



CITY OF ARVADA

ARVADA, COLORADO



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COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2016



ARVADA, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended December 31, 2016

CERTIFIED

Kristen R. Rush
CITY CLERK
CITY OF ARVADA

DATE: June 21, 2017

COPY

REPORT ISSUED BY:

DEPARTMENT OF FINANCE
BRYAN ARCHER, DIRECTOR

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

Letter of Transmittal

Government Finance Officers Association
Certificate of Achievement

City Officials

Organizational Chart



FINANCE DEPARTMENT
FACSIMILE: 720-898-7846 ▲ TDD: 720-898-7869
PHONE: 720-898-7120

June 21, 2017

Citizens of the City of Arvada,
Honorable Mayor, Members of City Council and City Manager

We are pleased to submit the Comprehensive Annual Financial Report for Arvada, Colorado for the fiscal year ended December 31, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of various funds and component units of the City in accordance with Generally Accepted Accounting Principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In addition to an annual audit of the City's financial records performed by a third-party private auditor, the City is required to have an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedules of federal financial assistance, findings and recommendations, and independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are available in the Single Audit Report.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board (GASB) Statement 39, *Determining Whether Certain Organizations Are Component Units*, - an amendment of GASB Statement No. 14 and Statement 61, *The Financial Reporting Entity: Omnibus* - an amendment of GASB Statements No. 14 and No. 34, this report includes all funds of the primary government and the City's component units. For this report the City of Arvada and all its departments and funds comprise the Reporting Entity. Our component units are the Arvada Urban Renewal Authority and the Arvada Economic Development Association.

The City is required to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY OF ARVADA

The City of Arvada is located approximately 20 miles to the northwest of the City of Denver, Colorado along Interstate 70. The City provides a full range of services, including police protection, physical parks, planning and zoning, transportation planning, street improvements and maintenance, a housing authority, two golf courses, municipal court services, water, wastewater and stormwater services and facilities, along with various administrative functions. The area has separate governmental units that provide fire protection and recreational services. The population of the City is 113,326 and growing.

THE ECONOMIC FACTORS OF 2016

The United States stock market experienced its worst two-week start in history to begin 2016. Concerns with the global economy, plunging oil prices and fears of interest rate hikes led the major indices to sell off. Fearing the worst, the Federal Reserve, in February, decided to postpone the scheduled interest rate hike. This decision led to renewed confidence and a surge in both the U.S. economy and the domestic markets. Throughout the year, uncertainty and resilience were the stories. With each event – Brexit, fluctuating oil prices, presidential election and the 25-basis point increase to short-term interest rates in December (only the second increase in the past ten years) – the economy paused, and then continued its growth pattern.

Nationally, unemployment decreased throughout the year as new job creation allowed more citizens to enter the workforce. Final unemployment came in at 4.7% nationally, 3.0% for the State of Colorado and 2.5% for the City of Arvada. Home values continued to rise, with an average increase of 5.6% year over year. U.S. auto sales rose for an unprecedented seventh straight year in 2016, topping the record set in 2015. Over 17.5 million cars and trucks were sold, eclipsing the 17.4 million sold in the prior year.

Locally, the City of Arvada continues to be in a growth pattern. General Fund revenues finished the year up 5.6%, the fifth consecutive year-over-year increase. Every major revenue source participated, led by building revenues, auto use tax and sales tax.

Building activity, fueled by low interest rates, population growth and the strong Colorado economy, is leading the growth. The City issued 739 single-family detached permits, the highest number since the early 1990's and a 14.2% increase over 2015. The number of total building permits issued for 2016 was 977. For reference, in 2009 the City issued a total of 102 building permits. Development activity continues along the commuter rail lines. Multi-family apartments are the most prevalent, with a 352-unit project nearing completion and a six-story, 255-unit project in the final stages of planning. The Hilton Garden Inn, a 136-room modern hotel, opened its doors in March of 2017, bringing business and pleasure travelers to Olde Town. Overall, building revenues exceeded the \$10 million mark for the first time in history.

Auto use tax revenues have the longest current growth streak, now sitting at eight years. The combination of population growth, the low cost of borrowing and the higher price of new and used cars, led to a 2.7% increase over 2015. All signs point to 2016 as being a high-water mark for auto sales, with an expected pullback for 2017.

Sales tax receipts have now increased for six consecutive years, growing 5.4% in 2016. This is the City's largest revenue category, and it pays for almost 50% of general expenditures. The greatest growth was in categories related to building activity; general department stores; retail hardware; and furniture, appliance and flooring, all of which experienced double-digit increases. Sales tax receipts were also bolstered by the decision of some on-line retailers to start collecting and remitting local sales tax, making up 1.4% of the year-over-year growth.

In conjunction with the City's FOCUS (integrated performance-management system) effort, new Vision, Mission and Values were developed and introduced in 2016. "We Dream Big and Deliver" is the Vision supported by the Mission of "We are dedicated to delivering superior services to enhance the lives of everyone in our community". Each employee will inevitably be evaluated on how they embody the Values of Innovation, Passion and Opportunity.

The City Council adopted 39 goals in four priority areas to be accomplished by 2019. Two of these goals were accomplished by the end of 2016, adding to the nine completed in prior years. Additionally, three measures were removed, leaving 25 goals in various stages of completion. City Council meets each spring to receive progress updates on their goals and recommend updates to the plan.

In 2014, Council approved, by resolution, mandatory reserves for all of our major funds, demonstrating a long-term conservative view of City finances. In 2016, each of the major funds met or exceeded their reserve goal. By maintaining ten-year operating and capital improvement plans for these funds, the City is able to identify future challenges and work towards meeting them. The long-range financial planning process also makes sure that any decisions to add expenditures today can be paid for in the future.

In June of 2015, City Council approved the cooperative agreement between the City and the non-profit Arvada Center for the Arts and Humanities to uphold and carry out the mission of the Arvada Center, and to create the most effective, efficient and economical operation of the Arvada Center. On July 1, 2016 the nonprofit took operational control of the Arvada Center.

The City invested over \$34 million in infrastructure improvements in 2016. Almost half of this was spent on the Olde Town Hub which opened in February of 2017. New plazas, pedestrian walkways, interpretive signage, over

600 parking spaces and a bus transfer facility highlight the structure. Although the Regional Transportation District's G Line is delayed, the hub is providing much-needed parking to the Olde Town area. The City also invested in new streets and bicycle and pedestrian improvements that will allow the residents of Arvada easier access to the G Line stations. The completion of West 56th Avenue, Kipling Street Underpass and Ridge Road improvements will help to improve access.

FUTURE ECONOMIC FACTORS

The City of Arvada's current sales tax base is primarily supported by grocery store-anchored shopping areas, with King Soopers and Safeway leading the way. In addition, we have major retailers including Kohl's, Costco, Sam's Club, Conn's, Target and Floor and Decor, along with two large home improvement stores, Home Depot and Lowes. Industries related to building activity should continue to do well through 2017, with other businesses returning to a slower growth model. Expected sales tax growth ranges from 2.5% to 3.5%. An increase in the number of on-line retailers collecting and remitting sales tax in 2016 amounted to a 1.4% overall growth in sales tax. This new revenue source will help to stabilize our sales tax base in the future.

Increased building activity is expected to continue through 2017. Single-family detached building permits, multi-family apartments and new businesses lead the way. With the expected two additional rate hikes in 2017, building activity is expected to slow down in 2018.

In November of 2016, the citizens of Arvada failed ballot issue 2G, a proposed half-cent sales and use tax increase that would have been dedicated to streets maintenance. This would have generated \$10 million dollars per year in additional revenue and completely closed the gap between what the City puts towards street maintenance today and what is needed per the 2015 Pavement Condition Index (PCI) study. In January of 2017, City Council decided to direct an additional \$2.3 million dollars of current operations towards street maintenance. With some additional one-time funds, the City will now spend over \$10 million dollars in 2017 and \$11 million in 2018 trying to improve the condition of city streets. While the Council goal requires that 70% of streets be in good or fair condition, the City currently sits at 64%.

Three major development areas continue to be keys to the growth of the City. These are the "Ralston Fields" urban renewal area, Transit-Oriented Development (TOD) in and around the G Line stations and the Candelas/Jefferson County Metropolitan District (JCMD) project area, including completion of the 470 beltway. Each one of these areas has its own challenges; however, if properly developed, all will be favorable economic drivers in the years to come.

The "Ralston Fields" area was established in 2003 by City Council as an economic development area. The first phase of redevelopment included the addition of a Target, Big 5 and many smaller retail restaurants and shops. With the addition of a 360-unit, multi-family project, the area has seen increased usage. An additional 252-unit, multi-family project will begin construction later in 2017. The next phase of development has begun in the "triangle" area, recently named "Ralston Creek". Walmart is scheduled to open in August and redevelopment of the north side of Ralston Road started in January. Four retail pads with restaurants and small shops are in the beginning phase of construction with an opening date scheduled for late fall. Phase two will provide additional multi-family housing opportunities.

Investment in and around the three rail stops along the G Line (Gold Strike, Olde Town and Arvada Ridge) has also intensified. Efforts related to TOD are expected to continue for the next few years.

The three rail stations are completed and are ready to open pending the final testing of the G Line. This is expected to happen later this summer. TOD development around the Olde Town station continues with the planned remodel of a movie theater, expanded retail in Olde Town and the formerly mentioned six-story, 255-unit multi-family complex. The Arvada Ridge station is also witnessing further investment, with a 298-unit, multi-family residential development breaking ground later in 2017.

The completion of the 470 beltway will have long-term implications. The final ten miles run through Broomfield County, Jefferson County and the City of Arvada. These three entities have created a joint Jefferson Parkway Public Highway Authority (JPPHA) to determine if a public-private partnership (P3) can be created to complete this integral piece of the regional transportation system. Ongoing discussions with the Federal Aviation Administration have resulted in the need to conduct an environmental study, called a "1601 study". The environmental study is budgeted to take place later in 2017. The completion of the beltway would be the last piece of a large transportation project that would finally connect I-25 to I-70 on the western part of the Denver Metro region.

Overall, the local economy continues to flourish with accelerated building activity, population growth and very low unemployment. While the City expects these trends to continue in the short term, the longer term outlook is more conservative. Continuing to invest in the community and staying focused on the three major development areas will help to maintain a strong foundation and will benefit the City in a continued pattern of growth and prosperity.

FINANCIAL INFORMATION

Retirement Funds: The City has three defined-contribution programs for different types of employees. These are the City of Arvada Retirement Program (CARP) for its regular employees; the Arvada Police Pension Plan (APPP) for its uniformed police officers; and the Executive Management Program for the appointed management team. The City deposits between 10% – 15% into an individual's account and the employee must contribute between 8% – 10%. The employee directs their own investments within a limitation of funds as identified by each Board. In addition, the City offers voluntary 457 programs where employees can place additional dollars for retirement on a pre-tax or post-tax basis. All four retirement programs have independently elected Boards. The APPP uses Fidelity Investments as their record keeper. The others all use Empower Retirement Services. The Council adopts the investment plans of all the Boards. The City also has one defined-benefit plan that covers one fully vested participant who did not elect to participate in the Arvada Police Pension Plan that became effective in 1986.

Internal Control Structure: The City of Arvada establishes and maintains an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls: The City of Arvada maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City of Arvada's City Council, its governing body. All activities of the City are included in the annual appropriated budget except the City's self-insured health plan and retirement funds. The City maintains an accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at December 31, encumbrances outstanding are carried over and become a liability on the next year's budget. Appropriations for fiscal year 2017 will provide the authority to complete those transactions.

Single Audit: As a recipient of federal and state financial assistance, the City is responsible for ensuring that adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. As part of the City's single audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied, in all material respects, with applicable laws and regulations. The results of the City's single audit for fiscal year 2016, including any reported instances of material weaknesses or significant deficiencies in the internal control structure or any violations of applicable laws and regulations, are available in the Single Audit Report.

Independent Audit: Section 10.9 of the City of Arvada's charter requires an annual audit of accounts and other evidences of financial transactions of the City and its departments by independent certified public accountants.

The audit is performed by a firm chosen by a five-member audit board consisting of the City Manager, the two Deputy City Managers, and two members of the City Council, known as the Finance Committee. This year BKD, LLP, a firm of independent accountants, audited the financial statements for the year ended December 31, 2016.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arvada for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. The City of Arvada has received this award for 32 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the certificate of achievement program requirements and we are submitting it to the committee to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each department. Special mention needs to be directed to the dedicated employees of the Finance Department charged with ensuring that all accounting principles are adhered to each and every day, thus ensuring the efficient and effective preparation of this audit and document. Special thanks go to Lisa Yagi, Assistant Finance Director; Debra Nielson, Controller; and their teams. The production of the document was in the capable hands of Arlene Martinez, the Finance Department's Executive Assistant, as well as Steve Milke and Bun Heng, the City's Creative Services Design and Print Services staff.

Respectfully submitted,



Bryan Archer
Director of Finance

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Arvada
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



CITY OF
ARVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2016

City Officials

Marc Williams
Mayor
(Term expires 2019)

Don Allard
Councilmember – At-Large
(Term expires 2017)

Bob Fifer
Mayor Pro Tem – At-Large
(Term expires 2019)

Nancy Ford
Councilmember – District 1
(Term expires 2017)

Mark McGoff
Councilmember – District 2
(Term expires 2019)

John Marriott
Councilmember – District 3
(Term expires 2017)

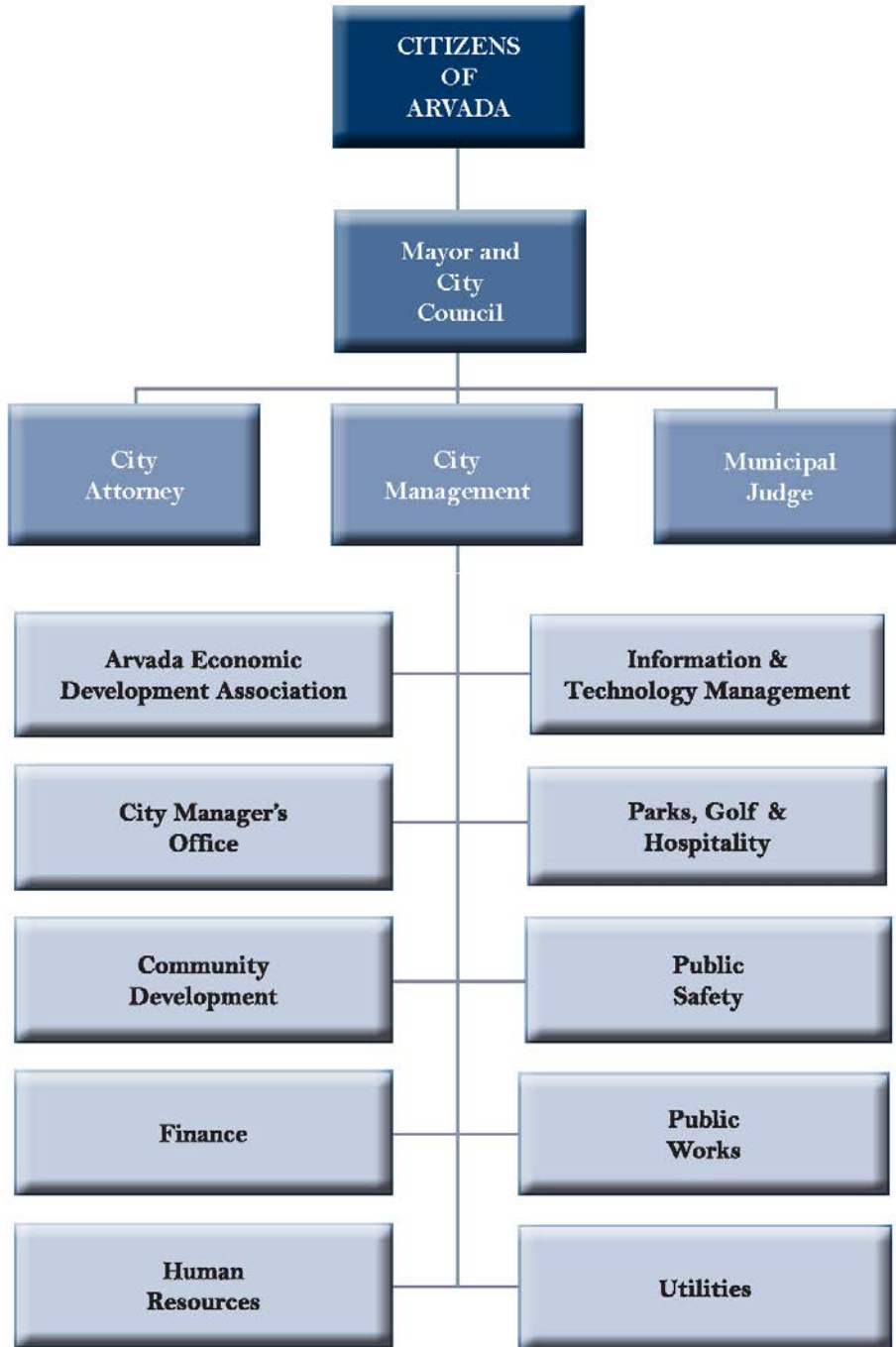
David Jones
Councilmember – District 4
(Term expires 2019)

City Manager and Key Staff

Mark G. Deven	City Manager
Lorie Gillis	Deputy City Manager
William Ray	Deputy City Manager
David Cooke	Municipal Judge
Christopher K. Daly	City Attorney
Bryan Archer	Director of Finance
Ron Czarnecki	Director of Information Technology
Linda Haley	Director of Human Resources
Robert Manwaring	Director of Public Works
Rita McConnell	Director of Community Development
Maureen Phair	Executive Director of Arvada Urban Renewal Authority
Gordon Reusink	Director of Parks, Golf and Hospitality Services
Kristen Rush	City Clerk
Ryan Stachelski	Director of Arvada Economic Development Association
James Sullivan	Director of Utilities
Don Wick	Chief of Police



CITY OF
ARVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
December 31, 2016



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Financial Section

Reports of Independent Certified Public
Accountants

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Report of Independent Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Arvada
Arvada, Colorado

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Arvada (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Honorable Mayor and Members of City Council
City of Arvada

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position, budgetary comparisons, 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, other post-employment benefits and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, and other supplementary information, including the local highway finance report and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and Members of City Council
City of Arvada

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
June 12, 2017

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Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016

This section of the City of Arvada's Comprehensive Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2016. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City's basic financial statements and notes to the financial statements, to enhance their understanding of the activities and financial health of the City of Arvada.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following three components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Other supplementary information is also included at the end of the report.

