil royalties and other revenue of \$14,662 and paid out \$30,487 in scholarships and support of other community organizations. The fund balance at December 31, 2011, is \$1,288,972.

### **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 ASSETS

As of December 31, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS	
			2011	2010
<b>ASSETS</b>				
Cash and Investments	\$ 7,264,235	\$ 18,772,474	\$ 26,036,709	\$ 23,090,809
Restricted Cash and Investments	-	74,297	74,297	78,871
Receivables				
Property Taxes	1,257,003	-	1,257,003	1,175,926
Sales and Other	522,259	-	522,259	252,940
Accounts	-	975,969	975,969	697,940
Bond Issue Costs, Net of Accumulated Amortization	96,823	-	96,823	103,566
Capital Assets, Not Depreciated	2,967,703	34,906,848	37,874,551	37,393,565
Capital Assets, Depreciated				
Net of Accumulated Depreciation	26,556,664	11,612,559	38,169,223	40,172,616
<b>TOTAL ASSETS</b>	<b>38,664,687</b>	<b>66,342,147</b>	<b>105,006,834</b>	<b>102,966,233</b>
<b>LIABILITIES</b>				
Accounts Payable	192,678	555,925	748,603	742,871
Accrued Salaries and Benefits	93,817	-	93,817	128,504
Accrued Interest	7,365	2,764	10,129	9,153
Accrued Compensated Absences	226,618	-	226,618	268,622
Deferred Revenues	1,257,003	-	1,257,003	1,175,926
Developer Escrow	203,291	-	203,291	157,761
Deposits	-	48,190	48,190	38,249
Noncurrent Liabilities				
Due within One Year	283,342	47,301	330,643	327,426
Due in More Than One Year	3,950,373	695,669	4,646,042	4,972,980
<b>TOTAL LIABILITIES</b>	<b>6,214,487</b>	<b>1,349,849</b>	<b>7,564,336</b>	<b>7,821,492</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	25,290,652	45,776,437	71,067,089	72,265,775
Restricted for Emergencies	184,000	-	184,000	142,000
Unrestricted	6,975,548	19,215,861	26,191,409	22,736,966
<b>TOTAL NET ASSETS</b>	<b>\$ 32,450,200</b>	<b>\$ 64,992,298</b>	<b>\$ 97,442,498</b>	<b>\$ 95,144,741</b>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 2,116,657	\$ 1,180	\$ 45,968	\$ 216,000
Public Safety	1,656,592	183,427	4,157	-
Public Works	3,086,329	1,157,993	1,710	935,730
Interest on Long-Term Debt	192,566	-	-	-
Total Governmental Activities	7,052,144	1,399,752	51,835	1,447,716
<b>Business-Type Activities</b>				
Water	2,128,544	1,718,443	-	1,049,550
Electric	6,562,084	7,951,090	-	-
Tri-Area Drainage	6,813	463,413	-	-
Interest on Long-Term Debt	36,252	-	-	-
Total Business-Type Activities	8,733,693	10,132,946	-	1,049,550
Total Primary Government	\$ 15,785,837	\$ 11,532,698	\$ 51,835	\$ 2,497,266

GENERAL REVENUES

Sales Taxes  
Property Taxes  
Franchise Taxes  
Other Taxes  
Interest  
Other

TRANSFERS

TOTAL GENERAL REVENUES  
AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS, Beginning

NET ASSETS, Ending

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



NET (EXPENSE) REVENUE AND  
CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2011	2010
\$ (1,853,509)	\$ -	\$ (1,853,509)	\$ (2,267,997)
(1,469,008)	-	(1,469,008)	(1,160,157)
(990,896)	-	(990,896)	(2,198,294)
(192,566)	-	(192,566)	(200,640)
<u>(4,152,841)</u>	<u>-</u>	<u>(4,152,841)</u>	<u>(5,827,088)</u>
-	639,449	639,449	1,027,948
-	1,389,006	1,389,006	1,182,750
-	456,600	456,600	478,392
-	(36,252)	(36,252)	(56,427)
<u>-</u>	<u>2,448,803</u>	<u>2,448,803</u>	<u>2,632,663</u>
(4,152,841)	2,448,803	(1,704,038)	(3,194,425)
2,126,021	-	2,126,021	1,708,480
1,271,637	-	1,271,637	1,067,143
100,793	-	100,793	89,685
281,401	-	281,401	192,672
(58,425)	211,199	152,774	148,872
69,169	-	69,169	408,428
<u>1,252,365</u>	<u>(1,252,365)</u>	<u>-</u>	<u>-</u>
<u>5,042,961</u>	<u>(1,041,166)</u>	<u>4,001,795</u>	<u>3,615,280</u>
890,120	1,407,637	2,297,757	420,855
<u>31,560,080</u>	<u>63,584,661</u>	<u>95,144,741</u>	<u>94,723,886</u>
<u>\$ 32,450,200</u>	<u>\$ 64,992,298</u>	<u>\$ 97,442,498</u>	<u>\$ 95,144,741</u>