Government-wide Financial Statements. The government-wide statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the City's net position has changed during the fiscal year that just ended. All changes in net position are reported as soon as the underlying activity occurs. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government 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 City include general government, public safety, public works, parks, cultural and human service. The business-type activities of the City include water, wastewater, stormwater, golf and food service.

The government-wide financial statements also include both the Arvada Urban Renewal Authority and Arvada Economic Development Association as discretely presented component units of the City.

Fund Financial Statements. Traditional users of the City's financial statements will find the fund financial statement presentation more familiar.

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. A major fund should generally meet both of the following criteria: 1) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets and deferred outflows of resources, liabilities and deferred inflows of resources or expenditures/expenses) for that fund type (i.e. governmental or enterprise funds) and 2) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016

governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. To facilitate this comparison, reconciliations are provided for both the governmental fund balance sheet and the governmental statements of revenues, expenditures and changes in fund balances.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General fund, Community Development fund, Arvada Center fund, Parks, General Capital Projects and the Construction fund. These funds are considered to be major funds. On June 30, 2016 the Arvada Center elected to formally separate from the City and become a legally separate stand-alone not for profit (NFP), financial information for the Arvada Center represents the first six months of 2016. Data from the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-33 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. The proprietary fund financial statements are prepared on the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, stormwater, food service and golf operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for medical and dental benefits provided by the City, its risk management program, its replacement of vehicles and information technology equipment, maintenance of vehicles and buildings and its print shop operations. The activity in these funds is allocated between the governmental and business-type activities based upon actual usage.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water, Wastewater, and Stormwater enterprise funds are considered to be major funds and are therefore presented separately within the proprietary fund financial statements. All internal service funds are considered to be non-major funds and they are combined into a single, aggregated column in the proprietary fund statements. Individual fund data for each of the non-major proprietary



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

funds is provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

Fiduciary Funds. The City maintains two different types of fiduciary funds, trust and agency funds. The fiduciary fund financial statements are prepared on the accrual basis of accounting. The fiduciary funds are used to account for resources held by the City in a trustee capacity or as an agent for the benefit of parties outside the government. The agency fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The trust fiduciary fund is shown in the government-wide financial statements as net pension liability and deferred inflows of resources and deferred outflows of resources related to pension activity.

The City does not adopt an annual appropriated budget for its fiduciary funds.

The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

Notes to the Financial Statements. The notes to the basic financial statements are considered an integral part of the financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-77 of this report.

Combining Statements. The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds are presented following the required notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government financial position. At the close of December 31, 2016, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$836,254,000. The following summaries of net position and changes in net position are presented for the current year and the previous year in comparison format.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

City of Arvada						
Statement of Net Position						
December 31, 2016						
(in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 135,964	\$ 128,861	\$ 124,520	\$ 109,731	\$ 260,484	\$ 238,592
Capital assets	364,054	336,896	273,625	273,857	637,679	610,753
Other non-current assets	6,337	7,720	5,000	-	11,337	7,720
Total assets	<u>506,355</u>	<u>473,477</u>	<u>403,145</u>	<u>383,588</u>	<u>909,500</u>	<u>857,065</u>
Deferred outflows of resources	415	471	-	-	415	471
Other liabilities	23,575	20,407	7,204	5,931	30,779	26,338
Long-term liabilities	30,309	22,863	6,900	8,929	37,209	31,792
Total liabilities	<u>53,884</u>	<u>43,270</u>	<u>14,104</u>	<u>14,860</u>	<u>67,988</u>	<u>58,130</u>
Deferred inflows of resources	5,673	5,626	-	-	5,673	5,626
Net position:						
Net investment in capital assets	346,609	314,973	265,019	263,210	611,628	578,183
Restricted	10,448	19,900	1,915	1,860	12,363	21,760
Unrestricted	90,156	90,179	122,107	103,658	212,263	193,837
Total Net position	<u>\$ 447,213</u>	<u>\$ 425,052</u>	<u>\$ 389,041</u>	<u>\$ 368,728</u>	<u>\$ 836,254</u>	<u>\$ 793,780</u>

For more detailed information, see the Statement of Net Position on page 27 of this report.

By far the largest portion of the City's Governmental net position, \$346,609,000 (78%), reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure and equipment), less any debt used to acquire those assets still outstanding. The City of Arvada uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's Governmental net position, \$10,448,000 (2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$90,156,000 (20%), may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total net position increased by \$42,474,000 during the current fiscal year. This is due to an increase in the governmental activities of \$22,161,000 and an increase in the business-type activities of \$20,313,000. The increase is primarily due to increases in user fees and sales and use taxes that will be used for current and future capital projects.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

Changes in Net Position

The following table reflects a condensed summary of activities and changes in net position:

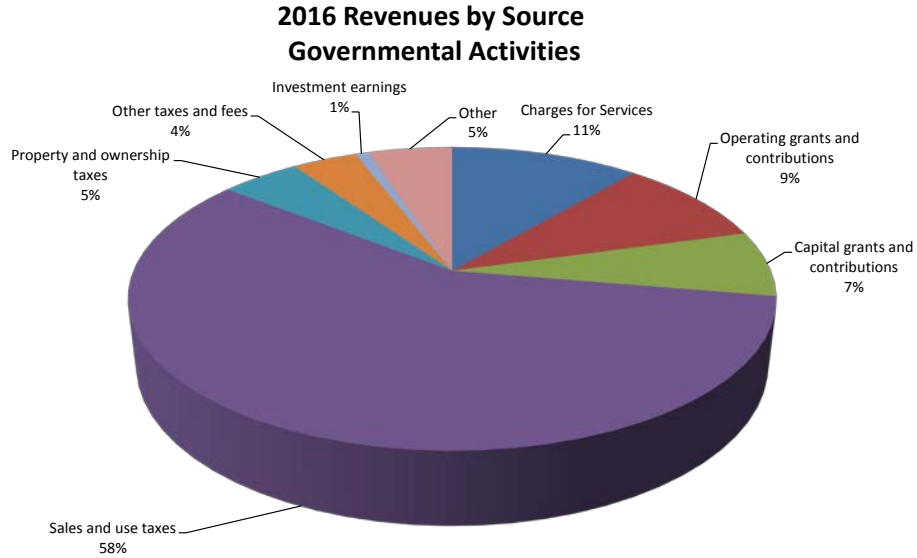
City of Arvada						
Statement of Activities						
Year Ended December 31, 2016						
(in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	14,408	16,185	\$ 43,931	\$ 41,610	\$ 58,339	\$ 57,795
Operating grants and contributions	12,066	12,529	-	-	12,066	12,529
Capital grants and contributions	8,936	10,206	20,912	20,578	29,848	30,784
General revenues:						
Sales and use taxes	74,083	69,744	-	-	74,083	69,744
Property & ownership taxes	6,056	5,074	-	-	6,056	5,074
Other taxes and fees	4,923	5,400	-	-	4,923	5,400
Investment earnings (loss)	1,003	823	550	507	1,553	1,330
Other	6,435	3,938	104	104	6,539	4,042
Total revenues	<u>127,910</u>	<u>123,899</u>	<u>65,497</u>	<u>62,799</u>	<u>193,407</u>	<u>186,698</u>
Expenses						
General government	\$ 25,627	\$ 20,906	\$ -	\$ -	\$ 25,627	\$ 20,906
Public safety	29,263	28,030	-	-	29,263	28,030
Public works	32,126	31,124	-	-	32,126	31,124
Parks and recreation	8,543	8,279	-	-	8,543	8,279
Culture	5,545	10,068	-	-	5,545	10,068
Human service	4,781	4,665	-	-	4,781	4,665
Interest	821	398	-	-	821	398
Water	-	-	22,688	21,633	22,688	21,633
Wastewater	-	-	12,127	12,620	12,127	12,620
Stormwater	-	-	2,964	2,544	2,964	2,544
Golf	-	-	4,875	4,765	4,875	4,765
Food	-	-	1,573	1,339	1,573	1,339
Total expenses	<u>106,706</u>	<u>103,470</u>	<u>44,227</u>	<u>42,901</u>	<u>150,933</u>	<u>146,371</u>
Change in net position before transfers	21,204	20,429	21,270	19,898	42,474	40,327
Transfers	957	1,412	(957)	(1,412)	-	-
Increase in net position	22,161	21,841	20,313	18,486	42,474	40,327
Net position, beginning	425,052	403,211	368,728	350,242	793,780	753,453
Net position, ending	<u>\$ 447,213</u>	<u>\$ 425,052</u>	<u>\$ 389,041</u>	<u>\$ 368,728</u>	<u>\$ 836,254</u>	<u>\$ 793,780</u>

For more detailed information, see the Statement of Activities on pages 28-29 of this report.

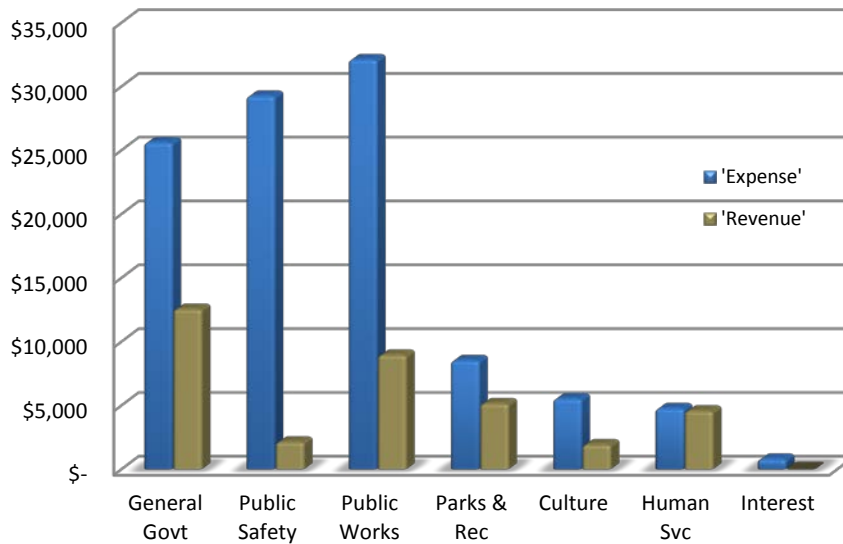
The above condensed summary of the City of Arvada's governmental and business-type activities for the year ended December 31, 2016 reflects net position increasing \$42,474,000. Revenues and expenses graphs are presented below to enhance the reader's understanding of the current year activities.

Governmental Activities

Governmental Activities increased Arvada's Net Position by \$22,161,000.

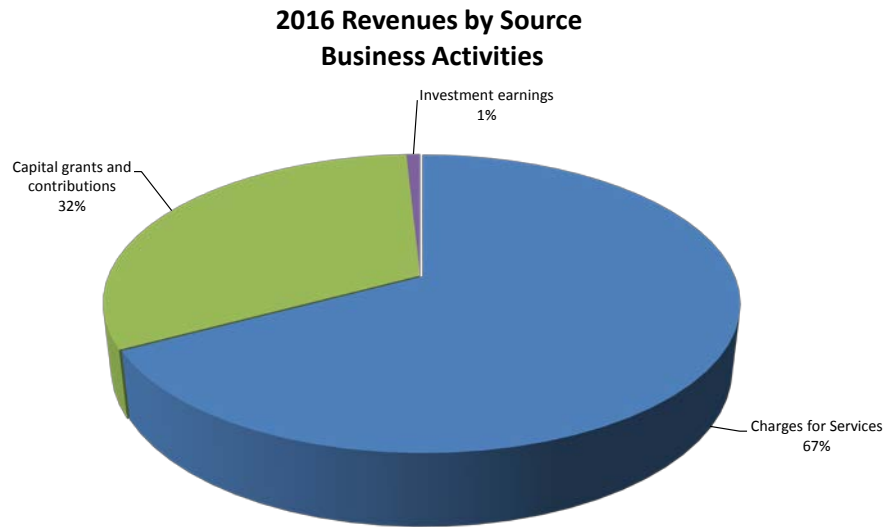


**2016 Expenses and Program Revenues
Governmental Activities**

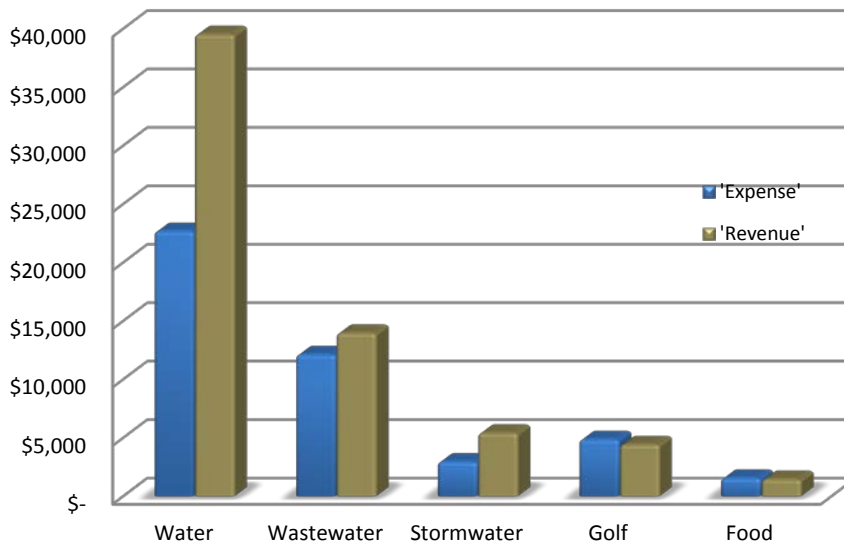


Business-type Activities

Business-type Activities increased Arvada's Net Position by \$20,313,000



**2016 Expenses and Program Revenues
Business-Type Activities**





MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

Governmental activities. Governmental activities increased the City's net position by \$22,161,000. Key elements of this change are due to the following:

- Capital contributions from developers amounted to \$6,056,000
- Sales and use tax collections were up 4,339,000

Business-type activities. Business-type activities increased the City's net position by \$20,313,000. Key elements of this increase are due to the following:

- Developer contributions amounted to \$4,892,000.
- The Water and Wastewater funds saw increases in tap fee revenues as a few new single-family home developments started construction during 2016. These tap fee revenues will be used for future capital needs.

Financial Analysis of the City's Funds

As noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

In 2011, the City implemented The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. Per GASB 54, as of December 31, 2016, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. The City had \$635,000 in non-spendable resources.

Restricted – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or law and regulations of other governments; or through constitutional provisional or enabling legislations. The City had \$22,385,000 in restricted resources.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through resolutions and ordinances approved by the City Council. The City had \$7,693,000 in committed resources.

Assigned – amounts that are for an intended use established by the City, but that are not considered restricted or committed. The purpose of the assignment must be narrower than the purpose of the General Fund. The City had \$40,926,000 in assigned resources.

Unassigned – represents the remaining balance for the City's General Fund. The City had \$23,076,000 in unassigned resources.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

The General Fund is the main operating fund of the City. At December 31, 2016, the non-spendable fund balance was \$589,000, the restricted fund balance was \$2,589,000, the assigned fund balance was \$15,143,000 and the unassigned fund balance was \$23,076,000. The total fund balance increased \$3,867,000 in 2016 to \$41,397,000. On a budgetary basis, the General Fund finished over \$15,640,000 to the good. Sales and Use tax came in \$7,735,000 over budget. This represented an increase of 6.67% over 2015.

The Community Development Fund is a major fund of the City. At December 31, 2016, the restricted fund balance was \$1,226,000 and the assigned fund balance was \$4,592,000. Total fund balance increased \$260,000 in 2016 to \$5,818,000. Essential Home Repair expenses were reduced in 2016 when compared to 2015, as several projects scheduled for 2016 were delayed until 2017.

The Parks Fund is a major fund of the City. At December 31, 2016, the non-spendable fund balance was \$30,000 the restricted fund balance was \$161,000 and the assigned fund balance was \$5,094,000. The total fund balance increased \$311,000 in 2016 to \$5,285,000.

The General Capital Projects Fund is another major fund of the City. At December 31, 2016, the restricted fund balance was \$2,863,000, the committed fund balance was \$7,693,000 and the assigned fund balance was \$3,150,000. The total fund balance decreased \$17,193,000 in 2016 to \$13,706,000. This decrease is due to construction of large projects such as the Olde Town Transit Hub, Kipling street trail underpass, railroad crossing quiet zones and West 56th Avenue extension.

The Construction Fund is another major fund of the City. At December 31, 2016, the restricted fund balance was \$1,000 and the assigned fund balance was \$12,947,000. Total fund balance was \$2,948,000, this was a new fund in 2016.

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

The unrestricted net position balances of the City's proprietary funds (including the major enterprise funds) are reflected in the following table:



MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016

Table of Unrestricted Net Position
Net Position - Proprietary Funds
(in thousands)

Table with 3 columns: Category, Unrestricted Net Position for Year ended 12/31/16, and Unrestricted Net Position for Year ended 12/31/15. Rows include Major Enterprise Funds (Water, Wastewater, Stormwater, Non major enterprise funds), Total of major enterprise funds, Internal service funds, and Total proprietary funds.

Component units. The Arvada Economic Development Association (AEDA) was established to encourage all forms of economic development. Funding for AEDA consists of compensation from the City for services it renders the City and its citizens. The statement of net position reflects an unrestricted net position of \$1,149,000. The total change in net position for AEDA was a decrease of \$95,000.

The Arvada Urban Renewal Authority (AURA) was created by Ordinance No. 1717 under the Colorado Urban Renewal Law and approved by voters on March 3, 1981. AURA’s purpose is to develop, redevelop or rehabilitate blighted areas of the City. The governing body of AURA is a commission of seven members, appointed by the Mayor and approved by City Council. AURA’s annual budget is approved by the City Council and the City provides administrative support to AURA. The statement of net position reflects \$44,000 of restricted net position balance and (\$1,049,000) of unrestricted deficit net position balance. The total change in net position for AURA was a decrease of \$3,616,000. As of December 31, 2016, AURA was in a deficit net position for governmental activities. This deficit is primarily due to ARUA’s purchase of property held for resale, using loan funds from the City of Arvada and subsequent write-down of the value of these properties to estimated net realizable amounts. While AURA anticipates that the sales of these properties will result in incremental property tax revenues in future years, AURA recognized a loss on these properties held for resale of \$4,268,218 during the year ended December 31, 2016.

Budgetary Highlights

General Fund.

Final budgeted expenditures and transfers out increased \$10,306,000 from the original budget to a total of \$92,060,000. \$9,243,000 of this increase is due to projects not completed in 2015 and carried to 2016 and also one-time funding for projects. Major projects included construction of the Olde Town Transit Hub, obligations related to JPPHA, security upgrades at City buildings, AEDA grant program, and costs associated with the Arvada Center transition to a non-profit organization. The remaining increase included additional operational support to the Arvada Center non-profit and various operational expenses in the General Fund.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

Sales and Use tax revenue exceeded budget by \$7,735,000 due to increases in auto use tax and building use taxes. In 2016 Arvada issued 739 single family detached building permits, a 14.2% growth over 2015. Public Safety expenditures had a savings of \$1,530,000 due primarily to vacant positions in 2016. Public Works expenditures had a savings of \$1,839,000 due primarily to projects delayed to 2017.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounted to \$637,679,000 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings and improvements, equipment and infrastructure.

City of Arvada
Capital Assets (net of depreciation)
as of December 31, 2016
(in thousands)

	Governmental Activities	Business-type Activities	Total Primary Government
Land and water rights	55,843	\$ 39,510	\$ 95,353
Infrastructure	144,432	6,243	150,675
Construction in progress	52,313	5,013	57,326
Buildings	25,845	6,340	32,185
Improvements other than buildings	76,609	215,951	292,560
Equipment & vehicles	9,012	568	9,580
Total capital assets	\$ 364,054	\$ 273,625	\$ 637,679

Major capital improvements during this fiscal year include the following:

Governmental Activities

- On-going construction of the Olde Town Transit Hub
- Construction of the Kipling Street trail underpass
- Construction of West 56th Ave extension at Wadsworth Bypass
- Renovation of several park play grounds

Proprietary Activities

- On-going maintenance and replacement of water, sewer and stormwater lines
- Improvements in Leyden Rock subdivision

Additional information of the City's capital assets can be found in Note 3.B on pages 60-61 of this report.

Long-term debt. At the end of December 31, 2016, the City had total debt outstanding of \$36,370,000. Of this amount, \$15,690,000 represents bonds secured by specified revenue sources (i.e. sales tax revenue bonds and water revenue bonds). The remaining \$20,680,000 are Certificates of Participation.



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2016

**City of Arvada
Outstanding Debt
as of December 31, 2016
(in thousands)**

	Governmental Activities	Business-type Activities	Total Primary Government
Revenue bonds	\$ 7,500	\$ 8,190	\$ 15,690
Certificates of Participation	\$ 20,680	-	20,680
Total outstanding debt	<u>\$ 28,180</u>	<u>\$ 8,190</u>	<u>\$ 36,370</u>

Additional information on the City's long-term obligations can be found in Note 3.E on pages 64-67 of this report.

Financial Contact

The City's financial statements are designed to provide users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information presented in this report or requests for additional information should be sent to the City's Finance Director at the following address:

City of Arvada
Director of Finance
8101 Ralston Road
Arvada, CO 80002

Basic Financial Statements



STATEMENT OF NET POSITION
December 31, 2016
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	AURA	AEDA
ASSETS					
Cash and investments	\$ 111,954	\$ 76,447	\$ 188,401	\$ 5,964	\$ 882
Restricted cash	5,735	37,747	43,482	-	-
Taxes receivable	13,894	-	13,894	8,426	-
Accounts receivable, net of allowance for uncollectibles	7,290	5,145	12,435	135	309
Accrued interest	284	103	387	-	-
Internal balances	(4,546)	4,546	-	-	-
Inventories	572	418	990	-	-
Prepaid costs	762	114	876	4	-
Net pension asset	19	-	19	-	-
Notes receivable - non-current	6,337	5,000	11,337	49	-
Property available for sale	-	-	-	2,300	-
Capital assets					
Land, water rights and construction in progress	108,156	44,523	152,679	-	-
Other capital assets, net	255,898	229,102	485,000	-	-
Total capital assets	<u>364,054</u>	<u>273,625</u>	<u>637,679</u>	<u>-</u>	<u>-</u>
Total assets	<u>506,355</u>	<u>403,145</u>	<u>909,500</u>	<u>16,878</u>	<u>1,191</u>
DEFERRED OUTFLOWS OF RESOURCES					
Items related to pension plan	21	-	21	-	-
Deferred loss on refunding	394	-	394	-	-
	<u>415</u>	<u>-</u>	<u>415</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	13,886	2,224	16,110	324	42
Contracts payable	-	2,474	2,474	-	-
Accrued interest payable	112	58	170	-	-
Unearned revenue	231	113	344	-	-
Long-term liabilities					
Due within one year:					
Bonds, Certificates of Participation, Notes Payable	5,425	2,019	7,444	2,156	-
Claims payable	1,854	-	1,854	-	-
Compensated absences	2,067	316	2,383	-	-
Due more than one year:			-		
Bonds, Certificates of Participation, Notes Payable	24,968	6,587	31,555	6,977	-
OPEB	3,273	-	3,273	-	-
Compensated absences	2,068	313	2,381	-	-
Total liabilities	<u>53,884</u>	<u>14,104</u>	<u>67,988</u>	<u>9,457</u>	<u>42</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	5,673	-	5,673	8,426	-
NET POSITION					
Net Investment in capital assets	346,609	265,019	611,628	-	-
Restricted for:					
Pensions	19	-	19	-	-
Conversation Trust	1,883	-	1,883	-	-
Law Enforcement/Seizure	476	-	476	-	-
Emergencies	3,222	-	3,222	-	-
CDGB	1,205	-	1,205	-	-
Debt Service	502	1,915	2,417	-	-
Lands Dedicated	1,598	-	1,598	-	-
Adams County Open Space	88	-	88	-	-
Adams County Transportation	200	-	200	-	-
Park Development	1,240	-	1,240	-	-
Housing	15	-	15	-	-
Other	-	-	-	44	-
Unrestricted (deficit)	90,156	122,107	212,263	(1,049)	1,149
Total Net Position	<u>\$ 447,213</u>	<u>\$ 389,041</u>	<u>\$ 836,254</u>	<u>\$ (1,005)</u>	<u>\$ 1,149</u>

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



STATEMENT OF ACTIVITIES
Year Ended December 31, 2016
(in thousands)

FUNCTIONS/PROGRAM ACTIVITIES:	Program Revenues				Total
	Expenses	Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 25,627	\$ 5,694	\$ 819	\$ 6,056	\$ 12,569
Public safety	29,263	-	2,158	-	2,158
Public works	32,126	6,094	-	2,880	8,974
Parks and recreation	8,543	965	4,202	-	5,167
Culture	5,545	1,655	298	-	1,953
Human services	4,781	-	4,589	-	4,589
Interest expense	821	-	-	-	-
Total governmental activities	106,706	14,408	12,066	8,936	35,410
Business-type activities:					
Water	22,688	23,120	-	16,412	39,532
Wastewater	12,127	11,516	-	2,463	13,979
Stormwater	2,964	3,388	-	2,037	5,425
Golf	4,875	4,442	-	-	4,442
Food	1,573	1,465	-	-	1,465
Total business-type activities	44,227	43,931	-	20,912	64,843
Total primary government	\$ 150,933	\$ 58,339	\$ 12,066	\$ 29,848	\$ 100,253
Component Units:					
AURA	\$ 12,461	\$ -	\$ -	\$ -	\$ -
AEDA	1,374	-	1,273	-	1,273
Total component units	\$ 13,835	\$ -	\$ 1,273	\$ -	\$ 1,273

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



STATEMENT OF ACTIVITIES
Year Ended December 31, 2016
(in thousands)

Net (Expense) Revenue and Changes in Net Position					
Primary Government - City of Arvada			Component	Component	
Governmental Activities	Business-type Activities	Total	Unit AURA	Unit AEDA	
\$ (13,058)	\$ -	\$ (13,058)	\$ -	\$ -	
(27,105)	-	(27,105)	-	-	
(23,152)	-	(23,152)	-	-	
(3,376)	-	(3,376)	-	-	
(3,592)	-	(3,592)	-	-	
(192)	-	(192)	-	-	
(821)	-	(821)	-	-	
<u>(71,296)</u>	<u>-</u>	<u>(71,296)</u>	<u>-</u>	<u>-</u>	
-	16,844	16,844	-	-	
-	1,852	1,852	-	-	
-	2,461	2,461	-	-	
-	(433)	(433)	-	-	
-	(108)	(108)	-	-	
<u>-</u>	<u>20,616</u>	<u>20,616</u>	<u>-</u>	<u>-</u>	
<u>(71,296)</u>	<u>20,616</u>	<u>(50,680)</u>	<u>-</u>	<u>-</u>	
\$ -	\$ -	\$ -	(12,461)	\$ -	
-	-	-	-	(101)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,461)</u>	<u>(101)</u>	
General Revenues					
Taxes:					
Property	6,056	-	6,056	7,931	-
Sales and use	74,083	-	74,083	67	-
Transportation tax	4,923	-	4,923	-	-
Investment earnings	1,003	550	1,553	27	6
Miscellaneous	6,435	104	6,539	820	-
Transfers in (out)	957	(957)	-	-	-
Total general revenues	<u>93,457</u>	<u>(303)</u>	<u>93,154</u>	<u>8,845</u>	<u>6</u>
Change in net position	22,161	20,313	42,474	(3,616)	(95)
Net position, January 1	425,052	368,728	793,780	2,611	1,244
Net position (deficit), December 31	<u>\$ 447,213</u>	<u>\$ 389,041</u>	<u>\$ 836,254</u>	<u>\$ (1,005)</u>	<u>\$ 1,149</u>

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



**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2016
(in thousands)**

	Primary Government						Total Govern- mental Funds
	General Fund	Community Develop- ment Fund	Parks	General Capital Projects Fund	Construction Fund	Other Govern- mental Funds	
ASSETS							
Cash and investments	\$ 38,337	\$ 4,594	\$ 4,089	\$ 14,936	\$ 12,921	\$ 15,200	\$ 90,077
Restricted cash	-	1,205	-	4,530	-	-	5,735
Taxes receivable	13,123	-	757	14	-	-	13,894
Accounts receivable, net of allowance for uncollectibles	400	83	866	4,620	27	1,291	7,287
Accrued interest	230	-	6	-	-	20	256
Inventories	292	-	7	-	-	-	299
Prepaid costs	297	-	23	-	-	16	336
Non-current notes receivable, net of allowance for uncollectibles	4,432	1,837	-	68	-	-	6,337
Total assets	<u>\$ 57,111</u>	<u>\$ 7,719</u>	<u>\$ 5,748</u>	<u>\$ 24,168</u>	<u>\$ 12,948</u>	<u>\$ 16,527</u>	<u>\$ 124,221</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	5,433	64	437	6,064	-	532	12,530
Unearned revenue	183	-	26	-	-	22	231
Total liabilities	<u>5,616</u>	<u>64</u>	<u>463</u>	<u>6,064</u>	<u>-</u>	<u>554</u>	<u>12,761</u>
DEFERRED INFLOW OF RESOURCES							
Property taxes	5,673	-	-	-	-	-	5,673
Grants	116	-	-	4,330	-	356	4,802
Notes receivable	4,309	1,837	-	68	-	56	6,270
Total deferred inflows of resources	<u>10,098</u>	<u>1,837</u>	<u>-</u>	<u>4,398</u>	<u>-</u>	<u>412</u>	<u>16,745</u>
FUND BALANCES							
Reserved for:							
Nonspendable	589	-	30	-	-	16	635
Restricted	2,589	1,226	161	2,863	1	15,545	22,385
Committed	-	-	-	7,693	-	-	7,693
Assigned	15,143	4,592	5,094	3,150	12,947	-	40,926
Unassigned	23,076	-	-	-	-	-	23,076
Total fund balances	<u>41,397</u>	<u>5,818</u>	<u>5,285</u>	<u>13,706</u>	<u>12,948</u>	<u>15,561</u>	<u>94,715</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,111</u>	<u>\$ 7,719</u>	<u>\$ 5,748</u>	<u>\$ 24,168</u>	<u>\$ 12,948</u>	<u>\$ 16,527</u>	<u>\$ 124,221</u>

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



**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2016
(in thousands)**

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

Total fund balances - governmental funds		\$ 94,715
Capital assets net of accumulated depreciation used in governmental activities are not current financial resources. Therefore, they are not reported in the funds financial statements.		354,945
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.		23,852
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds.		415
Certain assets are not available to provide current year financial resources and therefore are deferred in the fund statements		
Notes Receivable - non-current	1,961	
Grants Receivable - non-current	4,802	
AURA and Arvada Center Notes Receivable	4,309	
Subtotal	11,072	
Long-term liabilities and assets are not due and payable or available in the current period and accordingly are not reported in the fund financial statements		
Balances at December 31, 2016 are:		
Bonds payable	(9,713)	
Obligation under certificates of participation	(20,680)	
Interest accrual	(112)	
Net pension asset	19	
OPEB	(3,273)	
Compensated absences	(4,027)	
Subtotal	(37,786)	
Net position of governmental activities		\$ 447,213

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



GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended December 31, 2016
(in thousands)

	Primary Government							Total Governmental Funds
	General Fund	Community Develop- ment Fund	Arvada Center	Parks	General Capital Projects Fund	Construction Fund	Other Govern- mental Funds	
REVENUES								
Property and ownership taxes	\$ 6,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,056
Sales and use taxes	60,270	-	-	-	-	-	13,813	74,083
Franchise fees	4,304	-	-	-	-	-	-	4,304
Licenses & permits	6,001	-	-	40	-	-	-	6,041
Intergovernmental	5,108	574	298	4,202	2,880	-	5,110	18,172
Charges for services	1,219	-	1,655	-	4	-	-	2,878
Recovered costs	911	-	-	925	393	-	-	2,229
Fines & forfeitures	1,732	-	-	-	-	-	-	1,732
Investment earnings	533	30	21	36	35	27	119	801
Memberships, donations & dedications	-	-	209	-	198	-	351	758
Miscellaneous	169	83	61	178	74	-	99	664
Total Revenues	<u>86,303</u>	<u>687</u>	<u>2,244</u>	<u>5,381</u>	<u>3,584</u>	<u>27</u>	<u>19,492</u>	<u>117,718</u>
EXPENDITURES								
Current expenditures:								
General government	18,508	-	-	-	131	-	3	18,642
Public safety	20,725	-	-	-	-	-	8,006	28,731
Public works	23,174	-	-	-	-	-	-	23,174
Parks and recreation	-	-	-	8,163	-	-	-	8,163
Culture	-	-	4,693	-	-	-	-	4,693
Human services	-	605	-	-	-	-	4,162	4,767
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	4,670	4,670
Interest	-	-	-	-	-	-	718	718
Bond issuance costs	-	-	-	-	-	162	-	162
Capital outlay	332	-	-	49	34,421	-	147	34,949
Total Expenditures	<u>62,739</u>	<u>605</u>	<u>4,693</u>	<u>8,212</u>	<u>34,552</u>	<u>162</u>	<u>17,706</u>	<u>128,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,564	82	(2,449)	(2,831)	(30,968)	(135)	1,786	(10,951)
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	13,083	-	13,083
Transfers in	62	305	2,530	3,197	14,035	-	1,606	21,735
Transfers out	(19,759)	(127)	-	(55)	(260)	-	(904)	(21,105)
Transfer out to not for profit	-	-	(642)	-	-	-	-	(642)
Total other financing sources (uses)	<u>(19,697)</u>	<u>178</u>	<u>1,888</u>	<u>3,142</u>	<u>13,775</u>	<u>13,083</u>	<u>702</u>	<u>13,071</u>
NET CHANGE IN FUND BALANCES	3,867	260	(561)	311	(17,193)	12,948	2,488	2,120
FUND BALANCES, BEGINNING	37,530	5,558	561	4,974	30,899	-	13,073	92,595
FUND BALANCES ENDING	<u>\$ 41,397</u>	<u>\$ 5,818</u>	<u>\$ -</u>	<u>\$ 5,285</u>	<u>\$ 13,706</u>	<u>\$ 12,948</u>	<u>\$ 15,561</u>	<u>\$ 94,715</u>

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



**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES**
Year ended December 31, 2016
(in thousands)

Net change in fund balances - total government funds \$ 2,120

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	34,949	
Disposal of Capital Assets	(2,384)	
Depreciation expense	(14,210)	
Excess of depreciation expense over capital outlay	18,355	18,355

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Issuing debt increases long-term liabilities and does not affect the statement of activities.