TOWN OF FREDERICK, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2011

	General Fund	Street and Alley Fund	Open Space Fund	Other Governmental Funds	Total Governmental Funds	
					2011	2010
<b>ASSETS</b>						
Cash and Investments	\$ 1,566,818	\$ 2,021,286	\$ 2,135,532	\$ 1,540,599	\$ 7,264,235	\$ 5,664,435
Taxes Receivable	1,257,003	-	-	-	1,257,003	1,175,926
Accounts Receivable	270,050	105,509	137,387	9,313	522,259	252,940
<b>TOTAL ASSETS</b>	<b>\$ 3,093,871</b>	<b>\$ 2,126,795</b>	<b>\$ 2,272,919</b>	<b>\$ 1,549,912</b>	<b>\$ 9,043,497</b>	<b>\$ 7,093,301</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 32,126	\$ 114,177	\$ 44,528	\$ 1,847	\$ 192,678	\$ 163,935
Accrued Liabilities	93,817	-	-	-	93,817	128,504
Deferred Revenues	1,257,003	-	-	-	1,257,003	1,175,926
Developer Escrow	-	203,291	-	-	203,291	157,761
<b>TOTAL LIABILITIES</b>	<b>1,382,946</b>	<b>317,468</b>	<b>44,528</b>	<b>1,847</b>	<b>1,746,789</b>	<b>1,626,126</b>
<b>FUND EQUITY</b>						
Fund Balance						
Restricted for Emergencies	184,000	-	-	-	184,000	142,000
Restricted for Open Space	-	-	2,228,391	-	2,228,391	2,298,357
Restricted for Street Improvements	-	1,809,327	-	-	1,809,327	1,565,314
Restricted for Parks and Recreation	-	-	-	288,496	288,496	248,769
Committed for Parks, Open Space, and Capital Outlay	-	-	-	1,259,569	1,259,569	1,019,247
Unassigned	1,526,925	-	-	-	1,526,925	193,488
<b>TOTAL FUND EQUITY</b>	<b>1,710,925</b>	<b>1,809,327</b>	<b>2,228,391</b>	<b>1,548,065</b>	<b>7,296,708</b>	<b>5,467,175</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 3,093,871</b>	<b>\$ 2,126,795</b>	<b>\$ 2,272,919</b>	<b>\$ 1,549,912</b>		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	29,524,367	30,777,270
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include Bonds Payable of (\$4,145,000), Capital Leases (\$88,715), Accrued Compensated Absences (\$226,618), Accrued Interest Payable (\$7,365), and Bond Issuance Costs \$96,823.	(4,370,875)	(4,684,365)
Net assets of governmental activities	<u>\$ 32,450,200</u>	<u>\$ 31,560,080</u>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2011

	General Fund	Street and Alley Fund	Open Space Fund	Other Governmental Funds	Total Governmental Funds	
					2011	2010
<b>REVENUES</b>						
Taxes and Fees	\$ 2,705,086	\$ 1,223,427	\$ 459,940	\$ 270,800	\$ 4,659,253	\$ 3,773,814
Licenses and Permits	799,550	-	-	-	799,550	340,195
Intergovernmental	-	-	-	36,640	36,640	35,524
Charges for Services	-	358,443	-	58,332	416,775	380,059
Fines and Forfeitures	183,427	-	-	-	183,427	57,343
Grants and Contributions	50,125	382,840	150,546	-	583,511	319,221
Interest	(126,048)	21,943	25,256	20,423	(58,426)	72,515
Miscellaneous	69,974	(805)	-	-	69,169	61,632
<b>TOTAL REVENUES</b>	<u>3,682,114</u>	<u>1,985,848</u>	<u>635,742</u>	<u>386,195</u>	<u>6,689,899</u>	<u>5,040,303</u>
<b>EXPENDITURES</b>						
General Government	2,113,595	-	-	-	2,113,595	2,107,151
Public Safety	1,584,344	-	-	-	1,584,344	1,592,359
Public Works	603,610	546,360	13,153	95,719	1,258,842	1,456,827
Capital Outlay	-	250,815	427,805	6,535	685,155	587,523
Debt Service						
Principal	15,958	262,023	-	-	277,981	293,605
Interest	2,798	190,016	-	-	192,814	203,039
<b>TOTAL EXPENDITURES</b>	<u>4,320,305</u>	<u>1,249,214</u>	<u>440,958</u>	<u>102,254</u>	<u>6,112,731</u>	<u>6,240,504</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(638,191)</u>	<u>736,634</u>	<u>194,784</u>	<u>283,941</u>	<u>577,168</u>	<u>(1,200,201)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Capital Lease	-	-	-	-	-	22,613
Transfers In	2,344,476	-	-	-	2,344,476	1,591,797
Transfers Out	-	(404,077)	(353,294)	(334,740)	(1,092,111)	(501,256)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,344,476</u>	<u>(404,077)</u>	<u>(353,294)</u>	<u>(334,740)</u>	<u>1,252,365</u>	<u>1,113,154</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,706,285	332,557	(158,510)	(50,799)	1,829,533	(87,047)
FUND BALANCES, Beginning,	4,640	1,565,314	2,298,357	1,598,864	5,467,175	5,554,222
Prior Period Adjustment	-	(88,544)	88,544	-	-	-
<b>FUND BALANCES, Ending</b>	<u>\$ 1,710,925</u>	<u>\$ 1,809,327</u>	<u>\$ 2,228,391</u>	<u>\$ 1,548,065</u>	<u>\$ 7,296,708</u>	<u>\$ 5,467,175</u>

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

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, 2011

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,829,533
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 (\$2,003,103) exceeded capital outlay \$750,200 in the current period.	(1,252,903)
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 assets. These include bond payments of \$200,000, payments of capital leases of \$77,981, change in accrued compensated absences of \$42,004, and change in accrued interest of \$248	320,233
Bond Issuance costs are an expenditure in the governmental funds, but are capitalized and amortized in the government-wide financial statements. This is the current year amortization expense.	<u>(6,743)</u>
Change in Net Assets of Governmental Activities	<u>\$ 890,120</u>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF NET ASSETS  
 PROPRIETARY FUND TYPE  
 As of December 31, 2011

	WATER FUND	ELECTRIC FUND	TRI-AREA DRAINAGE FUND	TOTALS	
				2011	2010
<b>ASSETS</b>					
Current Assets					
Cash and Investments	\$ 8,049,105	\$ 9,939,006	\$ 784,363	\$ 18,772,474	\$ 17,426,374
Restricted Cash and Investments	74,297	-	-	74,297	78,871
Accounts Receivable	125,237	809,013	41,719	975,969	697,940
Total Current Assets	8,248,639	10,748,019	826,082	19,822,740	18,203,185
Noncurrent Assets					
Capital Assets, net of accumulated depreciation	43,094,712	3,356,696	67,999	46,519,407	46,788,911
Total Noncurrent Assets	43,094,712	3,356,696	67,999	46,519,407	46,788,911
<b>TOTAL ASSETS</b>	<b>51,343,351</b>	<b>14,104,715</b>	<b>894,081</b>	<b>66,342,147</b>	<b>64,992,096</b>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	20,112	535,813	-	555,925	578,936
Accrued Interest Payable	2,764	-	-	2,764	1,540
Total Current Liabilities	22,876	535,813	-	558,689	580,476
Noncurrent Liabilities					
Deposits	48,190	-	-	48,190	38,249
Bonds Payable	742,970	-	-	742,970	788,710
Total Noncurrent Liabilities	791,160	-	-	791,160	826,959
<b>TOTAL LIABILITIES</b>	<b>814,036</b>	<b>535,813</b>	<b>-</b>	<b>1,349,849</b>	<b>1,407,435</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	42,351,742	3,356,696	67,999	45,776,437	46,000,201
Unreserved	8,177,573	10,212,206	826,082	19,215,861	17,584,460
<b>TOTAL NET ASSETS</b>	<b>\$ 50,529,315</b>	<b>\$ 13,568,902</b>	<b>\$ 894,081</b>	<b>\$ 64,992,298</b>	<b>\$ 63,584,661</b>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUND TYPE  
Year Ended December 31, 2011

	WATER FUND	ELECTRIC FUND	TRI-AREA DRAINAGE FUND	TOTALS	
				2011	2010
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 1,698,330	\$ 7,901,066	\$ -	\$ 9,599,396	\$ 9,269,442
Drainage Fees	-	-	463,243	463,243	479,034
Miscellaneous	20,113	50,024	170	70,307	49,879
<b>TOTAL OPERATING REVENUES</b>	<b>1,718,443</b>	<b>7,951,090</b>	<b>463,413</b>	<b>10,132,946</b>	<b>9,798,355</b>
<b>OPERATING EXPENSES</b>					
Administration	121,107	4,534	-	125,641	112,253
Operations	1,723,401	6,402,622	6,813	8,132,836	7,170,801
Depreciation	284,036	154,928	-	438,964	430,717
<b>TOTAL OPERATING EXPENSES</b>	<b>2,128,544</b>	<b>6,562,084</b>	<b>6,813</b>	<b>8,697,441</b>	<b>7,713,771</b>
<b>OPERATING INCOME</b>	<b>(410,101)</b>	<b>1,389,006</b>	<b>456,600</b>	<b>1,435,505</b>	<b>2,084,584</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Income	93,223	109,692	8,284	211,199	76,357
Interest Expense	(36,252)	-	-	(36,252)	(56,427)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>56,971</b>	<b>109,692</b>	<b>8,284</b>	<b>174,947</b>	<b>19,930</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(353,130)</b>	<b>1,498,698</b>	<b>464,884</b>	<b>1,610,452</b>	<b>2,104,514</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital Contributions	1,000,800	48,750	-	1,049,550	604,506
Transfers Out	(640,046)	(299,552)	(312,767)	(1,252,365)	(1,090,541)
<b>TOTAL CONTRIBUTIONS AND TRANSFERS</b>	<b>360,754</b>	<b>(250,802)</b>	<b>(312,767)</b>	<b>(202,815)</b>	<b>(486,035)</b>
<b>NET INCOME</b>	<b>7,624</b>	<b>1,247,896</b>	<b>152,117</b>	<b>1,407,637</b>	<b>1,618,479</b>
<b>NET ASSETS, Beginning</b>	<b>50,521,691</b>	<b>12,321,006</b>	<b>741,964</b>	<b>63,584,661</b>	<b>61,966,182</b>
<b>NET ASSETS, Ending</b>	<b>\$ 50,529,315</b>	<b>\$ 13,568,902</b>	<b>\$ 894,081</b>	<b>\$ 64,992,298</b>	<b>\$ 63,584,661</b>

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, 2011  
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	ELECTRIC FUND	TRI-AREA DRAINAGE FUND	TOTALS	
				2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 1,712,910	\$ 7,678,635	\$ 463,372	\$ 9,854,917	\$ 9,835,367
Cash Paid to Suppliers	(1,870,934)	(6,403,741)	(6,813)	(8,281,488)	(7,541,012)
Net Cash Provided by Operating Activities	<u>(158,024)</u>	<u>1,274,894</u>	<u>456,559</u>	<u>1,573,429</u>	<u>2,294,355</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of Property and Equipment	(143,596)	(25,866)	-	(169,462)	(97,500)
Principal Paid on Debt	(45,740)	-	-	(45,740)	(249,740)
Interest Payments	(35,028)	-	-	(35,028)	(60,717)
Capital Contributions	1,000,800	48,750	-	1,049,550	604,506
Deposits from Customers	9,943	-	-	9,943	19,521
Operating Transfers Out	(640,046)	(299,552)	(312,767)	(1,252,365)	(1,090,541)
Net Cash Used by Capital and Related Financing Activities	<u>146,333</u>	<u>(276,668)</u>	<u>(312,767)</u>	<u>(443,102)</u>	<u>(874,471)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	93,223	109,692	8,284	211,199	76,357
Net Increase in Cash and Cash Equivalents	81,532	1,107,918	152,076	1,341,526	1,496,241
CASH AND INVESTMENTS, Beginning	<u>8,041,870</u>	<u>8,831,088</u>	<u>632,287</u>	<u>17,505,245</u>	<u>16,009,004</u>
CASH AND INVESTMENTS, Ending	<u>\$ 8,123,402</u>	<u>\$ 9,939,006</u>	<u>\$ 784,363</u>	<u>\$ 18,846,771</u>	<u>\$ 17,505,245</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating Income	\$ (410,101)	\$ 1,389,006	\$ 456,600	\$ 1,435,505	\$ 2,084,584
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation and Amortization	284,036	154,928	-	438,964	430,717
Changes in Assets and Liabilities					
Accounts Receivable	(5,533)	(272,455)	(41)	(278,029)	37,012
Accounts Payable	(26,426)	3,415	-	(23,011)	(257,958)
Total Adjustments	<u>252,077</u>	<u>(114,112)</u>	<u>(41)</u>	<u>137,924</u>	<u>209,771</u>
Net Cash Provided by Operating Activities	<u>\$ (158,024)</u>	<u>\$ 1,274,894</u>	<u>\$ 456,559</u>	<u>\$ 1,573,429</u>	<u>\$ 2,294,355</u>