Repayment of principal	4,670	
Issuance of Debt	(13,083)	
Subtotal	(8,413)	(8,413)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Developer Contributions	6,056	
Grants/notes receivable - current net of allowance	3,646	
Subtotal	9,702	9,702

Internal service funds are used by management to charge the costs of certain activities, such as risk management, vehicle replacement and maintenance, information technology replacement and the print shop services. A portion of the revenue (expense) of certain internal service funds is reported with governmental activities. 39

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of bond premium and deferred loss on refunding	238	
Pension	162	
OPEB	(80)	
Interest expense	(53)	
Compensated absences	91	
Subtotal	358	358

Change in net position of governmental activities \$ 22,161

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



GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP)
Year Ended December 31, 2016
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual Amounts</u>
REVENUES				
Property and ownership taxes	\$ 5,710	\$ 5,710	\$ 6,056	\$ 346
Sales and use taxes	52,535	52,535	60,270	7,735
Franchise fees	4,714	4,714	4,304	(410)
Licenses and permits	2,946	2,946	6,001	3,055
Intergovernmental	5,250	5,250	5,108	(142)
Charges for services	584	584	1,219	635
Recovered costs	585	585	911	326
Fines and forfeitures	1,831	1,831	1,732	(99)
Investment earnings	114	114	533	419
Administrative services	5,889	5,889	4,314	(1,575)
Miscellaneous	129	129	169	40
Total revenues	<u>80,287</u>	<u>80,287</u>	<u>90,617</u>	<u>10,330</u>
EXPENDITURES				
Current expenditures:				
Judicial	1,309	1,299	1,198	101
Management	4,508	5,405	4,968	437
Legal	2,038	2,423	2,348	75
Finance	5,108	6,891	6,623	268
Human resources	1,739	1,827	1,558	269
Public safety	22,159	22,255	20,725	1,530
Public works	23,337	25,013	23,174	1,839
Planning	2,805	3,156	2,804	352
Information technology	3,398	3,607	3,323	284
Total current expenditures	<u>66,401</u>	<u>71,876</u>	<u>66,721</u>	<u>5,155</u>
Capital outlay	32	201	332	(131)
Total expenditures	<u>66,433</u>	<u>72,077</u>	<u>67,053</u>	<u>5,024</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>13,854</u>	<u>8,210</u>	<u>23,564</u>	<u>15,354</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	62	62
Transfers out	(15,321)	(19,983)	(19,759)	224
Total other financing (uses)	<u>(15,321)</u>	<u>(19,983)</u>	<u>(19,697)</u>	<u>286</u>
NET CHANGE IN FUND BALANCE	<u>(1,467)</u>	<u>(11,773)</u>	<u>3,867</u>	<u>15,640</u>
FUND BALANCE, BEGINNING	<u>27,510</u>	<u>37,530</u>	<u>37,530</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 26,043</u>	<u>\$ 25,757</u>	<u>\$ 41,397</u>	<u>\$ 15,640</u>
Total expenditures as presented on budgetary basis			67,053	
less allocation of internal transfers			(4,314)	
Total expenditures as presented on GAAP basis			<u>62,739</u>	

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



**COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 668	\$ 668	\$ 574	\$ (94)
Investment earnings	9	14	30	16
Miscellaneous	115	115	83	(32)
Total revenues	<u>792</u>	<u>797</u>	<u>687</u>	<u>(110)</u>
EXPENDITURES				
Current expenditures:				
Program costs	909	1,159	605	554
Total expenditures	<u>909</u>	<u>1,159</u>	<u>605</u>	<u>554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(117)	(362)	82	444
OTHER FINANCING SOURCES (USES)				
Transfers in	45	45	305	260
Transfers out	(115)	(115)	(127)	(12)
Total other financing sources	<u>(70)</u>	<u>(70)</u>	<u>178</u>	<u>248</u>
NET CHANGE IN FUND BALANCE	(187)	(432)	260	692
FUND BALANCE, BEGINNING	5,450	5,558	5,558	-
FUND BALANCE, ENDING	<u>\$ 5,263</u>	<u>\$ 5,126</u>	<u>\$ 5,818</u>	<u>\$ 692</u>

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



ARVADA CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues				
Scientific and Cultural Facilities District	\$ 1,060	\$ 1,060	\$ 298	\$ (762)
Charges for services				
Performing Arts	3,499	3,499	1,043	(2,456)
Education	1,094	1,094	592	(502)
Gallery/Museum	176	176	20	(156)
Investment earnings	-	-	21	21
Memberships and donations	592	592	209	(383)
Miscellaneous	155	155	61	(94)
Total revenues	<u>6,576</u>	<u>6,576</u>	<u>2,244</u>	<u>(4,332)</u>
EXPENDITURES				
Current expenditures:				
Administration	3,913	3,913	627	3,286
Performing Arts	3,340	3,340	2,155	1,185
Development	367	367	214	153
Marketing	941	941	463	478
Education	959	959	670	289
Patron Services	-	-	263	(263)
Gallery/Museum	293	293	282	11
Facilities	588	588	19	569
Total current expenditures	<u>10,401</u>	<u>10,401</u>	<u>4,693</u>	<u>5,708</u>
Capital outlay	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total Expenditures	<u>10,451</u>	<u>10,451</u>	<u>4,693</u>	<u>5,758</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(3,875)	(3,875)	(2,449)	(1,426)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,931	3,931	2,530	(1,401)
Transfer out to not for profit	-	-	(642)	(642)
Total other financing uses	<u>3,931</u>	<u>3,931</u>	<u>1,888</u>	<u>(2,043)</u>
NET CHANGE IN FUND BALANCE	56	56	(561)	(617)
FUND BALANCE, BEGINNING	<u>636</u>	<u>561</u>	<u>561</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 692</u>	<u>\$ 617</u>	<u>\$ -</u>	<u>\$ (617)</u>

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



PARKS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 54	\$ 54	\$ 40	\$ (14)
Intergovernmental revenues				
Jefferson County-Open Space	3,910	4,192	4,202	10
Recovered costs	1,037	1,037	925	(112)
Investment earnings	42	42	36	(6)
Miscellaneous	65	65	178	113
	<u>5,108</u>	<u>5,390</u>	<u>5,381</u>	<u>(9)</u>
EXPENDITURES				
Current expenditures:				
Park maintenance	8,252	8,252	7,925	327
Park design	233	233	238	(5)
	<u>8,485</u>	<u>8,485</u>	<u>8,163</u>	<u>322</u>
Total current expenditures	<u>8,485</u>	<u>8,485</u>	<u>8,163</u>	<u>322</u>
Capital outlay	52	49	49	-
	<u>52</u>	<u>49</u>	<u>49</u>	<u>-</u>
Total Expenditures	<u>8,537</u>	<u>8,534</u>	<u>8,212</u>	<u>322</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,429)	(3,144)	(2,831)	313
OTHER FINANCING SOURCES (USES)				
Transfers in	3,178	3,178	3,197	19
Transfers out	(4)	(56)	(55)	1
	<u>3,174</u>	<u>3,122</u>	<u>3,142</u>	<u>20</u>
Total other financing sources	<u>3,174</u>	<u>3,122</u>	<u>3,142</u>	<u>20</u>
NET CHANGE IN FUND BALANCE	(255)	(22)	311	333
FUND BALANCE, BEGINNING	4,329	4,974	4,974	-
	<u>4,329</u>	<u>4,974</u>	<u>4,974</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,074</u>	<u>\$ 4,952</u>	<u>\$ 5,285</u>	<u>\$ 333</u>

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



**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2016
(in thousands)**

	Business-Type Activities					Governmental Activities
	Major Funds				Total Business Type Activities	Internal Service Funds
	Water Fund	Waste- water fund	Storm- water Fund	Nonmajor Funds		
ASSETS						
CURRENT ASSETS						
Cash and investments	\$ 58,773	\$ 9,703	\$ 6,805	\$ 1,166	\$ 76,447	\$ 21,877
Cash with fiscal agent	37,747				37,747	-
Accounts receivable, net of allowance for uncollectibles	2,518	2,101	399	127	5,145	3
Accrued interest	77	15	9	2	103	28
Inventories	261			157	418	273
Prepaid costs	94	6		14	114	426
Non-current notes receivable, net of allowance for uncollectibles		5,000			5,000	-
Total current assets	<u>99,470</u>	<u>16,825</u>	<u>7,213</u>	<u>1,466</u>	<u>124,974</u>	<u>22,607</u>
NONCURRENT ASSETS						
Land, water rights & construction in progress	40,152	5		4,366	44,523	-
Property & equipment, net of accumulated depreciation	129,540	46,694	48,916	3,952	229,102	9,109
Total non-current assets	<u>169,692</u>	<u>46,699</u>	<u>48,916</u>	<u>8,318</u>	<u>273,625</u>	<u>9,109</u>
Total assets	<u>269,162</u>	<u>63,524</u>	<u>56,129</u>	<u>9,784</u>	<u>398,599</u>	<u>31,716</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	1,539	143	175	367	2,224	1,356
Accrued interest	58				58	
Contracts payable	268	2,198	8		2,474	
Accrued compensated absences	172	49		95	316	53
Serial bonds payable	2,019				2,019	
Claims payable					-	1,854
Unearned revenue				113	113	-
Total current liabilities	<u>4,056</u>	<u>2,390</u>	<u>183</u>	<u>575</u>	<u>7,204</u>	<u>3,263</u>
NONCURRENT LIABILITIES						
Serial bonds payable	6,587				6,587	-
Accrued compensated absences	172	48		93	313	55
Total non-current liabilities	<u>6,759</u>	<u>48</u>	<u>-</u>	<u>93</u>	<u>6,900</u>	<u>55</u>
Total liabilities	<u>10,815</u>	<u>2,438</u>	<u>183</u>	<u>668</u>	<u>14,104</u>	<u>3,318</u>
NET POSITION						
Net investment in capital assets	161,086	46,699	48,916	8,318	265,019	9,109
Restricted - debt service	1,915	-	-	-	1,915	-
Unrestricted	95,346	14,387	7,030	798	117,561	19,289
Total net position	<u>\$ 258,347</u>	<u>\$ 61,086</u>	<u>\$ 55,946</u>	<u>\$ 9,116</u>	<u>\$ 384,495</u>	<u>\$ 28,398</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					4,546	
Net position of business-type activities (page 27)					<u>\$ 389,041</u>	

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



**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
Year Ended December 31, 2016
(in thousands)**

	Business-Type Activities					Governmental Activities
	Major Funds				Total Business Type Activities	Internal Service Funds
	Water Fund	Waste-water fund	Storm- water Fund	Nonmajor Funds		
OPERATING REVENUES						
Sales	\$ 21,691	\$ -	\$ -	\$ 3,154	\$ 24,845	\$ -
Service charges & fees	772	11,516	3,340	2,724	18,352	7,989
Recovered costs	-	-	47	-	47	293
Contributions						
Employer	-	-	-	-	-	7,857
Employee	-	-	-	-	-	2,327
Retirees and continued benefit individuals	-	-	-	-	-	231
Miscellaneous	657	-	-	29	686	218
Total revenues	<u>23,120</u>	<u>11,516</u>	<u>3,387</u>	<u>5,907</u>	<u>43,930</u>	<u>18,915</u>
EXPENSES						
Operating & maintenance	17,249	9,296	1,899	-	28,444	-
Administration	693	758	-	6,234	7,685	4,691
Insurance premiums	-	-	-	-	-	1,945
Uninsured damages & claims	-	-	-	-	-	9,066
Repair & maintenance	-	-	-	-	-	2,249
Depreciation	4,073	1,315	1,062	200	6,650	1,737
Total expenses	<u>22,015</u>	<u>11,369</u>	<u>2,961</u>	<u>6,434</u>	<u>42,779</u>	<u>19,688</u>
OPERATING INCOME (LOSS)	<u>1,105</u>	<u>147</u>	<u>426</u>	<u>(527)</u>	<u>1,151</u>	<u>(773)</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	402	94	45	9	550	202
Gain (loss) on sale of assets	(220)	(746)	-	-	(966)	197
Interest expense	(394)	-	-	-	(394)	(1)
Amortization	104	-	-	-	104	-
Total non-operating revenues (expenses)	<u>(108)</u>	<u>(652)</u>	<u>45</u>	<u>9</u>	<u>(706)</u>	<u>398</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	997	(505)	471	(518)	445	(375)
CAPITAL CONTRIBUTIONS	16,412	2,463	2,037	-	20,912	-
TRANSFERS IN	467	-	-	461	928	444
TRANSFERS OUT	<u>(443)</u>	<u>(382)</u>	<u>(1,057)</u>	<u>(3)</u>	<u>(1,885)</u>	<u>(117)</u>
CHANGE IN NET POSITION	17,433	1,576	1,451	(60)	20,400	(48)
NET POSITION, BEGINNING	240,914	59,510	54,495	9,176		28,446
NET POSITION, ENDING	<u>\$ 258,347</u>	<u>\$ 61,086</u>	<u>\$ 55,946</u>	<u>\$ 9,116</u>		<u>\$ 28,398</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Change in net position of business-type activities (page 29)

(87)
\$ 20,313

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



**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended December 31, 2016
(in thousands)**

	Business-Type Activities					Governmental Activities
	Major Funds				Total Business Type Activities	Internal Service Funds
	Water Fund	Waste- water fund	Storm- water Fund	Nonmajor Funds		
Cash flows from operating activities						
Cash received from external customers	\$ 23,090	\$ 11,601	\$ 3,398	\$ 5,872	\$ 43,961	\$ 719
Cash received from internal customers	-	-	-	78	78	18,187
Cash payments to external suppliers	(11,211)	(7,493)	(1,227)	(2,311)	(22,242)	(12,579)
Cash payments to internal suppliers	(625)	(306)	(19)	(317)	(1,267)	(2,273)
Cash payments to employees for services	(6,130)	(1,233)	(577)	(3,543)	(11,483)	(2,053)
Net cash provided (used) by operating activities	<u>5,124</u>	<u>2,569</u>	<u>1,575</u>	<u>(221)</u>	<u>9,047</u>	<u>2,001</u>
Cash flows from non-capital financing activities						
Transfers to other funds	(443)	(382)	(1,057)	(3)	(1,885)	(117)
Transfers from other funds	467	-	-	461	928	444
Net cash provided (used) by non-capital financing activities	<u>24</u>	<u>(382)</u>	<u>(1,057)</u>	<u>458</u>	<u>(957)</u>	<u>327</u>
Cash flows from capital & related financing activities						
Capital contributions	15,374	1,817	-	-	17,191	-
Purchase of capital assets	(2,375)	(1,596)	-	(298)	(4,269)	(4,566)
Payment of capital lease	-	-	-	-	-	(99)
Principal paid on capital debt	(1,860)	-	-	(77)	(1,937)	-
Interest paid on capital debt	(404)	-	-	-	(404)	(1)
Proceeds from sale of assets	-	-	606	-	606	280
Net cash provided (used) by capital and related financing activities	<u>10,735</u>	<u>221</u>	<u>606</u>	<u>(375)</u>	<u>11,187</u>	<u>(4,386)</u>
Cash flows from investing activities						
Loan to AURA	-	(5,000)	-	-	(5,000)	-
Investment earnings	398	104	47	8	557	218
Net cash provided (used) by investing activities	<u>398</u>	<u>(4,896)</u>	<u>47</u>	<u>8</u>	<u>(4,443)</u>	<u>218</u>
Net increase (decrease) in cash and cash equivalents	16,281	(2,488)	1,171	(130)	14,834	(1,840)
Cash and cash equivalents January 1, 2016	80,239	12,191	5,634	1,296	99,360	23,717
Cash and cash equivalents December 31, 2016	<u>96,520</u>	<u>9,703</u>	<u>6,805</u>	<u>1,166</u>	<u>114,194</u>	<u>21,877</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	1,105	147	426	(527)	1,151	(773)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	4,073	1,315	1,062	200	6,650	1,737
(Increase) decrease in account receivable	(134)	85	11	(10)	(48)	2
(Increase) decrease in inventories	-	-	-	(18)	(18)	(1)
(Increase) decrease in prepaid expenditures	11	-	-	6	17	(100)
(Decrease) increase in accrued payroll	52	8	-	29	89	-
(Decrease) increase in accounts payable	47	20	99	38	204	859
(Decrease) increase in claims/bonds payable	-	-	-	-	-	269
(Decrease) increase in contracts payable	21	968	(23)	-	966	-
(Decrease) increase in deferred revenue	-	-	-	53	53	-
(Decrease) increase in accrued benefits	(51)	26	-	8	(17)	8
Net cash provided (used) by operating activities	<u>\$ 5,124</u>	<u>\$ 2,569</u>	<u>\$ 1,575</u>	<u>\$ (221)</u>	<u>\$ 9,047</u>	<u>\$ 2,001</u>
Non-cash investing, capital and financing activities						
Developer contributions	\$ 1,038	\$ 646	\$ 2,037	\$ -	\$ 3,721	\$ -
Amortization	\$ 104	\$ -	\$ -	\$ -	\$ 104	\$ -

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



FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2016
(in thousands)

	Defined Benefit Police Pension	Agency Fund
	<u> </u>	<u> </u>
Assets		
Pooled cash and investments	\$ 20	\$ 12,875
Local Government Investment Pool	11	-
Certificate of Deposit	463	-
Accrued interest	-	17
Total assets	<u>494</u>	<u>12,892</u>
Liabilities		
Escrow payable	<u>-</u>	<u>12,892</u>
Total liabilities	<u>-</u>	<u>\$ 12,892</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u>\$ 494</u>	

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



FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2016
(in thousands)

	Defined Benefit Police Pension
ADDITIONS	
Investment income	\$ 3
Funding	<u>170</u>
Total additions	<u>173</u>
DEDUCTIONS	
Benefits paid	<u>28</u>
Total deductions	<u>28</u>
NET DECREASE	145
NET POSITION RESTRICTED FOR PENSIONS	
BEGINNING OF YEAR	<u>349</u>
END OF YEAR	<u><u>\$ 494</u></u>

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

Notes to the Financial Statements

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1. Summary of Significant Accounting Policies

This is a summary of significant accounting policies for the City of Arvada, Colorado presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

A. Financial Reporting Entity

The City of Arvada is a political subdivision of the State of Colorado, located in Jefferson and Adams Counties in the northwest quadrant of the greater Denver, Colorado, metropolitan area. The population of the City is approximately 113,326. The City, incorporated in 1904, provides general government; police services; water; sewer, stormwater; golf; park maintenance; food service; and various trust and agency functions in a fiduciary capacity. The City does not provide fire protection, public education, or solid waste services.

An elected mayor and six-member council govern the City. As required by accounting principles generally accepted in the United States of America (US GAAP) these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The discretely presented component units, on the other hand, are reported in separate columns in the government-wide statements to emphasize they are legally separate from the City. Each blended and discretely presented component unit has a December 31 year-end.

Blended Component Units

Arvada Housing Authority (Special Revenue Fund) – The Authority administers funds received for rent subsidy to low/moderate income households under Section 8 of the U.S. Housing Assistance Payment Program. The City provides all administrative support to the Authority. The Authority, a legally separate entity, is governed by a Board of Directors, which consists of all current members of the Arvada City Council. Separate audited financial statements for the Arvada Housing Authority are not prepared.

Arvada Council of the Arts and Humanities (Arts Council) (Special Revenue Fund) – On June 30, 2016 the Arvada Center for Arts and Humanities elected to formally separate from the City of Arvada and become a legally separate and stand-alone not for profit (NFP). For the first six months of 2016, the Arts Council, a registered 501(c) (3) organization, continued its role to advise the Arvada City Council, provide guidance and support to the Arvada Center staff and act as an advocate for public support and funding for the Arvada Center. The Council was governed by a Board which was appointed by the Arvada City Council. The City provided all administrative support to the Arts Council. Separate audited financial statements for the Arts Council are not prepared.

Discrete Component Units

Arvada Urban Renewal Authority (AURA) – AURA is reported in a separate column as a discretely presented component unit to emphasize that it is legally separate from the City.

AURA was created by Ordinance No. 1717 under the Colorado Urban Renewal Law and was approved by the voters on March 3, 1981. Its purpose is to develop, redevelop or rehabilitate blighted areas of the City. AURA currently has five active project areas, Ralston Fields, Jefferson Center Metropolitan District (JCMD), Village Commons, Olde Town Station and Northwest Arvada. The governing body of the AURA is a commission of seven members, appointed by the

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Mayor and approved by City Council for staggered terms of five years. AURA's annual budget must be approved by the City Council and the City provides administrative support to AURA.