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

TOWN OF FREDERICK, COLORADO

STATEMENT OF NET ASSETS  
OIL ROYALTY TRUST FUND  
December 31, 2011

	<u>PRIVATE PURPOSE TRUST</u>
ASSETS	
Cash and Investments	<u>\$ 1,296,160</u>
LIABILITIES	
Accounts Payable	<u>7,188</u>
NET ASSETS	<u><u>\$ 1,288,972</u></u>

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



TOWN OF FREDERICK, COLORADO

STATEMENT OF CHANGES IN NET ASSETS  
 OIL ROYALTY TRUST FUND  
 Year Ended December 31, 2011

	<u>PRIVATE PURPOSE TRUST</u>
ADDITIONS	
Oil Royalties	\$ 93,577
Investment Income	<u>14,662</u>
TOTAL ADDITIONS	<u>108,239</u>
DEDUCTIONS	
Purchased Services	12,537
Scholarships	4,000
Donations	<u>13,950</u>
TOTAL DEDUCTIONS	<u>30,487</u>
CHANGE IN NET ASSETS	77,752
NET ASSETS, Beginning	<u>1,211,220</u>
NET ASSETS, Ending	<u><u>\$ 1,288,972</u></u>

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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**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 assets 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, 2011

**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, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 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 *Tri-Area Drainage Fund* accounts for the financial activities associated with the provision of drainage services.

TOWN OF FREDERICK, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Additionally, the Town reports the following fund type:

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

**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

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Compensated Absences**

Employees of the Town are allowed to accumulate unused vacation time up to 160 hours and unused sick time up to 240 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.

**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 assets. 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.

**Net Assets**

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

**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.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balance Classification** (Continued)

- 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.
- 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.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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.
- 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.



TOWN OF FREDERICK, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

**Legal Compliance**

At December 31, 2011, actual expenditures in the Capital Facilities Fund and the Water Fund exceeded their budgeted amounts by \$4,874 and \$240,534, respectively. This may be a violation of State Statute

**NOTE 3: DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2011 follows:

Petty Cash	\$ 450
Cash Deposits	6,029,677
Investments	<u>21,377,039</u>
Total	<b><u>\$ 27,407,166</u></b>

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

Cash and Investments	\$ 26,036,709
Restricted Cash and Investments	74,297
Fiduciary Funds	<u>1,296,160</u>
Total	<b><u>\$ 27,407,166</u></b>

**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, 2011, 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.

TOWN OF FREDERICK, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

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

**Deposits** (Continued)

At December 31, 2011, the Town had deposits with financial institutions with a carrying amount of \$6,029,677. The bank balances with the financial institutions were \$6,551,728. Of these balances, \$500,000 was covered by federal depository insurance and \$6,051,728 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

As of December 31, 2011 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	\$ 1,050,312	\$ -	\$ 1,050,312
U.S. Government Agencies	1,511,175	510,325	1,000,850
Corporate Bonds	2,649,945	1,448,093	1,201,852
Commercial Paper	499,490	499,490	-
Local Government Investment Pools	11,274,253	11,274,253	-
Money Market Mutual Funds	<u>4,391,864</u>	<u>4,391,864</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 21,377,039</u></b>	<b><u>\$ 18,124,025</u></b>	<b><u>\$ 3,253,014</u></b>

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.

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

TOWN OF FREDERICK, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

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

**Investments** (Continued)

The above investments are authorized for all funds and fund types used by Colorado municipalities. The Town's securities at December 31, 2011, are rated AA+ by Standard and Poor's and AAA by Moody's Investors Services for its U.S. Government Agencies and Securities. Corporate debt and Commercial Paper is rated at least AA- by Standard and Poor's and AA2 by Moody's Investors Services.

The Town had invested \$5,507,512 in the Colorado Government Liquid Asset Trust (COLOTRUST) and \$5,766,741 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:

Water Revenue Bond Reserve	<b><u>\$ 74,297</u></b>
----------------------------	-------------------------

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2011 is summarized below:

	Balances <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/11</u>
<b>Governmental Activities</b>				
Capital Assets, not depreciated				
Land	\$ 2,584,217	\$ -	\$ -	\$ 2,584,217
Construction in Process	<u>-</u>	<u>383,486</u>	<u>-</u>	<u>383,486</u>
Total Capital Assets, not depreciated	<u>2,584,217</u>	<u>383,486</u>	<u>-</u>	<u>2,967,703</u>
Capital Assets, depreciated				
Buildings	3,139,302	-	-	3,139,302
Improvements other than buildings	6,950,791	95,504	-	7,046,295
Infrastructure	32,733,584	189,388	-	32,922,972
Equipment	<u>2,677,512</u>	<u>81,822</u>	<u>-</u>	<u>2,759,334</u>
Total Capital Assets, depreciated	<u>45,501,189</u>	<u>366,714</u>	<u>-</u>	<u>45,867,903</u>
Less Accumulated Depreciation				
Buildings	600,769	67,461	-	668,230
Improvements	1,073,229	175,356	-	1,248,585
Infrastructure	14,135,149	1,577,098	-	15,712,247
Equipment	<u>1,498,989</u>	<u>183,188</u>	<u>-</u>	<u>1,682,177</u>
Total Accumulated Depreciation	<u>17,308,136</u>	<u>2,003,103</u>	<u>-</u>	<u>19,311,239</u>
Total Capital Assets, depreciated, Net	<u>28,193,053</u>	<u>(1,636,389)</u>	<u>-</u>	<u>26,556,664</u>
Governmental Activities, Capital Assets, Net	<u>\$ 30,777,270</u>	<u>\$ (1,252,903)</u>	<u>\$ -</u>	<u>\$ 29,524,367</u>

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

**Governmental Activities**

General Government	\$ 103,368
Public Safety	72,248
Public Works	<u>1,827,487</u>
Total	<u>\$ 2,003,103</u>

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**NOTE 4: CAPITAL ASSETS (Continued)**