The City has implemented GASB Statement 61, *The Financial Statement Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No. 34*, and we believe that AURA is included as a discrete component unit in the City's financial statements for the following reasons: the City's ability to appoint AURA's governing authority and approve the budget and its revisions. The City does not have any responsibilities to fund AURA operating deficiencies or deficits. Tax revenues are imposed and collected by the City.

Separate audited financial statements for AURA may be obtained from the City.

Arvada Economic Development Association (AEDA) – AEDA is reported in a separate column as a discretely presented component unit to emphasize that it is legally separate from the City. AEDA financial statements consist of one governmental fund.

AEDA was established to encourage and stimulate all forms of economic development, commercial and industrial. The services provided by AEDA benefit both the City and citizens by providing information and services to existing and prospective businesses and industries. Funding for AEDA consists of compensation from the City for services it renders the City and its citizens. The City also provides administrative support for AEDA. A Board of Directors appointed by City Council governs AEDA.

The City has implemented GASB Statement 61, *The Financial Statement Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No. 34*, and we believe that AEDA is included as a discrete component unit in the City's financial statements for the following reasons: the City funds all of the operations of AEDA, and the City Council appoints six members of the board. There are no separately issued financial statements for AEDA.

B. 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 the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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. Likewise, the City is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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.

Government fund financial statements are reported using the current financial resources measurement focus and 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and judgments, are recorded only when payment is due.

Taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Agency funds use the accrual basis of accounting.

C. Financial Statement Presentation

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equity, revenues and expenditures or expenses as appropriate. The various funds are summarized by type within the financial statements.

The City reports the following major governmental funds:

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

The Community Development Fund accounts for all entitlements, revenues and expenditures of the Community Development Block Grants (CDBG) program, the Home Rehabilitation program and Essential Home Repairs program.

The Arvada Center Fund accounts for all revenues and expenditures related to performing arts, development, marketing, education and gallery at the Arvada Center. Sources of revenue include grants, charges for services and transfers from the City's General Fund. As of July 1, 2016 the Arvada Center became a registered 501 (c) (3) organization. The Arvada Center fund is shown in the December 31, 2016 statements and represents activity through June 30, 2016 at which time the fund balance was transferred to the non-profit organization.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The Parks Fund accounts for costs associated with the acquisition, design, development, maintenance and beautification of parks, open space and trails within the City. Revenues are derived from the City's General Fund, Grants Fund, Lands Dedicated Fund and Jefferson County Open Space funds.

The General Capital Projects Fund accounts for all major capital projects of the City. Appropriations are not restricted to a fiscal year. Sources of revenue to this fund are transfers from the General and other funds, interest earned, transfers from Jefferson County Open Space funds and contributions by developers and government grants.

The Construction Fund accounts for proceeds from the Series 2016 Certificates of Participation issue to be used for the reconstruction and widening of West 72nd Avenue and Indiana Street and to expand the existing West Woods Golf Clubhouse.

The City reports the following major proprietary funds:

The Water Fund accounts for all activity within the scope of water utility operations. Water service is available within the City limits and is extended to some residents of the county and adjacent cities. All activities necessary to provide such service are accounted for in this fund, including administration, operations, capital water projects, maintenance, financing and related debt service, and billing and collection.

The Wastewater Fund accounts for all activities necessary in the collection, transmission, and disposal of sewage and wastewater. It includes administration, operations, capital maintenance, financing and billing and collection.

The Stormwater Fund accounts for all activities necessary to maintain a stormwater management plan. It includes administration, operations, capital maintenance and billing and collection.

Government fund and proprietary fund types that do not meet the criteria of major funds have been summarized and presented as other governmental or proprietary funds within the fund financial statements.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for the City's fleet and information technology replacement, risk management insurance program, self-funded medical and dental insurance, printing services and building and fleet maintenance services.

The City reports the following fiduciary funds:

The Pension Trust Fund is used to account for the City's defined benefit police pension trust to provide retirement benefits for one retiree that did not elect to join the new plan formed in 1986.

Agency Fund is used to account for a variety of deposits from various sources held in escrow.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are the charges between the City's enterprise operations and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

expenses for enterprise and internal service funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

1) Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash resources of most funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

Cash overdrafts from pooled cash and investments are reported as an interfund receivable/payable.

Colorado statutes require that the City use an eligible public depository as defined by the Public Deposit Protection Act (PDPA). Under the Act, the depository is required to pledge a pool of eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by Federal Depository Insurance. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. Each institution designated as a public depository can be assessed a portion of the losses of a public entity's deposits in a failed public depository. Thus, all public deposits are fully collateralized. Eligible collateral as defined by the Act primarily includes obligations of, or guaranteed by, the U.S. Government, the State of Colorado or any subdivision thereof and obligations evidenced by notes received by first lien mortgages or deeds of trust on real property.

Investments are reported at fair value. The fair value of the City's investments is based upon values provided from quoted market prices.

2) Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". On the Statement of Net Position, residual balances between governmental and business type activities are reflected as internal balances.

Receivables are shown net of an allowance for uncollectibles, where applicable.

Property taxes attach an enforceable lien on the property as of January 1 and are levied on the following January 1. Taxes are payable the following year in one installment made on or

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

before April 30, or in two installments made on or before February 28 and June 15. The assessments and collections are made by Jefferson County and Adams County and are remitted monthly to the City. City property tax revenues certified in December are recorded as a receivable and an offsetting deferred inflow of resources.

The City records non-current receivables for interfund and other long-term notes on the Statement of Net Position of its Proprietary Fund Types. Within the governmental funds, all non-current receivables are fully offset by deferred inflow of resource if the payment resulting in the receivable was originally recorded as an expenditure. Non-current receivables and other long-term notes are shown on the statement of net position of the government-wide statements, net of allowance.

3) Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method with the exception of the City's central supply inventory which is valued at average cost. The cost of inventories is recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements.

4) Restricted Assets

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Certain assets of the Community Development Block Grant special revenue fund are restricted because their use is completely restricted by grant agreements. Certain assets of the Capital Projects fund are restricted because their use is restricted for use by specified projects.

5) Capital Assets

Capital assets which include property, plant, equipment, and all infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the Proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated 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.

Capital assets other than land and water rights are depreciated. Depreciation is computed using the straight-line method with estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Road system infrastructure	25
Other improvements	20
Other infrastructure	8-50
Equipment	5-10
Vehicles	3-5

6) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave since benefits are not paid upon termination. Vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. The compensated absences are only reported in governmental funds if they are due. Compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

7) Long-Term Obligations

In the government-wide financial statements and proprietary fund types 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. Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest rate method. Debts payable are reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of the 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.

8) Deferred Inflows and Outflows of Resources

A deferred inflow of resources is an acquisition of net position that is applicable to future reporting periods. A deferred outflow of resources is a consumption of net position that is applicable to future reporting periods. Deferred outflows of resources include items related to the Police Defined Benefit pension plan and deferred loss on debt refunding and is included in the government wide statements but not in the fund statements.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become measurable and available. Assets recorded in the fund financial statements in which revenues are not available are recorded as a deferred inflow of resources. Property tax receivables are reported as a deferred inflow of resources when levied in the government-wide activity and fund statements.

Deferred inflows of resources include noncurrent grants and notes receivable that are unavailable in the fund statements but are recognized as revenue in the government-wide statements.

9) Fund Balance

The City previously adopted the standards of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The classifications are designed based on the relative strength of the constraints that control how specific amounts can be spent, or the inability to be spent such as inventories and prepaids. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-basis basis, taking into account any application requirements or grant agreements, contracts, business circumstances or other constraints. If

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

no other constraints exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance classifications listed below:

1. **Nonspendable** – fund balance associated with inventories, prepaids, long-term loans and notes receivable (unless the proceeds are restricted, committed or assigned)
2. **Restricted** – fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.
3. **Committed** – fund balance that is subject to a purpose constraint imposed by formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded through resolutions and ordinances approved by the City Council, both require the same level of action to add or remove the constraint.
4. **Assigned** – fund balance that is intended for use established by the City, but are not considered restricted or committed. The financial policies and guidelines authorize the assignment of fund balances by informal action of City Council (no ordinance or resolution) or by the City Manager.
5. **Unassigned** – fund balance that is the residual classification that does not meet any of the other classifications and is used for the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance. Other governmental funds do not show a positive unassigned fund balance, however if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes it may be necessary to show a negative unassigned fund balance in governmental funds other than the General Fund.



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The following table illustrates the current fund balance amounts associated with each major fund and the non-major funds in the aggregate:

Fund Balances:	General	Community	Parks	Capital	Construction	Other	Total
	Fund	Development	Fund	Projects	Fund	Governmental	Governmental
	Fund	Fund	Fund	Fund	Fund	Funds	Funds
Nonspendable:							
Inventories	\$ 292	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 299
Prepaid	297	-	23	-	-	16	336
Total Nonspendable	589	-	30	-	-	16	635
Restricted:							
Conservation Trust	-	-	-	-	-	1,883	1,883
Voter restricted sales tax - police	-	-	-	-	-	10,729	10,729
Seizure Funds	-	-	-	-	-	476	476
Emergencies - Tabor	2,589	21	161	108	1	342	3,222
Community Development	-	1,205	-	-	-	-	1,205
Housing	-	-	-	-	-	15	15
Debt service	-	-	-	-	-	502	502
Lands Dedicated	-	-	-	-	-	1,598	1,598
Adams County Open Space	-	-	-	88	-	-	88
Adams County Transportation	-	-	-	200	-	-	200
Park Development Fees	-	-	-	1,240	-	-	1,240
Capital - Parks	-	-	-	640	-	-	640
Capital - Streets	-	-	-	569	-	-	569
Capital - Traffic	-	-	-	18	-	-	18
Total Restricted	2,589	1,226	161	2,863	1	15,545	22,385
Committed							
Capital - General	-	-	-	4,066	-	-	4,066
Capital - Parks	-	-	-	1,824	-	-	1,824
Capital - Streets	-	-	-	1,165	-	-	1,165
Capital - Traffic	-	-	-	638	-	-	638
Total Committed	-	-	-	7,693	-	-	7,693
Assigned							
Capital - Arvada Center	-	-	-	3	-	-	3
Capital - General	-	-	-	261	-	-	261
Capital - Parks	-	-	-	1,509	-	-	1,509
Capital - Streets	-	-	-	962	-	-	962
Capital - Traffic	-	-	-	415	-	-	415
Construction	-	-	-	-	12,947	-	12,947
Community Development	-	4,592	-	-	-	-	4,592
Parks	-	-	5,094	-	-	-	5,094
2017 Budget	15,143	-	-	-	-	-	15,143
Total Assigned	15,143	4,592	5,094	3,150	12,947	-	40,926
Unassigned							
	23,076	-	-	-	-	-	23,076
Total Fund Balances	\$ 41,397	\$ 5,818	\$ 5,285	\$ 13,706	\$ 12,948	\$ 15,561	\$ 94,715

10) Net Position

Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restriction imposed by creditors, grantors, laws, or regulations of other governments.

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In November, 1992, Colorado voters passed Article X, Section 20 to the State Constitution, described in Note 2C. The Amendment requires that a percentage of fiscal year spending, excluding bonded debt service, be legally restricted to be used for declared emergencies only. This amount is reflected on the government-wide statement of net position as net position – restricted for emergencies. The amendment requires a three percent emergency reserve at December 31, 1995 and thereafter. An emergency is defined in the Amendment as an event, which excludes economic conditions, revenue shortfalls, salary or fringe benefit increases.

11) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

12) Deficit Net Position

As of December 31, 2016, AURA was in a deficit net position for governmental activities. This deficit is primarily due to AURA's purchase of property held for resale, using loan funds from the City of Arvada and subsequent write-down of the value of the properties to estimated net realizable amounts. While ARUA anticipates that the sales of these properties will result in incremental property tax revenues in future years, AURA recognized a loss on these properties held for resale of \$4,268,218 during the year ended December 31, 2016.

2. Stewardship, Compliance and Accountability**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with US GAAP for all governmental funds except the capital projects and construction funds. All other annual appropriations lapse at fiscal year-end. The General Fund expenditures are budgeted on a non-GAAP basis due to the allocation of internal transfers. Proprietary Funds are budgeted on a non-GAAP basis due to the budgeting of capital outlay and not depreciation. Budgetary financial statements do not include the Capital Projects Fund or Construction Fund because the projects accounted for in these funds often span multiple years. Budgets are also not adopted for the Fiduciary funds and the Arvada Medical internal service fund.

Not less than sixty days prior to the first day of the next fiscal year, Council adopts the City budget by resolution and the annual appropriation by ordinance. The City prepares a combination line item and program budget, but the level of control is at the fund level which is the amount approved by ordinance. For budgetary, appropriation and reporting purposes, interfund transfers are considered to be revenues or expenditures.

Both the adopted budget and the level of appropriation (by fund) can be amended during the budget year. This action requires Council approval in the form of a resolution for a budgetary amendment and by ordinance requiring a public hearing for an increase in appropriations. Intrafund budgetary transfers between departments within a fund can be accomplished with the approval of the Manager.

B. Expenditures/Expenses in Excess of Appropriation

For the year ended December 31, 2016, the Insurance Fund exceeded the amount budgeted by \$194,000 which may be a violation of Colorado budget law. This over-expenditure is due to year-end estimated incurred but not recorded claims expense.

C. State Constitutional Amendment

On November 3, 1992, the voters of the State approved Article X, Section 20 to the State Constitution (the Amendment) limiting growth of public entities and their ability to borrow and tax.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of its annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment. The City's management is of the opinion that it's Water, Wastewater, Stormwater, Golf and Food Service operations qualify for this exclusion.

The initial revenue base is 1992 fiscal year spending. Future revenue limits are determined based upon the prior year's fiscal year spending adjusted for a growth factor based upon inflation and changes in the actual value of real property within its boundaries. Excluded revenues such as gifts and federal funds are not used to calculate the limit. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 1996, the qualified electors of the City approved Resolution R-96-127, which reads as follows:

Without creating any new tax or increasing any current taxes, shall the City of Arvada be permitted, in 1996 and each year thereafter, to retain and spend City revenues in excess of the spending, revenue raising, or other limits in Article X, Section 20 or the Colorado Constitution, utilizing such revenues for public safety, municipal services, transportation and other public improvements, parks and recreational facilities, and any other lawful public purpose?

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, imposing a mill levy that will produce property tax revenue in excess of the amount collected in the previous year adjusted by the growth factor, extending an expiring tax, or implementing a tax policy change which directly causes a net tax revenue gain.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, the Amendment specifically prohibits the creation of multiple fiscal year debt or other financial obligations without voter approval and without irrevocably pledging present cash reserves for all future payments.

The City believes it is in compliance with the requirements of the Amendment. However, due to the broad general terms of the Amendment, the City has been required to make certain interpretations of the Amendment's language in order to determine its compliance. Ultimately, the courts may be required to determine the appropriate interpretations of the Amendment's terms and provisions.

3. Detailed Notes on Funds and Account Balances**A. Deposits and Investments**

As of December 31, 2016, the City's cash deposits had a carrying value of \$18,279,557. The bank balances were \$20,288,229 of which \$524,639 was covered by federal deposit insurance

NOTES TO FINANCIAL STATEMENTS
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and \$19,763,590 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Cash with fiscal agent had a balance of \$42,277,419. These funds are held in escrow for the Gross Reservoir Enlargement project with Denver Water and the Olde Town Transit Hub project with the Regional Transportation District. These funds are invested in instruments which follow the City's investment policies and procedures.

Investment policies are governed by the City's investment policies and procedures and State Statutes. Investments of the City and AEDA may include:

- Local government investment pools authorized under the laws of the State of Colorado whose investment policy closely mirrors that of the City.
- Direct obligations of the United State government, including such instruments as Treasury Bills, Treasury Notes, Treasury Bonds, Export Import Bank issues, Farmers Home Administration Insured Notes, certain scaled discount notes, and certain relatively short-term securities issued by the Government National Mortgage Association.
- Obligations of certain U.S. Government agencies, including but not limited to such instruments as Federal Home Loan Bank debt, Federal National Mortgage Association debt, certain scaled discount notes, and/or certain short-term Federal Farm Credit debt.
- Purchases of the direct or agency securities mentioned above, under the terms of a repurchase agreement or in support of a City "Sweep Account" which meet the City's procedures for the delivery, possession and safekeeping of investment securities.
- Repurchase agreements
- Commercial paper and certificates of deposits
- AAA-rated money market funds

Investments of the employee defined contribution plans are determined contractually with the third-party custodian. The plans currently contain a wide range of money market and mutual funds and are not subject to the City's investment policies.

Interest Rate Risk

The City's investment policy does not specifically address Interest Rate Risk. The State Statutes requires 3 or 5 years depending on the investment. In practice, the City does not purchase any investments with a maturity of longer than 5 years with all "money market instruments" having a maturity of one year or less. The City assumes its investments will be held to maturity and callable investments may or may not be called.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The State Statutes specify rating requirements depending on the investment. All corporate bonds have AA or higher ratings.

Concentration of Credit Risk

As a means of limiting its exposure, the City's total investment in any specific money market or mutual fund shall not exceed 10% of the total assets of such fund class. At December 31, 2016, the City's investments in the Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), and Federal Agricultural Mortgage Corporation (FAMC) are 11.06%, 14.02%, 8.46% 6.96% and 1.08% of total investments, respectively.

Custodial Credit Risk

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 City's investment policy requires commercial banks and savings and loan associations to be eligible public depositories within the meaning of the Colorado Revised Statutes of PDPA and S&L PDPA. The depositories will also have to possess overall financial strength, capitalization and liquidity to ensure the safety and availability of such monies. The assessment of this overall financial strength shall be made applying generally accepted industry standards (i.e. capital requirements, asset quality, earnings and liquidity) using available public agency and private rating services as appropriate.

Local Government Investment Pools

At December 31, 2016, the City had \$38,337,138 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and \$2,520,055 Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE is considered a qualifying external investment pool under GASB 79. COLOTRUST is a local government investment pool with a stable net asset value. CSAFE and COLOTRUST operate similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares. Each pool is rated AAA by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and 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 pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. The trusts do not have any limitations or restrictions on participant withdrawals.

Money Market Funds

As of December 31, 2016, the City invested in the PFM Funds Prime Series, Colorado Investors Class, a money market mutual fund (marketed as the Colorado Statewide Investment Program or CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-ended, diversified, management investment company registered under the Investment Company Act of 1940. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAAM by Standard & Poor's. PFM Asset Management, LLC serves as the investment advisor, administrator and transfer agent. Shares of the Fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA). U.S. Bank N.A. serves as the custodian and acts as safekeeping agent.

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Cash and Investments reported on the financial statements as of December 31, 2016 (in thousands):

Cash and Investments	\$ 188,401
Cash with Fiscal Agent – restricted cash	42,277
Restricted Cash	<u>1,205</u>
Total per Statement of Net Position	231,883
Agency Fund	12,875
Police Pension Defined Benefit	<u>494</u>
Total Financial Statement Cash & Investments	<u>\$ 245,252</u>
Carrying value of cash	\$ 18,280
Cash with Fiscal Agent	42,277
Fair market value of investments	<u>184,695</u>
Total value cash and investments	<u>\$ 245,252</u>

AURA Investment Policy

AURA is required to comply with State statutes which specify instruments meeting defined rating, maturity, and concentration risk criteria in which units of local government may invest. In addition, AURA has an investment policy in which seeks to ensure the preservation of capital in the overall portfolio.

Per AURA's investment policy, funds of AURA may be invested in:

- U.S. Treasury Securities.
- Obligations of the U.S. Government agencies (including FDIC and FSLIC insured transactions up to \$100,000).
- Certificates of deposit and other evidences of deposit or investment at banks, savings and loan associations and other state or federally regulated financial institutions subject to PDPA (5%) and a minimum net worth of any bank of \$10,000,000 and a minimum net worth of any savings and loan association of \$15,000,000.
- Repurchase agreements made in compliance with Revised Colorado State Statute 24-36-113. Repurchase collateral will be perfected and delivered to the Trustee. Repurchase agreements must be collateralized at a minimum of 100% of the purchase price of the repurchase agreement and market-to-market on a weekly basis. All repurchase agreements shall be evidenced by a master repurchase agreement between AURA and securities dealer.
- Money market funds. Investments with any financial institutions which have appeared in any published watch list during a 12-month period preceding the investment date in an amount greater than \$100,000 is specifically prohibited.

AURA's investment policy follows State statutes, but places additional limits on investment maturities and custodial credit risk.

Interest Rate Risk – AURA's investment policy limits the maturity of investment instruments or fixed-income securities to a maximum of three years except for reserve funds which are invested subject to agreements tailored to bond indentures, when applicable.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized

**NOTES TO FINANCIAL STATEMENTS
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organization that regularly rates such obligations. At December 31, 2016, AURA's investment in the Dreyfus Government Cash Management money market fund of \$341,037 was rated AAA by Moody's and have a weighted average maturity of less than one year.

Custodial Credit Risk – AURA's investment policy requires that investments be placed with two or more financial institutions and in such amounts or proportions of total investments or assets as may be reasonable and prudent.

Concentration of Credit Risk – State statutes generally do not limit the amount AURA may invest in one issuer.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1: Quoted (unadjusted) prices in active markets or an identical asset or liability at the measurement date
- Level 2: Inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for an asset or liability

The City has the following fair value measurements as of December 31, 2016:

As of 12/31/2016	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investment by fair value level				
US Treasuries	\$ 38,754,640	\$ 38,754,640	\$ -	\$ -
US Agency Securities	76,802,977	-	76,802,977	-
Corporate Bonds	28,155,981	-	28,155,981	-
Total Investments by fair value level	143,713,598	38,754,640	104,958,958	-
Money Market Funds - CSIP	124,401			
Local Government Investment Pool - Colotrust	38,337,138			
Local Government Investment Pool - Csafe	2,520,055			
	40,981,594			
	<u>\$ 184,695,192</u>			



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As of December 31, 2016, the City had the following investments and maturities:

As of 12/31/2016		Investment Maturities						
Asset Category	Credit Quality	Fair Value	<= 1 year	>1 yr and <= 2 yrs.	>2 yrs and <= 3 yrs.	>3 yrs and <= 4 yrs.	>4 yrs and <= 5 yrs.	% of total
Local Government Investment Pool								
Trust Funds	AAA	\$ 40,857,193	\$ 40,857,193	-	-	-	-	22.12%
U.S. Treasuries	AAA	38,754,640	-	13,043,461	4,171,282	13,022,505	8,517,392	20.98%
U.S. Agencies								
FFCB	AAA	12,852,285	-	-	4,983,699	5,888,427	1,980,160	6.96%
FHLB	AAA	20,425,584	9,994,677	2,999,494	499,825	2,947,744	3,983,845	11.06%
FHLMC	AAA	25,901,396	5,005,765	-	3,992,726	16,902,906	-	14.02%
FNMA	AAA	15,620,913	-	1,246,154	11,384,926	-	2,989,833	8.46%
FAMC	AAA	2,002,800	-	-	-	-	2,002,800	1.08%
Subtotal for U.S. Agencies		76,802,977	15,000,442	4,245,648	20,861,175	25,739,076	10,956,637	
Money Market	AAA	124,401	124,401	-	-	-	-	0.07%
Corporate Bonds	AA+	28,155,981	3,483,826	7,764,972	13,928,410	2,978,773	-	15.24%
Total for all Asset Categories		<u>\$ 184,695,192</u>	<u>\$ 59,465,862</u>	<u>\$ 25,054,081</u>	<u>\$ 38,960,866</u>	<u>\$ 41,740,355</u>	<u>\$ 19,474,029</u>	
			32.20%	13.57%	21.09%	22.60%	10.54%	100.00%

As of December 31, 2016 AURA's cash deposits had carrying values of \$5,963,981. The bank balances were \$5,971,105 of which \$850,078 was covered by the federal deposit insurance and \$5,121,027 was collateralized with securities held by the pledging financial institution's trust department or agent in AURA's name.

As of December 31, 2016 AEDA's cash deposits had carrying values of \$283,433. The bank balances were \$881,787 of which \$598,354 was covered by the federal deposit insurance.

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B. Capital Assets

A summary of changes in capital asset activity for the year ended December 31, 2016 follows (in thousands):

	Balance January 1, 2016	Additions	Retirements	Transfers To (From) CIP	Balance December 31, 2016
Primary Government:					
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 53,575	\$ -	\$ (343)	\$ 2,611	\$ 55,843
Construction in progress	29,730	34,475	(1,890)	(10,002)	52,313
Total capital assets, not being depreciated	<u>83,305</u>	<u>34,475</u>	<u>(2,233)</u>	<u>(7,391)</u>	<u>108,156</u>
Capital assets, being depreciated:					
Buildings	43,965	876	-	572	45,413
Improvements other than buildings	105,152	49	(77)	5,802	110,926
Equipment & vehicles	26,892	4,032	(2,295)	-	28,629
Infrastructure	421,927	6,056	-	1,019	429,002
Total capital assets being depreciated	<u>597,936</u>	<u>11,013</u>	<u>(2,372)</u>	<u>7,393</u>	<u>613,970</u>
Less accumulated depreciation for:					
Buildings	(18,673)	(895)	-	-	(19,568)
Improvements other than buildings	(29,857)	(4,482)	22	-	(34,317)
Equipment & vehicles	(19,953)	(1,862)	2,198	-	(19,617)
Infrastructure	(275,862)	(8,708)	-	-	(284,570)
Total accumulated depreciation	<u>(344,345)</u>	<u>(15,947)</u>	<u>2,220</u>	<u>-</u>	<u>(358,072)</u>
Total capital assets, being depreciated, net	<u>253,591</u>	<u>(4,934)</u>	<u>(152)</u>	<u>7,393</u>	<u>255,898</u>
Governmental activities capital assets, net	<u>\$ 336,896</u>	<u>\$ 29,541</u>	<u>\$ (2,385)</u>	<u>\$ 2</u>	<u>\$ 364,054</u>
	Balance December 31, 2016	Additions	Retirements	Transfers To (From) CIP	Balance December 31, 2016
Business-type activities					
Capital assets not being depreciated:					
Water rights	\$ 31,342	\$ -	\$ -	\$ -	\$ 31,342
Land	8,170	-	-	(2)	8,168
Construction in progress	5,358	641	(606)	(380)	5,013
Total capital assets, not being depreciated	<u>44,870</u>	<u>641</u>	<u>(606)</u>	<u>(382)</u>	<u>44,523</u>
Capital assets, being depreciated:					
Buildings	15,066	-	-	-	15,066
Improvements other than buildings	304,912	7,334	(1,832)	380	310,794
Equipment & vehicles	3,517	17	(139)	-	3,395
Infrastructure	7,155	-	-	-	7,155
Total capital assets being depreciated	<u>330,650</u>	<u>7,351</u>	<u>(1,971)</u>	<u>380</u>	<u>336,410</u>
Less accumulated depreciation for:					
Buildings	(8,441)	(286)	-	-	(8,727)
Improvements other than buildings	(89,694)	(6,015)	867	-	(94,842)
Equipment & vehicles	(2,759)	(206)	138	-	(2,827)
Infrastructure	(769)	(143)	-	-	(912)
Total accumulated depreciation	<u>(101,663)</u>	<u>(6,650)</u>	<u>1,005</u>	<u>-</u>	<u>(107,308)</u>
Total capital assets, being depreciated, net	<u>228,987</u>	<u>701</u>	<u>(966)</u>	<u>380</u>	<u>229,102</u>
Business-type activities capital assets, net	<u>\$ 273,857</u>	<u>\$ 1,342</u>	<u>\$ (1,572)</u>	<u>\$ (2)</u>	<u>\$ 273,625</u>



NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

	Governmental Activities	Business-Type Activities
General government	\$ 4,492	\$ -
Public safety – police & judicial	327	-
Public works	8,877	-
Parks	352	-
Culture	167	-
Internal Service	1,737	-
Water	-	4,073
Wastewater	-	1,315
Stormwater	-	1,062
Golf	-	150
Food	-	50
Total depreciation expense	<u>\$ 15,947</u>	<u>\$ 6,650</u>

C. Construction Commitments

The City has active construction projects as of December 31, 2016. The projects include streets, traffic, parks, general construction and water and wastewater system projects. At year end the City's commitments with contractors are as follows (in thousands):

	Project Spent-to-Date	Remaining Commitment
Streets construction	\$ 4,692	\$ 454
Parks construction	424	324
General Construction	25,003	6,305
Traffic Construction	3,636	744
Wastewater System	1,399	130
Stormwater System	59	326
Water system	1,215	1,042
Total	<u>\$ 36,428</u>	<u>\$ 9,325</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

D. Interfund Transactions

Transfers to/from other funds for the year ended December 31, 2016 were as follows (in thousands):

Fund	Transfers In	Transfers Out
General Fund	\$ 62	\$ 19,759
Community Development Fund	305	127
Arvada Center	2,530	-
Parks	3,197	55
Capital Projects Fund	14,035	260
Non-major Governmental Funds	1,606	904
Water Fund	467	443
Wastewater Fund	-	382
Stormwater Fund	-	1,057
Golf Course Fund	442	3
Food Service Fund	19	-
Internal Service Funds	444	117
Total	\$ 23,107	\$ 23,107

The General Fund transfers out include support transfers to the Arvada Center, Parks, Community Development and Golf Course Funds, capital transfer to the Capital Projects Fund, debt transfers to the Bond and COP Funds, and transfers to the Building Fund in support of operations.

The Community Development Fund transfer in is from the General Fund to support operations and the transfers out are to the Housing Fund to offset administrative costs.

The Arvada Center Fund transfer in is from the General Fund to support on-going operations.

The Parks Fund transfer in is from the General Fund to support operations. The transfer out is to Internal Service Funds to support operations.

This year the General, Lands Dedicated, Grants, Water, Wastewater and Stormwater funds made transfers into the Capital Projects Fund. The transfer out was to the Community Development Fund for projects funded by the Community Development fund and not used.

The Water Fund transfers out are to the Capital Projects fund for a non-enterprise asset and to Internal Service funds to support operations. The transfers in are from the Wastewater and Stormwater funds in support of administrative expenses.

The Wastewater Fund transfers out are to the Water Fund for administrative expenses and Capital Projects fund for a non-enterprise asset.

The Stormwater Fund transfers out are to the Water Fund and the Wastewater Fund for administrative expense and the Bond Funds for debt service on the 2015 COP.

The Golf Course Fund transfers in are from the General Fund to support operations. The transfers out is to the building fund to support operations.

The Food Service Fund transfers in are from the General Fund to support operations.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

The Internal Service Funds transfers in are in support of energy payments in the Building Fund, and to the Medical and Vehicle Funds in support of operations. Transfers out are for capital projects and to the Arvada Center for computer replacement and maintenance.

E. Long-Term Debt

Revenue Bonds

Governmental Activities

Series 2009 Sales and Use Tax Refunding Revenue Bonds

The City advance refunded \$12,975,000 and \$8,250,000 of 1998 and 1999 Sales and Use Tax Refunding Revenue Bonds, respectively, with an issuance of \$19,885,000 of Sales and Use Tax Refunding Bonds dated July 1, 2009, with interest rates varying from 2.5% to 4.0% payable semi-annually on June 1 and December 1. The advance refunding was completed in order to realize interest savings.

Bonds outstanding and related interest requirements as of December 31, 2016, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2017	2,105	219	2,324
2018	3,885	155	4,040
Total	\$5,990	\$ 374	\$6,364

Series 2013 Sales and Use Tax Refunding Revenue Bonds

On April 1, 2013, the City advance refunded \$7,625,000 of the Series 2003 Sales and Use Tax Refunding Bonds by the issuance of \$6,800,000 of Sales and Use Tax Refunding Revenue Bonds dated April 1, 2013 with interest rates ranging from 2.0% to 5.0% payable semi-annually on June 1 and December 1. The bonds mature beginning in 2013 and continue through 2017.

Bonds outstanding and related interest requirements as of December 31, 2016, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2017	1,510	76	1,586
Total	\$1,510	\$ 76	\$1,586

The 2013 and 2009 Sales and Use Tax Refunding Revenue Bonds are payable solely from the City's 3% sales and use tax. The sales and use tax revenues allocated for repayment of these bonds is deposited separately into the Debt Service Fund. During the year ended December 31, 2016, revenues of \$63,386,029 were available to pay annual debt service of \$3,912,400.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Business-Type Activities

Series 2009 Water Enterprise Revenue Refunding Bonds

On April 24, 2009 the City refunded \$22,615,000 of 2001 Variable Rate Demand Water Enterprise Bonds, with the issuance of \$21,745,000 of Water Enterprise Revenue Refunding bonds dated May 1, 2009 with interest ranging from 2.0% to 5.0% payable semi-annually on May 1 and November 1. The bonds mature beginning in 2009 and continue through 2020.

Annual debt service requirements for the outstanding bond at December 31, 2016, are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2017	1,915	347	2,262
2018	2,010	251	2,261
2019	2,090	171	2,261
2020	2,175	87	2,262
Total	\$8,190	\$856	\$9,046

The 2009 Water Enterprise Revenue Refunding Bonds are payable solely from revenues of the Water Fund. During the year ended December 31, 2016, revenues of \$38,896,000 were available to pay the annual debt service of \$2,253,938.

Governmental Activities

Series 2015A and 2015B Certificates of Participation

On January 22, 2015 the City advance refunded \$11,300,000 of 2005 Certificates of Participation with the issuance of \$7,880,000 of Refunding Certificates of Participation Series 2015A and \$3,940,000 taxable Refunding Certificates of Participation Series 2015B. The refunding resulted in a deferred loss on refunding of \$444,000. Series 2015A Certificates have interest rate of 1.78%, payable semi-annually. The lease payments mature starting in 2018 and continue through 2024. Series 2015B Taxable Certificates have interest rate of 1.72%, payable semi-annually. The lease payments mature starting in 2015 and continue through 2018

Annual lease payments for Series 2015A Certificates and outstanding balance at December 31, 2016 are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2017	\$ -	\$ 140	\$ 140
2018	575	140	715
2019	1,165	130	1,295
2020	1,185	109	1,294
2021	1,210	88	1,298
2022-2024	3,745	134	3,879
Total	\$ 7,880	\$ 741	\$ 8,621



NOTES TO FINANCIAL STATEMENTS
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Annual lease payments for Series 2015B Taxable Certificates and outstanding balance at December 31, 2016 are as follows (in thousands):

Year Ending December 31	Principal	Interest	Total
2017	1,120	29	1,149
2018	575	10	585
Total	\$ 1,695	\$ 39	\$ 1,734

Series 2016 Certificates of Participation

On August 31, 2016 the City issued \$11,180,000 of Certificates of Participation Series 2016 dated September 15, 2016. The coupon rate ranges from 4.0% to 5.0% with interest payable semi-annually on June 1 and December 1. The lease payments mature beginning in 2016 and continue through 2036.

Year Ending December 31	Principal	Interest	Total
2017	\$ 350	\$ 483	\$ 833
2018	365	465	830
2019	385	447	832
2020	400	428	828
2021	420	408	828
2022-2026	2,455	1,699	4,154
2027-2031	3,035	1,113	4,148
2032-2036	3,695	455	4,150
Total	\$ 11,105	\$ 5,498	\$ 16,603



NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Changes in General Long-Term Liabilities – During the year ended December 31, 2016 the following changes occurred in liabilities reported in the governmental activities (including internal service funds), and business type activities (in thousands):

Governmental Activities	Balance 01/01/2016	Additions	Reductions	Balance 12/31/2016	Due in 1 year
Revenue Bonds	\$ 10,985	\$ -	\$ 3,485	\$ 7,500	\$ 3,615
Bond Premium	598	-	261	337	246
Certificates of Participation	10,685	11,180	\$ 1,185	20,680	1,470
Bond Premium	-	1,903	27	1,876	94
Capital Lease	99	-	\$ 99	-	-
OPEB	3,193	294	\$ 214	3,273	-
Net Pension Liability	149	-	\$ 168	(19)	-
Compensated Absences	4,218	2,327	\$ 2,410	4,135	2,067
Total Governmental	\$ 29,927	\$ 15,704	\$ 7,849	\$ 37,782	\$ 7,492

Business-Type Activities	Balance 01/01/2016	Additions	Reductions	Balance 12/31/2016	Due in 1 year
Revenue Bond	\$ 10,050	\$ -	\$ 1,860	\$ 8,190	\$ 1,915
Bond Premium	520	-	104	416	104
Capital Lease	77	-	77	-	-
Compensated Absences	647	432	449	629	316
Total Business Type	\$ 11,294	\$ 432	\$ 2,491	\$ 9,235	\$ 2,335

4. Other Information

A. Risk Management

The City has established a risk management program for much of its insurance needs. It is self-insured for occurrences of general liability and auto liability claims, which are subject to the Colorado Governmental Immunity Act which caps recoveries at \$350,000 per person and \$999,000 per accident. Property damage is subject to a \$100,000 deductible and liability insurance a \$250,000 self-insured retention (SIR). Effective April 1, 2013 the Workers' Compensation program maintains a self-insured retention limit of \$500,000. There have been no settlements which exceed the Governmental Immunity Caps for general or auto liability in the last three years. No loss has been recorded in the last three years for the property program that exceeds the \$100,000 deductible. Additionally, no claim under workers' compensation has been reported that exceeded the then effective SIR.