	Balances <u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/11</u>
<b>Business-Type Activities</b>				
Capital Assets, not depreciated				
Land	\$ 92,999	\$ -	\$ -	\$ 92,999
Water Rights	33,183,548	-	-	33,183,548
System Enhancement	1,019,000	-	-	1,019,000
Construction in Progress	<u>513,801</u>	<u>97,500</u>	-	<u>611,301</u>
Total Capital Assets, not depreciated	<u>34,809,348</u>	<u>97,500</u>	-	<u>34,906,848</u>
Capital Assets, depreciated				
Intangible Assets	74,850	-	-	74,850
Buildings	150,000	-	-	150,000
Utility Systems	16,305,334	71,960	-	16,377,294
Equipment	<u>181,542</u>	-	-	<u>181,542</u>
Total Capital Assets, depreciated	<u>16,711,726</u>	<u>71,960</u>	-	<u>16,783,686</u>
Less: Accumulated Depreciation				
Intangible Assets	17,777	14,970	-	32,747
Buildings	62,829	3,750	-	66,579
Utility Systems	4,554,929	403,834	-	4,958,763
Equipment	<u>96,628</u>	<u>16,410</u>	-	<u>113,038</u>
Total Accumulated Depreciation	<u>4,732,163</u>	<u>438,964</u>	-	<u>5,171,127</u>
Total Capital Assets, depreciated, Net	<u>11,979,563</u>	<u>(367,004)</u>	-	<u>11,612,559</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 46,788,911</u>	<u>\$ (269,504)</u>	<u>\$ -</u>	<u>\$ 46,519,407</u>

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

**Business-type Activities**

Water Fund	\$ 284,036
Electric Fund	<u>154,928</u>
Total	<u>\$ 438,964</u>

TOWN OF FREDERICK, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**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, 2011.

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due In</u> <u>One Year</u>
Capital Leases	\$ 166,696	\$ -	\$ 77,981	\$ 88,715	\$ 83,342
Revenue Bonds	4,345,000	-	200,000	4,145,000	200,000
Accrued Compensated Absences	<u>268,622</u>	<u>-</u>	<u>42,004</u>	<u>226,618</u>	<u>-</u>
Total	<b><u>\$ 4,780,318</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 319,985</u></b>	<b><u>\$ 4,460,333</u></b>	<b><u>\$ 283,342</u></b>

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

**Revenue Bonds**

2006 Sales and Use Tax Revenue Bonds were issued 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%.

**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 mature from 2010-2012.

TOWN OF FREDERICK, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**NOTE 5: LONG-TERM DEBT** (Continued)

**Future Debt Service Requirements**

Annual debt service requirements for the outstanding bonds at December 31, 2011 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 200,000	\$ 176,760	\$ 376,760
2013	215,000	168,260	383,260
2014	225,000	157,510	382,510
2015	235,000	146,260	381,260
2016	240,000	136,860	376,860
2017 - 2021	1,365,000	529,800	1,894,800
2022 - 2026	<u>1,665,000</u>	<u>219,898</u>	<u>1,884,898</u>
Total Debt Service Requirements	<b><u>\$ 4,145,000</u></b>	<b><u>\$ 1,535,348</u></b>	<b><u>\$ 5,680,348</u></b>

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2011.

<u>Year Ended December 31,</u>	
2012	\$ 85,536
2013	<u>6,260</u>
Total Minimum Lease Payments	91,796
Less: Interest	<u>(3,621)</u>
Present Value of Future Minimum Lease Payments	<b><u>\$ 88,175</u></b>

TOWN OF FREDERICK, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

**NOTE 5: LONG-TERM DEBT** (Continued)

**Business-Type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2011.

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due In</u> <u>One Year</u>
2003 Water Revenue Note Payable	\$ 788,710	\$ -	\$ 45,740	\$ 742,970	\$ 47,301
 Total	 <u>\$ 788,710</u>	 <u>\$ -</u>	 <u>\$ 45,740</u>	 <u>\$ 742,970</u>	 <u>\$ 47,301</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%.

**Future Debt Service Requirements**

Annual debt service requirements for the outstanding bonds at December 31, 2011 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 47,301	\$ 33,166	\$ 80,467
2013	49,466	31,001	80,467
2014	51,730	28,738	80,468
2015	54,097	26,370	80,467
2016	56,573	23,894	80,467
2017-2021	324,154	78,183	402,337
2022-2023	<u>159,649</u>	<u>9,109</u>	<u>168,758</u>
 Total Debt Service Requirements	 <u>\$ 742,970</u>	 <u>\$ 230,461</u>	 <u>\$ 973,431</u>



TOWN OF FREDERICK, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2011

**NOTE 6: INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2011, were comprised of the following:

Emergency Reserve Fund	\$	334,740
Street and Alley Fund		404,077
Open Space Fund		353,294
Water Fund		640,046
Electric Fund		299,552
Tri-Area Drainage Fund		312,767
Transfer to the General Fund	<b>\$</b>	<b>2,344,476</b>

The fund balance of the Emergency Reserve fund was transferred to the General Fund to prepare for the implementation of GASB Statement No. 54. The remaining transfers were made to assist the General Fund with operating and administrative costs. 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, 2010 and 2011 were \$37,316 and \$41,259, respectively, equal to the required contributions.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**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 \$43,485 and \$41,184 to the plan for the years ended December 31, 2010 and 2011, 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 5, 1996, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services 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, 2011, the emergency reserve of \$184,000 was recorded in the Emergency Reserve Fund.

**NOTE 10: PRIOR PERIOD ADJUSTMENT**

The beginning fund balances of the Street and Alley Fund and the Open Space Fund have been restated to correctly report the allocation of the one-half percent sales tax in the Open Space Fund for the year ended December 31, 2010. The effect of the restatement was to reduce the fund balance of the Street and Alley Fund and increase the fund balance of the Open Space Fund by \$88,544.