Premiums are paid by each department into the Insurance Fund (internal service) to pay claims, claim reserves, loss control and administrative costs of the program including premiums to commercial insurance companies for losses in excess of the self-insured amounts.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is recorded in the internal service funds.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Changes in the balances of claims liabilities during the past two years are as follows (in thousands):

	Insurance Service
Unpaid Claims, January 1, 2015	\$ 1,270
Incurring Claims	947
Claim Payments	1,052
Unpaid Claims, December 31, 2015	1,165
Incurring Claims	1,090
Claim Payments	839
Unpaid Claims, December 31, 2016	\$ 1,416

Effective January 1, 2014, the City established a self-funded medical insurance program for employees who choose to participate in the program. The City utilizes a third party provider to administer the plan. Excess insurance coverage is maintained for claims greater than \$175,000 to limit the loss of any individual claim. The claim liability of \$438,500 as of December 31, 2016 represents an estimate of incurred but not reported (IBNR) claims.

	Medical Insurance
Unpaid Claims January 1, 2015	\$ 410
Incurring Claims	7,278
Claim Payments	7,268
Unpaid Claims, January 1, 2015	420
Incurring Claims	7,975
Claim Payments	7,957
Unpaid Claims, December 31, 2015	\$ 438

The City also provides dental insurance for employees. Dental claims are limited to \$1,500/year per person.

B. Commitments and Contingencies

1) Litigation

The City is involved in pending litigation. The City anticipates no potential claims resulting from these cases which would materially affect the financial statements of the City.

2) Federal Grants

Federal grants are subject to audit which could result in disallowed costs, the amount which is undeterminable at December 31, 2016. If any costs are disallowed in the future, the City expects them to be insignificant.

3) Tax Abatements

The City enters into sales tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the City. Abatements are granted to businesses located within or promising to relocate to the City upon City Council approval.

For the fiscal year ended December, 31, 2016, the City abated sales taxes totaling \$247,845 under this program, including the following tax abatement agreements:

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

- A 50% sales tax abatement to a restaurant for construction including infrastructure and improvements of a restaurant. The abatement amounted to \$53,632.
- A 50% sales tax abatement to a restaurant to improve and occupy an empty restaurant location. The abatement amounted to \$36,186.
- A 50% sales tax abatement to a retail store for construction including infrastructure and improvements of a retail store. The abatement amounted to \$19,789.
- A 75% sales tax abatement to a retail store to improve and occupy an empty store front. The abatement amounted to \$61,752.
- A \$76,486 annual sales tax abatement to a grocery store for retention and continued use of store front. The abatement amounted to \$76,486.
- A 50% sales tax abatement to a grocery store for construction including infrastructure and improvements of a grocery store. The abatement amounted to \$0.

4) AURA CommitmentsDeveloper Agreements

The Authority, under the Urban Renewal Law of the State of Colorado, has entered into various Disposition and Development Agreements (DDAs) with certain developers, the terms of which are scoped into the requirements of Governmental Accounting Standards Board Statement No. 77, Tax Abatements. These agreements generally stipulate that the Authority will sell property held for resale, typically at a discount, and provide certain types of property and sales tax rebates (in excess of a set “base” amount and up to a set maximum dollar threshold and/or maturity date), lodging tax rebates, public improvement fee (PIF) rebates and/or PIF in lieu of sales taxes in exchange for a commitment from the developer to purchase, develop and otherwise rehabilitate the related property within a specified period of time.

As of December 31, 2016, the Authority has entered into eight DDAs expiring from 2025 to 2035. During the year ended December 31, 2016, the Authority rebated property tax of \$7,158,975 and PIF of \$1,108,880.

C. Conduit Debt Obligation

From time to time, the City has issued Industrial/Mortgage Revenue Bonds, Mortgage Credit Certificates and Private Activity Bonds. Industrial Bonds are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities. Mortgage Bonds are issued to provide financial assistance to low and moderate income persons and families in the purchase of a home. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of such property transfers to the person/family served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2016, there were 2 Industrial Revenue Bonds, 973 single and multi-family Mortgage Bonds, 236 Mortgage Credit Certificates and 1 Private Activity Bond. The unpaid balance on the Industrial Revenue Bonds is \$11.5 million and on the multi-family Mortgage Bonds is \$5.8 million. The unpaid balance on the Mortgage Credit Certificates is \$33.2 million and on the Private Activity Bond is \$25.5 million.

D. Retirement Commitments

The City has adopted one pension plan and three defined contribution plans (Plans) covering all employees, except those hired on a temporary basis.

Although it has not expressed any intention to do so, the City has the right under the Plans to discontinue its contribution or to terminate the Plans.

Should the Plans terminate at some future time, their net assets will be used to provide participants' benefits. Upon such termination, the assets of the Plans are to be allocated for the benefit of each participant and the beneficiary in a manner approved by the Internal Revenue Service.

1) Defined Benefit Police Pension Plan

Governmental Accounting Standards Board Statement No. 67 *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* (GASB 67) establishes the requirements for governmental pension plan financial statement reporting, including pension plan financial statements included as a pension trust fund of a government. Accordingly, GASB 67 applies to the City's reporting of statement of fiduciary net position, statement of changes in fiduciary net position, certain notes to the financial statements and certain required supplementary information (RSI).

Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* sets forth the pension reporting requirements for the City in the statement of net position, statement of activities, certain notes to the financial statements and certain RSI. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension, pension expense, and information about the fiduciary net position of the Defined Benefit Police Pension (Plan) have been determined on the same basis as they are reported by the Plan. Benefit payments are recognized when due and payable. As no stand-alone financial report is issued, all required disclosures for both GASB 67 and GASB 68 are contained in this note.

Plan Description

The City has a single employer defined benefit pension plan that covers the uniformed police officers who did not elect to participate in the Defined Contribution Police Pension Plan that became effective January 1, 1986. In 1986, single premium group annuities were purchased for the benefit of retired employees, beneficiaries and terminated vested employees. After January 1, 1986, all new uniformed police officers are participants in the Defined Contribution Police Pension Plan.

The pension plan board consists of seven trustees, the Director of Finance (or designee), the Director of Human Resources (or designee), one resident citizen of the City of Arvada not employed by the City or affiliated with the retirement plan, four members of the retirement system elected by the members of the retirement system.

One fully vested participant remains in the Defined Benefit Plan as of December 31, 2016. The participant began receiving retirement benefits in 1997, as defined by City ordinance. The City does not issue a stand-alone financial report for the plan.

Lifetime retirement benefits are established in Chapter 86 of the City of Arvada City Code. A monthly benefit begins at the age of 55 and is based upon the members final base pay,

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

allowing 2 ½ percent for each year of credited service to a maximum of 65 percent of final base pay. Final base pay is determined on the basis of the highest total salary received during any three consecutive years of service divided by the number of months for which pay was received.

No contributions were made by the participant for the year ended December 31, 2016. The City contributed \$20,000 per year to the plan from 2012 through 2015. During 2016 the City contributed \$170,000 to the plan.

Investments

The pension plan's investment policy follows the City's investment policy as summarized on pages 55-57. The December 31, 2016 plan asset allocation is shown below:

<u>Asset Class</u>	<u>Allocation</u>
Local Government Investment Pool	4.04%
Certificate of Deposit	93.80%
Pooled cash and investments	2.16%
	<u>100.00%</u>

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 0.71 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of them they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

Net Pension (Asset) of the City

The components of the net pension (asset) of the City at December 31, 2016, were as follows:

Total pension liability	\$474,513
Plan fiduciary net position	<u>493,671</u>
City's net pension (asset)	\$(19,158)
Plan fiduciary net position as a percentage of the total pension liability	104.04%

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, projected generationally using projection scale MP-2016.

The long-term expected rate of return is selected by the Plan Sponsor after review of expected inflation and long-term real-returns, reflecting volatility and correlation. The assumption currently selected is 3.5% per annum, net of investment expenses.

The discount rate used to measure the total pension liability was 3.5 percent. The projection of cash flows used to determine the discount rate assumed the City will not make additional contributions to the plan. Based on those assumptions, the pension plan's fiduciary net position was projected to make all projected future benefit payments. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 3.5 percent, as well as what the City's net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Net pension liability (asset)	\$ 42,602	\$ (19,158)	\$ (69,836)

Net Pension (Asset) of the City

The net pension (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of January 1, 2016, rolled forward to 12/31/2016 using standard actuarial methods. While this is a change in the measurement date from the prior year which is considered a change in accounting principle, the impact of the change is immaterial.

Significant methods and assumptions included the following:

- Actuarial Valuation Date – January 1, 2016
- Measurement Date – December 31, 2016
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar
- Rate of Investment Return – 3.5% per annum
- Remaining Closed Amortization Period – 15 years
- Asset Valuation Method – Market Value
- Inflation 2.5%

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of December 31, 2015	\$ 494,207	\$ 349,424	\$ 144,783
Changes for the year:			
Service Cost	-		-
Interest on total pension liability	16,538		16,538
Changes in benefit terms	-		-
Differences between expected and actual experience	5,548		5,548
Changes of assumptions	(12,961)		(12,961)
Benefit payments	(28,819)	(28,819)	-
Administrative expenses		-	-
Member contributions		-	-
Employer contributions		170,000	(170,000)
Net investment income (loss)		3,066	(3,066)
			-
Balances December 31, 2016	\$ 474,513	\$ 493,671	\$ (19,158)

Information regarding pension plan fiduciary net position can be found on pages 41-42 of this report.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2016 the City recognized pension expense of \$8,366. At December 31, 2016 the City reported deferred outflows of resources related to pensions from the following source:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings	<u>20,660</u>
Totals	<u>\$ 20,660</u>

Amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 6,920
2018	6,921
2019	4,498
2020	2,321
2021	-
Thereafter	-
Total	<u>\$ 20,660</u>

2) City of Arvada Retirement Plan – Defined Contribution Plan

Effective January 1, 1993, all eligible City employees participate in the City of Arvada Retirement Plan (CARP), a defined contribution plan.

All City full-time and part-time employees, except uniformed police officers, the City Manager, the City Attorney, the Municipal Judge and Department Heads are eligible to participate in CARP. 425 employees were participants in the plan as of December 31, 2016. Employer contributions vest with the employee according to the following:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

The plan requires covered employees to contribute 8% of their salary to the plan and the City to contribute 10% of the compensation of all participants hired after April 2, 2004. Employees hired on or before April 2, 2004 had a choice of receiving a flat rate 10% contribution or receiving an age weighted, graduated retirement contribution up to a maximum of 15%. The maximum permissible contribution is the lesser of \$51,000 or 100% of the participant's earnings for the plan year.

If a participant is less than one hundred percent vested at the time of termination of employment, the non-vested portion of the amount in his/her Employer Contribution account

shall be credited to a suspense account. If the participant does not incur a break in service after termination, prior to re-employment the credit in the suspense account shall be transferred back to the reconstituted Employer Contribution Account. If a break in service occurs after termination the amount credited to the suspense account will be used first to offset expenses of the plan. If the value in the suspense account exceeds \$50,000 as of the last day of the plan year, the amounts in excess of \$50,000 shall be allocated to participants pro rata based upon each participant's months of continuous service with the City during which the participant participated in the City benefit plans.

Benefit payments are based upon the participant account balance as of the valuation date immediately preceding the date of distribution. The participant may elect to receive distribution in a lump sum; substantially equal annual, semi-annual, quarterly or monthly installments; through the purchase of an immediate or deferred single payment, non-transferable annuity contract; or a combination of the above. Plan provisions and contribution requirements are established and may be amended by City Council.

The required City contribution of \$3,992,510 and the required employee contributions of \$2,727,515 were paid during 2016. Additional employee contributions, in the form of rollovers, of \$147,933 were also made in 2016. The required contributions represent 11.7% and 8% of total covered payroll, respectively. The plan investments are maintained and administered by Empower Retirement Services.

3) Defined Contribution Police Pension Plan

The City provides retirement benefits for all of its uniformed officers not covered in the Defined Benefit Police Pension Plan through a defined contribution plan named the Police Money Purchase Plan (PMPP). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Participants are eligible to participate from the date of employment.

The Plan requires that the City and the participant each contribute 10% of the participant's compensation. Participants are fully vested after five years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Plan's expenses. Plan provisions and contribution requirements are established and may be amended by City Council.

162 employees were participants as of December 31, 2016. The required contributions for the City and PMPP employees amounted to \$1,380,284 each (10% of covered payroll). The plan allows voluntary and roll over contributions by employees. The plan investments are maintained and administered by Fidelity Investments.

4) Executive Retirement Plan

The City provides retirement benefits for the City Manager, the City Attorney, the Municipal Judge and Department Heads through a separate defined contribution plan. The plans are administered by Empower Retirement Services. Qualified employees are eligible to participate from the date of employment. Under the plan, the City contributes an amount equal to 10.02% of the participant's base salary. The employees covered by this plan were required to make an 8% contribution in 2016.

**NOTES TO FINANCIAL STATEMENTS
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Employees covered under this Plan are vested upon date of hire. Employees who leave employment with the City are entitled to all contributions and interest earnings. Plan provisions and contribution requirements are established and may be amended by City Council. For the year ended December 31, 2016 the City contributed \$252,695 for the benefit of the 14 participants in the Plan and the employees contributed \$225,051, as required.

E. Postemployment Benefits Other than Pensions

The City adopted the standards of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 45), for the year ended December 31, 2008, on a prospective basis.

Plan Description – The City has established a single employer-defined benefit post-employment healthcare plan. Employees with at least 20 years of service with the City, or 5 years of service with the City plus 59 years of age, are eligible to receive health insurance benefits after retirement. The retiree pays 100% of the health care premium. These benefits expire when the retiree reaches the age of 65. The authority to establish and amend benefit provisions rests with the City Council. The City does not issue a stand-alone financial report for the plan.

Funding Policy – The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2016, the City made \$214,229 in contributions to the plan and all governmental funds with employees, General Fund, Arvada Center Fund, Parks Fund, Community Development Fund, Arvada Housing Fund and Police Tax Increment Funds, contributed to this number. Plan members are required to contribute their share of the premiums.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the plan.

Annual required contribution	\$ 284,148
Interest on net OPEB obligation	119,750
Adjustment to annual required contribution	<u>(110,210)</u>
Annual OPEB cost	293,688
Contributions made	<u>214,229</u>
Increase in net OPEB obligation	79,459
Net OPEB Obligation, Beginning	<u>3,193,344</u>
Net OPEB Obligation, Ending	<u>\$ 3,272,803</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2016, follows.

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/14	\$ 555,035	18.3 %	\$ 2,715,504
12/31/15	\$ 556,389	14.1%	\$ 3,193,344
12/31/16	\$ 293,688	72.9%	\$ 3,272,803

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Funded Status and Funding Progress – At January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$2,695,103 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$49,172,132 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 5.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These assumptions include among others, annual rates of payroll increases, healthcare cost trends, and mortality rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the City and plan members, and are based on the types of benefits provided at the time of each valuation and the historical pattern of sharing of the benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions included the following:

- Actuarial Valuation Date – January 1, 2016
- Actuarial Cost Method – Projected Unit Credit
- Amortization Method – Level Percentage of Pay, Open
- Inflation Rate – 2.5% per annum
- Remaining Amortization Period – 30 years
- Assumed Salary Growth Rate – 3.5% per annum
- Asset Valuation Method – Fair Value
- Discount Rate – 3.75% per annum
- Healthcare Cost Trend Rate and Premium Increase – 5.9% for 2016, 5.7% for 2017 and grading to 4.4% over the life cycle.

F. Related Party Notes

In February 2010, the City and AURA entered into a promissory note in which the City loaned AURA \$2,745,000 at a simple interest rate of 3.5% for 2 years. Interest payments are due monthly. The loan was due and payable in full on April 1, 2016. The loan was collateralized with a building and two parcels of land. During 2015, the property was sold and the note amended. Under the amended note, AURA made a lump sum payment to the City in the amount of \$500,000 at the time of sale and the remaining balance of \$2,245,000 will be paid in monthly installments beginning January 2016 and continuing through November 2023 at a simple interest rate of 1.5%. Though the note is not unsecured, the City shall be authorized to withhold payment to ARUA derived from the incremental sales tax in the event of default.

In November 2013, The City and AURA entered into a promissory note in which the City loaned AURA \$2,000,000 at a simple interest rate of 3.0% for 3 years with an option to extend the term of the note up to two additional one year periods. Interest payments are due monthly. The loan is due and payable in full on November 14, 2016 unless the options are exercised. A one year extension was exercised in November, 2016 making the loan due and payable on November 14, 2017. The loan was collateralized with a parcel of land. This loan was paid in full subsequent to year-end.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

In June, 2016, the City entered into a loan agreement with AURA in which the City's Wastewater Fund loaned AURA \$5,000,000 at a simple interest rate of 3% through June 2018. Interest payments are due monthly beginning in June 2017 through 2018. Principal and interest will be payable monthly thereafter until maturity. The loan is unsecured, though the City shall be authorized to withhold payment to AURA derived from incremental sales tax or public improvement fees in the event of default.

In June 2016, the City entered into a loan agreement with the newly formed stand alone not for profit, Arvada Center for the Arts and Humanities for \$200,000. The loan was made interest-free as long as the not for profit is in compliance with all terms of the agreement. The agreement may be extended for four one-year terms.

G. Subsequent Events

In March, 2017 the City and the Arvada Center for Arts and Humanities agreed to extend their loan agreement in the amount of \$200,000 an additional year with a new maturity date of June, 2018. On June 5, 2017 the City provided additional funding of \$404,000 to support operations to the Arvada Center for the Arts and Humanities not for profit.

H. GASB Statement 72

In 2016, the City adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting. The statement further provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Adoption of GASB 72 had no effect on net position. It did however, change the requirements for information disclosed in the footnotes to the financial statements found on pages 58 and 59 of this report.

I. GASB Statement 77

In 2016, the City adopted the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*, which provides guidance regarding the disclosure of information about the nature and magnitude of tax abatements to make transactions more transparent to financial statement users. Adoption of GASB 77 had no effect on net position. It did however, change the requirements for information disclosed in the footnotes to the financial statements found on pages 68 and 69 of this report.