TOWN OF FREDERICK, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

**NOTE 11: SUBSEQUENT EVENTS**

In June 2012, the Town closed on the purchase of the Valley Bank and Trust Building in the amount of \$475,000. Per the terms of the purchase agreement, the Town has agreed not to sell or transfer the building to another financial institution for a period of five years.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF FREDERICK, COLORADO

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended December 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES					
Taxes and Fees	\$ 2,128,900	\$ 2,128,900	\$ 2,705,086	\$ 576,186	\$ 2,220,887
Licenses and Permits	335,000	335,000	799,550	464,550	340,195
Fines and Forfeitures	107,450	107,450	183,427	75,977	57,343
Grants and Contributions	65,000	65,000	50,125	(14,875)	91,307
Interest	16,850	16,850	(126,048)	(142,898)	46,435
Miscellaneous	30,000	30,000	69,974	39,974	61,632
TOTAL REVENUES	<u>2,683,200</u>	<u>2,683,200</u>	<u>3,682,114</u>	<u>998,914</u>	<u>2,817,799</u>
EXPENDITURES					
General Government	2,243,903	2,363,903	2,113,595	250,308	2,107,151
Public Safety	1,630,017	1,630,017	1,584,344	45,673	1,592,359
Public Works	650,670	650,670	603,610	47,060	459,962
Debt Service					
Principal	25,500	25,500	15,958	9,542	16,418
Interest	-	-	2,798	(2,798)	2,338
TOTAL EXPENDITURES	<u>4,550,090</u>	<u>4,670,090</u>	<u>4,320,305</u>	<u>349,785</u>	<u>4,178,228</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,866,890)</u>	<u>(1,986,890)</u>	<u>(638,191)</u>	<u>1,348,699</u>	<u>(1,360,429)</u>
OTHER FINANCING SOURCES					
Proceeds from Capital Lease	22,500	22,500	-	(22,500)	22,613
Transfers In	2,009,736	2,009,736	2,344,476	334,740	1,591,797
TOTAL OTHER FINANCING SOURCES	<u>2,032,236</u>	<u>2,032,236</u>	<u>2,344,476</u>	<u>312,240</u>	<u>1,614,410</u>
NET CHANGE IN FUND BALANCE	165,346	45,346	1,706,285	1,660,939	253,981
FUND BALANCE, Beginning	<u>703,397</u>	<u>703,397</u>	<u>4,640</u>	<u>(698,757)</u>	<u>(249,341)</u>
FUND BALANCE, Ending	<u>\$ 868,743</u>	<u>\$ 748,743</u>	<u>\$ 1,710,925</u>	<u>\$ (962,182)</u>	<u>\$ 4,640</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

STREET AND ALLEY FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Taxes and Fees	\$ 1,021,030	\$ 1,223,427	\$ 202,397	\$ 1,124,835
Charges for Services	350,240	358,443	8,203	352,641
Contributions	300,000	382,840	82,840	-
Interest	35,000	21,943	(13,057)	8,647
Miscellaneous	5,000	(805)	(5,805)	-
TOTAL REVENUES	<u>1,711,270</u>	<u>1,985,848</u>	<u>274,578</u>	<u>1,486,123</u>
EXPENDITURES				
Public Works	624,879	546,360	78,519	536,904
Capital Outlay	905,000	250,815	654,185	401,196
Debt Service				
Principal	262,224	262,023	201	260,216
Interest	189,836	190,016	(180)	200,323
TOTAL EXPENDITURES	<u>1,981,939</u>	<u>1,249,214</u>	<u>732,725</u>	<u>1,398,639</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(270,669)</u>	<u>736,634</u>	<u>1,007,303</u>	<u>87,484</u>
OTHER FINANCING USES				
Transfers Out	<u>(407,077)</u>	<u>(404,077)</u>	<u>3,000</u>	<u>(306,615)</u>
NET CHANGE IN FUND BALANCE	<u>(677,746)</u>	<u>332,557</u>	<u>1,010,303</u>	<u>(219,131)</u>
FUND BALANCE, Beginning	1,968,011	1,565,314	(402,697)	1,784,445
Prior Period Adjustment	<u>-</u>	<u>(88,544)</u>	<u>(88,544)</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,290,265</u>	<u>\$ 1,809,327</u>	<u>\$ 519,062</u>	<u>\$ 1,565,314</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

OPEN SPACE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Taxes	\$ 287,000	\$ 405,940	\$ 118,940	\$ 251,092
Open Space Fees	5,000	54,000	49,000	30,500
Grants and Contributions	597,000	150,546	(446,454)	218,454
Interest Income	58,000	25,256	(32,744)	9,554
TOTAL REVENUES	947,000	635,742	(311,258)	509,600
EXPENDITURES				
Public Works	10,000	13,153	(3,153)	403,498
Capital Outlay	1,000,000	427,805	572,195	63,740
TOTAL EXPENDITURES	1,010,000	440,958	569,042	467,238
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,000)	194,784	257,784	42,362
OTHER FINANCING USES				
Transfers Out	(362,294)	(353,294)	9,000	(194,641)
TOTAL OTHER FINANCING USES	(362,294)	(353,294)	9,000	(194,641)
NET CHANGE IN FUND BALANCES	(425,294)	(158,510)	266,784	(152,279)
FUND BALANCES, Beginning	2,289,541	2,298,357	8,816	2,450,636
Prior Period Adjustment	-	88,544	88,544	-
FUND BALANCES, Ending	\$ 1,864,247	\$ 2,228,391	\$ 364,144	\$ 2,298,357

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND SCHEDULES**



TOWN OF FREDERICK, COLORADO

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2011

	SPECIAL REVENUE			TOTALS	
	CONSERVATION	CAPITAL	PARK		
	TRUST FUND	FACILITIES FUND	IMPROVEMENT FUND	2011	2010
<b>ASSETS</b>					
Cash and Investments	\$ 279,183	\$ 354,107	\$ 907,309	\$ 1,540,599	\$ 1,617,243
Accounts Receivable	9,313	-	-	9,313	-
<b>TOTAL ASSETS</b>	<u>\$ 288,496</u>	<u>\$ 354,107</u>	<u>\$ 907,309</u>	<u>\$ 1,549,912</u>	<u>\$ 1,617,243</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 1,847	\$ 1,847	\$ 18,379
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>1,847</u>	<u>18,379</u>
<b>FUND EQUITY</b>					
Fund Balance					
Restricted for Emergencies	-	-	-	-	142,000
Restricted for Parks & Recreation	288,496	-	-	288,496	248,769
Committed for Parks, Open Space, and Capital Outlay	-	354,107	905,462	1,259,569	1,019,247
Unassigned	-	-	-	-	188,848
<b>TOTAL FUND EQUITY</b>	<u>288,496</u>	<u>354,107</u>	<u>905,462</u>	<u>1,548,065</u>	<u>1,598,864</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 288,496</u>	<u>\$ 354,107</u>	<u>\$ 907,309</u>	<u>\$ 1,549,912</u>	<u>\$ 1,617,243</u>

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, 2011

	SPECIAL REVENUE				TOTALS	
	CONSERVATION	EMERGENCY	CAPITAL	PARK	2011	2010
	TRUST FUND	RESERVE FUND	FACILITIES FUND	IMPROVEMENT FUND		
REVENUES						
Capital Improvement Fees	\$ -	\$ -	\$ 162,000	\$ -	\$ 162,000	\$ 88,500
Intergovernmental	36,640	-	-	-	36,640	35,524
Park Impact Fees	-	-	-	108,800	108,800	58,000
Charges for Services	-	-	1,180	57,152	58,332	27,418
Grants and Contributions	-	-	-	-	-	9,460
Interest Income	3,087	3,892	3,382	10,062	20,423	7,879
<b>TOTAL REVENUES</b>	<b>39,727</b>	<b>3,892</b>	<b>166,562</b>	<b>176,014</b>	<b>386,195</b>	<b>226,781</b>
EXPENDITURES						
Public Works	-	-	34,399	61,320	95,719	56,463
Capital Outlay	-	-	-	6,535	6,535	122,587
Debt Service						
Principal	-	-	-	-	-	16,971
Interest	-	-	-	-	-	378
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>34,399</b>	<b>67,855</b>	<b>102,254</b>	<b>196,399</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>39,727</b>	<b>3,892</b>	<b>132,163</b>	<b>108,159</b>	<b>283,941</b>	<b>30,382</b>
OTHER FINANCING USES						
Transfers Out	-	(334,740)	-	-	(334,740)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>39,727</b>	<b>(330,848)</b>	<b>132,163</b>	<b>108,159</b>	<b>(50,799)</b>	<b>30,382</b>
FUND BALANCES, Beginning	248,769	330,848	221,944	797,303	1,598,864	1,568,482
FUND BALANCES, Ending	<u>\$ 288,496</u>	<u>\$ -</u>	<u>\$ 354,107</u>	<u>\$ 905,462</u>	<u>\$ 1,548,065</u>	<u>\$ 1,598,864</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

CONSERVATION TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Intergovernmental	\$ 35,000	\$ 36,640	\$ 1,640	\$ 35,524
Interest Income	3,500	3,087	(413)	950
TOTAL REVENUES	<u>38,500</u>	<u>39,727</u>	<u>1,227</u>	<u>36,474</u>
EXPENDITURES				
Parks and Recreation	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	38,500	39,727	1,227	36,474
FUND BALANCE, Beginning	<u>230,877</u>	<u>248,769</u>	<u>17,892</u>	<u>212,295</u>
FUND BALANCE, Ending	<u>\$ 269,377</u>	<u>\$ 288,496</u>	<u>\$ 19,119</u>	<u>\$ 248,769</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

CAPITAL FACILITIES FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES					
Capital Improvement Fees	\$ 15,000	\$ 15,000	\$ 162,000	\$ 147,000	\$ 88,500
Charges for Services	2,000	2,000	1,180	(820)	1,060
Grants and Contributions	26,600	26,600	-	(26,600)	9,460
Interest Income	1,500	1,500	3,382	1,882	657
TOTAL REVENUES	45,100	45,100	166,562	121,462	99,677
EXPENDITURES					
Public Works	21,150	29,525	34,399	(4,874)	4,781
Debt Service					
Principal	-	-	-	-	16,971
Interest	-	-	-	-	378
TOTAL EXPENDITURES	21,150	29,525	34,399	(4,874)	22,130
NET CHANGE IN FUND BALANCES	23,950	15,575	132,163	116,588	77,547
FUND BALANCES, Beginning	220,013	220,013	221,944	1,931	144,397
FUND BALANCES, Ending	\$ 243,963	\$ 235,588	\$ 354,107	\$ 118,519	\$ 221,944

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

PARK IMPROVEMENT FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Park Impact Fees	\$ 10,000	\$ 108,800	\$ 98,800	\$ 58,000
Intergovernmental	50,000	-	(50,000)	-
Charges for Services	30,650	57,152	26,502	26,358
Interest Income	20,000	10,062	(9,938)	4,818
TOTAL REVENUES	<u>110,650</u>	<u>176,014</u>	<u>65,364</u>	<u>89,176</u>
EXPENDITURES				
Public Works	158,100	61,320	96,780	51,682
Reimbursements	47,000	-	47,000	-
Capital Outlay	10,000	6,535	3,465	122,587
TOTAL EXPENDITURES	<u>215,100</u>	<u>67,855</u>	<u>147,245</u>	<u>174,269</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(104,450)</u>	<u>108,159</u>	<u>212,609</u>	<u>(85,093)</u>
NET CHANGE IN FUND BALANCES	(104,450)	108,159	212,609	(85,093)
FUND BALANCES, Beginning	<u>850,806</u>	<u>797,303</u>	<u>(53,503)</u>	<u>882,396</u>
FUND BALANCES, Ending	<u>\$ 746,356</u>	<u>\$ 905,462</u>	<u>\$ 159,106</u>	<u>\$ 797,303</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

WATER FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Charges for Services	\$ 1,792,750	\$ 1,698,330	\$ (94,420)	\$ 1,646,689
Contributions	707,500	1,000,800	293,300	604,506
Interest Income	156,100	93,223	(62,877)	39,165
Miscellaneous	-	20,113	20,113	-
TOTAL REVENUES	<u>2,656,350</u>	<u>2,812,466</u>	<u>156,116</u>	<u>2,290,360</u>
EXPENDITURES				
Administration	139,700	121,107	18,593	103,819
Operations	983,000	1,723,401	(740,401)	843,670
Capital Outlay	602,500	143,595	458,905	97,500
Debt Service	83,640	81,992	1,648	306,167
Transfers Out	660,767	640,046	20,721	503,350
TOTAL EXPENDITURES	<u>2,469,607</u>	<u>2,710,141</u>	<u>(240,534)</u>	<u>1,854,506</u>
NET INCOME, Budget Basis	<u>\$ 186,743</u>	102,325	<u>\$ (84,418)</u>	435,854
GAAP BASIS ADJUSTMENTS				
Depreciation		(284,036)		(275,758)
Capital Outlay		143,595		97,500
Principal Paid on Long-Term Debt		45,740		249,740
NET INCOME, GAAP Basis		7,624		507,336
NET ASSETS, Beginning		<u>50,521,691</u>		<u>50,014,355</u>
NET ASSETS, Ending		<u>\$ 50,529,315</u>		<u>\$ 50,521,691</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

ELECTRIC FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Charges for Services	\$ 7,506,000	\$ 7,901,066	\$ 395,066	\$ 7,622,753
Contribution	310,000	48,750	(261,250)	-
Interest Income	145,000	109,692	(35,308)	35,045
Miscellaneous	-	50,024	50,024	49,879
TOTAL REVENUES	<u>7,961,000</u>	<u>8,109,532</u>	<u>148,532</u>	<u>7,707,677</u>
EXPENDITURES				
Administration	48,500	4,534	43,966	8,434
Operations	6,250,000	6,402,622	(152,622)	6,326,489
Capital Outlay	355,000	25,866	329,134	-
Transfers Out	300,102	299,552	550	356,165
TOTAL EXPENDITURES	<u>6,953,602</u>	<u>6,732,574</u>	<u>221,028</u>	<u>6,691,088</u>
NET INCOME, Budget Basis	<u>\$ 1,007,398</u>	1,376,958	<u>\$ 369,560</u>	1,016,589
GAAP BASIS ADJUSTMENTS				
Depreciation Expense		(154,928)		(154,959)
Capital Outlay		25,866		
NET INCOME, GAAP Basis		1,247,896		861,630
NET ASSETS, Beginning		<u>12,321,006</u>		<u>11,459,376</u>
NET ASSETS, Ending		<u>\$ 13,568,902</u>		<u>\$ 12,321,006</u>

See the accompanying independent auditors' report.

TOWN OF FREDERICK, COLORADO

TRI-AREA DRAINAGE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES				
Drainage Fees	\$ 372,500	\$ 463,243	\$ 90,743	\$ 479,034
Interest Income	8,000	8,284	284	2,147
Miscellaneous	-	170	170	-
TOTAL REVENUES	<u>380,500</u>	<u>471,697</u>	<u>91,197</u>	<u>481,181</u>
EXPENDITURES				
Operations	7,000	6,813	187	642
Capital Outlay	50,000	-	50,000	-
Transfers Out	313,267	312,767	500	231,026
TOTAL EXPENDITURES	<u>370,267</u>	<u>319,580</u>	<u>50,687</u>	<u>231,668</u>
NET INCOME, Budget Basis	<u>\$ 10,233</u>	152,117	<u>\$ 141,884</u>	249,513
NET ASSETS, Beginning		<u>741,964</u>		<u>492,451</u>
NET ASSETS, Ending		<u>\$ 894,081</u>		<u>\$ 741,964</u>

See the accompanying independent auditors' report.



TOWN OF FREDERICK, COLORADO

OIL ROYALTY TRUST FUND  
 BUDGETARY COMPARISON SCHEDULE  
 Year Ended December 31, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2010 ACTUAL
REVENUES					
Oil Royalties	\$ 32,000	\$ 32,000	\$ 93,577	\$ 61,577	\$ 48,575
Investment Income	21,500	21,500	14,662	(6,838)	5,189
TOTAL REVENUES	53,500	53,500	108,239	54,739	53,764
EXPENDITURES					
Purchased Services	-	28,000	12,537	15,463	4,807
Scholarships	8,000	8,000	4,000	4,000	3,000
Donations	18,500	18,500	13,950	4,550	13,585
TOTAL EXPENDITURES	26,500	54,500	30,487	24,013	21,392
CHANGE IN NET ASSETS	27,000	(1,000)	77,752	78,752	32,372
NET ASSETS, Beginning	1,192,012	1,192,012	1,211,220	19,208	1,178,848
NET ASSETS, Ending	\$ 1,219,012	\$ 1,191,012	\$ 1,288,972	\$ 97,960	\$ 1,211,220

See the accompanying independent auditors' report.

## **STATE COMPLIANCE**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Frederick
	YEAR ENDING : December 2011

This Information From The Records Of Town of Frederick	Prepared By: Phone:
--	------------------------

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	136,077
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	95,317
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	42,776
2. General fund appropriations		b. Snow and ice removal	34,329
3. Other local imposts (from page 2)	753,746	c. Other	77,478
4. Miscellaneous local receipts (from page 2)	21,694	d. Total (a. through c.)	154,583
5. Transfers from toll facilities		4. General administration & miscellaneous	419,881
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	805,858
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	775,440	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	419,184	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	185,260
<b>E. Total receipts (A.7 + B + C + D)</b>	1,194,624	b. Redemption	200,000
		c. Total (a. + b.)	385,260
		3. Total (1.c + 2.c)	385,260
		<b>C. Payments to State for highway</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,191,118

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,700,949	1,194,624	1,191,118	2,704,455	0

**Notes and Comments:**

III.A.3.c - Lease purchase, sidewalk/curbs/purchased service:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy)  
December 2011

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	18,626
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	432,648	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	179,193	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	141,905	g. Other Misc. Receipts	3,068
6. Total (1. through 5.)	753,746	h. Other	
c. Total (a. + b.)	753,746	i. Total (a. through h.)	21,694
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	375,407	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	42,067	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)	1,710	f. Other Federal	
f. Total (a. through e.)	43,777	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	419,184	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		4,573	4,573
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		131,504	131,504
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	131,504	131,504
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	136,077	136,077
			(Carry forward to page 1)

**Notes and Comments:**

II.C.3.e - contributions  
 II.A.3.b.5  
 Specific ownership tax 5,889  
 Road and Bridge Tax 134,366  
 Overweight oversized fee 1,650  
 TOTAL 141,905