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Required Supplementary Information

Schedule of Funding Progress

Schedule of Funding Progress

Retiree Health Program

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Projected Unit Credit Cost Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/2012	\$ -	\$ 4,989,521	\$ 4,989,521	0%	\$ 41,922,619	11.90%
01/01/2014	\$ -	\$ 5,332,419	\$ 5,332,419	0%	\$ 45,053,303	11.84%
01/01/2016	\$ -	\$ 2,695,103	\$ 2,695,103	0%	\$ 49,172,132	5.50%

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Police Defined Benefit Pension Plan



**Police Defined Benefit Pension Plan
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios**

	Fiscal Year Ending December 31									
	2016	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*
Total pension liability										
Service Cost	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	16,538	17,200	17,597	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	5,548	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains (losses)	(12,961)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(28,819)	(28,819)	(28,819)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	(19,694)	(11,619)	(11,222)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	494,207	505,826	517,048	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	474,513	494,207	505,826	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	170,000	20,000	20,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	3,066	1,458	514	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(28,819)	(28,819)	(28,819)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative payments	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	144,247	(7,361)	(8,305)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	349,424	356,785	365,090	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending	493,671	349,424	356,785	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) ending	(19,158)	144,783	149,041	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	104.04%	70.70%	70.54%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability at a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Years prior to 2014 are not calculated using GASB Statement 67/68 requirements and therefore are not shown.
 ** Covered payroll is zero as plan covers one retired person; plan is not open to current or future employees.
 *** Because this plan does not issue stand-alone financial statements, additional disclosures as required by GASB 67 are presented within this financial report.

**Police Defined Benefit Pension Plan
Schedule of City Contributions
Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 11,927	\$ 12,011	\$ 12,011	\$ 7,632	\$ 7,632	\$ 7,632	N/A	N/A	N/A	N/A
Contributions in relation to the Actuarially determined contribution	170,000	20,000	20,000	20,000	20,000	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	(158,073)	(7,989)	(7,989)	(12,368)	(12,368)					
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Years prior to 2011 are not calculated using GASB 67/68 requirements and therefore are not shown. Additionally, the City did not make contributions to the plan from 2007-2011.

Methods and assumptions used to determine contribution rates:

Actuarial valuation date: January 1, 2016
 Actuarial cost method: Entry age normal
 Amortization method: Level dollar
 Closed, open or layered periods: Closed
 Remaining amortization period: 15 years
 Asset valuation method: Market value
 Inflation: 2.50%
 Rate of investment return: 3.50%
 Mortality: PR-2014 Healthy Annuitant Mortality Table projected generationally using scale MP-2016

**Police Defined Benefit Pension Plan
Schedule of Money Weighted Returns
Last 10 Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return net of investment expense	0.71%	0.43%	0.15%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Years prior to 2014 are not calculated using GASB 67/68 requirements and therefore are not shown.

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**AEDA FUND
BALANCE SHEET
Year Ended December 31, 2016
(in thousands)**

ASSETS

Cash and investments	\$ 882
Accounts receivable (net)	309
Total assets	<u>\$ 1,191</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	42
Total liabilities	<u>42</u>

FUND BALANCES

Assigned	1,149
Total fund balance	<u>1,149</u>

Total liabilities and fund balances	<u>\$ 1,191</u>
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AEDA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2016
(in thousands)

REVENUES	
Interest	\$ 6
Operating grants	1,273
Total Revenues	<u>1,279</u>
EXPENDITURES	
Personnel services	420
Services & charges	133
Program costs	476
Professional services	328
Supplies	17
Total expenditures	<u>1,374</u>
NET CHANGE IN FUND BALANCES	(95)
FUND BALANCES, BEGINNING	<u>1,244</u>
FUND BALANCES, ENDING	<u><u>\$ 1,149</u></u>

Nonmajor Governmental Funds

Lands Dedicated Fund
Arvada Housing Authority
Police Seizure Fund
Police Tax Increment Funds
Grants Fund
Bond Fund
Debt Service Fund



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Lands Dedicated Fund - To account for annexation requirements to be used primarily for park purposes.

Arvada Housing Authority Fund - The Section 8 Housing Assistance Payments Program is administered by the Arvada Housing Authority. The program is designed to provide rent subsidies to low or moderate income households.

Police Seizure Fund - Colorado statutes authorize local law enforcement agencies to seize cash and other assets belonging to persons convicted of public nuisance crimes. The statutes also specify that the courts may award the property to the agency that apprehended the criminal and that these resources must be used only for specific law enforcement purposes. This fund was established to account for these resources as they are awarded to and expended by the City's law enforcement agency.

Police Tax Increment Funds - The purpose of the tax increment funds is to account for the voter approved sales tax increases to fund expanded police services.

Grants Fund - To account for receipt of lottery monies through the Conservation Trust Fund. Also to account for the disbursement of monies through transfers to other funds for specific uses as dictated by the Conservation Trust Fund.

Debt Service Funds

Bond Fund – To account for transfers from the General Fund and Stormwater Fund for payments of principal and interest on the \$18,505,000 Series 2015 and 2016 COP Bonds.

Debt Service Fund – To account for the payment of revenue debt incurred through bond issues other than Water Bond Issues, which are accounted for in the Water Fund. Payments for the Limited Sales and Use Tax Revenue Bonds are included in this fund.



**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2016
(in thousands)**

	Special Revenue Funds				
	Lands Dedicated Fund	Arvada Housing Authority Fund	Police Seizure Fund	Police Tax Increment (.21) Fund	Police Tax Increment (.25) Fund
ASSETS					
Cash and investments	\$ 1,607	\$ 366	\$ 465	\$ 4,282	\$ 6,098
Accounts receivable (net)	-	98	10	489	694
Accrued interest	2	-	1	6	8
Prepaid costs	-	-	-	16	-
Total assets	<u>\$ 1,609</u>	<u>\$ 464</u>	<u>\$ 476</u>	<u>\$ 4,793</u>	<u>\$ 6,800</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ 21	\$ -	\$ 213	\$ 298
Unearned revenue	-	-	-	10	12
Total liabilities	<u>-</u>	<u>21</u>	<u>-</u>	<u>223</u>	<u>310</u>
DEFERRED INFLOW OF RESOURCES					
Grants	-	356	-	-	-
Notes Receivable	-	56	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>412</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	16	-
Restricted	1,609	31	476	4,554	6,490
Total fund balance	<u>1,609</u>	<u>31</u>	<u>476</u>	<u>4,570</u>	<u>6,490</u>
Total liabilities and fund balances	<u>\$ 1,609</u>	<u>\$ 464</u>	<u>\$ 476</u>	<u>\$ 4,793</u>	<u>\$ 6,800</u>

<u>Debt Service</u>			
<u>Grants Fund</u>	<u>Bond Fund</u>	<u>Debt Service Fund</u>	<u>Total Non-major Governmental</u>
\$ 1,880	\$ 176	\$ 326	\$ 15,200
-	-	-	1,291
3	-	-	20
-	-	-	16
<u>\$ 1,883</u>	<u>\$ 176</u>	<u>\$ 326</u>	<u>\$ 16,527</u>
\$ -	\$ -	\$ -	\$ 532
-	-	-	22
-	-	-	554
-	-	-	356
-	-	-	56
-	-	-	412
-	-	-	16
<u>1,883</u>	<u>176</u>	<u>326</u>	<u>15,545</u>
<u>1,883</u>	<u>176</u>	<u>326</u>	<u>15,561</u>
<u>\$ 1,883</u>	<u>\$ 176</u>	<u>\$ 326</u>	<u>\$ 16,527</u>



NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2016
(in thousands)

	Special Revenue Funds			
	Lands Dedicated Fund	Arvada Housing Authority Fund	Police Seizure Fund	Police Tax Increment (.21) Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 4,456
Intergovernmental	-	4,015	-	49
Dedications	351	-	-	-
Investment earnings	10	1	4	27
Miscellaneous	-	23	33	20
Total Revenues	361	4,039	37	4,552
EXPENDITURES				
Program costs	-	4,162	11	3,549
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	73
Total expenditures	-	4,162	11	3,622
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	361	(123)	26	930
OTHER FINANCING SOURCES (USES)				
Transfers in	-	65	-	-
Transfers out	(150)	-	-	-
Total other financing sources (uses)	(150)	65	-	-
NET CHANGE IN FUND BALANCES	211	(58)	26	930
FUND BALANCES, BEGINNING	1,398	89	450	3,640
FUND BALANCES, ENDING	\$ 1,609	\$ 31	\$ 476	\$ 4,570

Debt Service				
Police Tax Increment (.25) Fund	Grants Fund	Bond Fund	Debt Service Fund	Total Non-major Governmental
\$ 5,460	\$ -	\$ -	\$ 3,897	\$ 13,813
413	633	-	-	5,110
-	-	-	-	351
38	18	6	15	119
23	-	-	-	99
<u>5,934</u>	<u>651</u>	<u>6</u>	<u>3,912</u>	<u>19,492</u>
4,446	-	3	-	12,171
-	-	1,185	3,485	4,670
-	-	291	427	718
74	-	-	-	147
<u>4,520</u>	<u>-</u>	<u>1,479</u>	<u>3,912</u>	<u>17,706</u>
1,414	651	(1,473)	-	1,786
-	-	1,541	-	1,606
-	(754)	-	-	(904)
-	(754)	1,541	-	702
1,414	(103)	68	-	2,488
<u>5,076</u>	<u>1,986</u>	<u>108</u>	<u>326</u>	<u>13,073</u>
<u>\$ 6,490</u>	<u>\$ 1,883</u>	<u>\$ 176</u>	<u>\$ 326</u>	<u>\$ 15,561</u>



LANDS DEDICATED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Dedications	\$ 75	\$ 75	\$ 351	\$ 276
Investment earnings	20	\$ 30	10	(20)
Total revenues	<u>95</u>	<u>105</u>	<u>361</u>	<u>256</u>
OTHER FINANCING (USES)				
Transfers out	<u>-</u>	<u>(150)</u>	<u>(150)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	95	(45)	211	256
FUND BALANCE, BEGINNING	<u>1,049</u>	<u>1,398</u>	<u>1,398</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,144</u>	<u>\$ 1,353</u>	<u>\$ 1,609</u>	<u>\$ 256</u>



ARVADA HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Federal grants	\$ 3,888	\$ 3,888	\$ 4,015	\$ 127
Investment earnings	1	1	1	-
Miscellaneous	19	19	23	4
	<u>3,908</u>	<u>3,908</u>	<u>4,039</u>	<u>131</u>
EXPENDITURES				
Current expenditures:				
Personnel services	310	310	317	(7)
Services and charges	81	96	80	16
Supplies	30	30	14	16
Rents	3,567	3,727	3,751	(24)
	<u>3,988</u>	<u>4,163</u>	<u>4,162</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(80)	(255)	(123)	132
OTHER FINANCING SOURCES				
Transfers in	85	85	65	(20)
	<u>85</u>	<u>85</u>	<u>65</u>	<u>(20)</u>
NET CHANGE IN FUND BALANCE	5	(170)	(58)	112
FUND BALANCE, BEGINNING	(102)	89	89	-
FUND BALANCE, ENDING	<u>\$ (97)</u>	<u>\$ (81)</u>	<u>\$ 31</u>	<u>\$ 112</u>



POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Seizure & forfeitures	\$ 25	\$ 25	\$ 33	\$ 8
Investment earnings	4	4	4	-
Total revenues	<u>29</u>	<u>29</u>	<u>37</u>	<u>8</u>
EXPENDITURES	<u>26</u>	<u>36</u>	<u>11</u>	<u>25</u>
NET CHANGE IN FUND BALANCE	<u>3</u>	<u>(7)</u>	<u>26</u>	<u>33</u>
FUND BALANCE, BEGINNING	<u>442</u>	<u>450</u>	<u>450</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ 445</u></u>	<u><u>\$ 443</u></u>	<u><u>\$ 476</u></u>	<u><u>\$ 33</u></u>



POLICE TAX INCREMENT (.21) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and use taxes	\$ 4,042	\$ 4,293	\$ 4,456	\$ 163
Intergovernmental				
Federal grants	50	50	49	(1)
Investment earnings	25	40	27	(13)
Miscellaneous	20	20	20	-
	<u>4,137</u>	<u>4,403</u>	<u>4,552</u>	<u>149</u>
EXPENDITURES				
Current expenditures:				
Personnel services	3,136	3,136	2,715	421
Services and charges	412	492	363	129
Supplies	475	512	471	41
	<u>4,023</u>	<u>4,140</u>	<u>3,549</u>	<u>591</u>
Capital outlay	8	173	73	100
	<u>4,031</u>	<u>4,313</u>	<u>3,622</u>	<u>691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>106</u>	<u>90</u>	<u>930</u>	<u>840</u>
NET CHANGE IN FUND BALANCE	106	90	930	542
FUND BALANCE, BEGINNING	<u>3,325</u>	<u>3,640</u>	<u>3,640</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,431</u>	<u>\$ 3,730</u>	<u>\$ 4,570</u>	<u>\$ 542</u>



POLICE TAX INCREMENT (.25) FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales and use taxes	\$ 4,971	\$ 5,421	\$ 5,460	\$ 39
Intergovernmental revenues				
Federal Grants	291	291	413	(122)
Investment earnings	30	55	38	17
Miscellaneous	-	-	23	23
	<u>5,292</u>	<u>5,767</u>	<u>5,934</u>	<u>43</u>
EXPENDITURES				
Current expenditures:				
Personnel services	4,307	4,307	3,937	370
Services and charges	401	491	308	183
Supplies	270	311	201	110
	<u>4,978</u>	<u>5,109</u>	<u>4,446</u>	<u>663</u>
Capital outlay	56	167	74	93
	<u>5,034</u>	<u>5,276</u>	<u>4,520</u>	<u>756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>258</u>	<u>491</u>	<u>1,414</u>	<u>923</u>
NET CHANGE IN FUND BALANCE	258	491	1,414	923
FUND BALANCE, BEGINNING	<u>3,511</u>	<u>5,076</u>	<u>5,076</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,769</u>	<u>\$ 5,567</u>	<u>\$ 6,490</u>	<u>\$ 923</u>



GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
State grants	\$ 556	\$ 556	\$ 633	\$ 77
Investment earnings	12	22	18	(4)
	<u>568</u>	<u>578</u>	<u>651</u>	<u>73</u>
OTHER FINANCING USES				
Transfers out	(200)	(754)	(754)	-
	<u>(200)</u>	<u>(754)</u>	<u>(754)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	368	(176)	(103)	73
FUND BALANCE, BEGINNING	<u>1,992</u>	<u>1,986</u>	<u>1,986</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ 2,360</u></u>	<u><u>\$ 1,810</u></u>	<u><u>\$ 1,883</u></u>	<u><u>\$ 73</u></u>



BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 6	\$ 6
Total revenues	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
EXPENDITURES				
Debt Service				
Principal	1,110	1,185	1,185	-
Interest	189	292	291	1
Professional services	<u>10</u>	<u>10</u>	<u>3</u>	<u>7</u>
Total expenditures	<u>1,309</u>	<u>1,487</u>	<u>1,479</u>	<u>8</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,309)	(1,487)	(1,473)	14
OTHER FINANCING SOURCES				
Transfers in	<u>1,300</u>	<u>1,478</u>	<u>1,541</u>	<u>63</u>
Total other financing sources	<u>1,300</u>	<u>1,478</u>	<u>1,541</u>	<u>63</u>
NET CHANGE IN FUND BALANCE	(9)	(9)	68	77
FUND BALANCE, BEGINNING	<u>15</u>	<u>108</u>	<u>108</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6</u>	<u>\$ 99</u>	<u>\$ 176</u>	<u>\$ 77</u>



DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales and use taxes	\$ 3,912	\$ 3,912	\$ 3,897	\$ (15)
Investment earnings	5	9	15	6
Total revenues	<u>3,917</u>	<u>3,921</u>	<u>3,912</u>	<u>(9)</u>
EXPENDITURES				
Services and charges	5	5	-	5
Principal	3,485	3,485	3,485	-
Interest	427	427	427	-
Total expenditures	<u>3,917</u>	<u>3,917</u>	<u>3,912</u>	<u>5</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>4</u>	<u>-</u>	<u>(4)</u>
FUND BALANCE, BEGINNING	<u>326</u>	<u>326</u>	<u>326</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 326</u>	<u>\$ 330</u>	<u>\$ 326</u>	<u>\$ (4)</u>

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Enterprise Funds

Water Fund
Wastewater Fund
Stormwater Fund
Food Service Fund
Golf Fund

ENTERPRISE FUNDS

Water Fund - This fund accounts for all activity within the scope of water utility operations. Water service is available to all areas within the City limits and is extended to some residents of the county and adjacent cities. All activities necessary to provide such service are accounted for in this fund, including administration, operations, capital water projects, maintenance, financing and related debt service, and billing and collection.

Wastewater Fund - This fund accounts for all activities necessary in the collection, transmission, and disposal of sewage and wastewater. It includes administration, operations, capital maintenance, financing and billing and collection.

Stormwater Fund - This fund accounts for all activities necessary to maintain a stormwater management plan. It includes administration, operations, capital maintenance and billing and collection.

Food Services Fund - This fund accounts for all revenues and expenses associated with food service activities including the operation of banquet facilities at the Arvada Center for the Arts and Humanities and offsite catering.

Golf Course Fund - This fund accounts for all revenues and expenses of the Lake Arbor and West Woods Golf Courses, including food service operations. It includes administrative, operations, maintenance, financing and related debt service at Lake Arbor and West Woods Golf Courses. Food service activities include restaurant operations at the West Woods and Lake Arbor Golf Courses.



**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended December 31, 2016
(in thousands)**

	<u>Food Service</u>	<u>Golf Course</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 721	\$ 445	\$ 1,166
Accounts receivable, net of allowance for uncollectibles	119	8	127
Accrued interest	1	1	2
Inventories	39	118	157
Prepaid costs	3	11	14
Total current assets	<u>883</u>	<u>583</u>	<u>1,466</u>
NONCURRENT ASSETS			
Land, water rights & construction in progress	-	4,366	4,366
Property & equipment, net of accumulated depreciation	752	3,200	3,952
Total non-current assets	<u>752</u>	<u>7,566</u>	<u>8,318</u>
Total assets	<u>\$ 1,635</u>	<u>\$ 8,149</u>	<u>\$ 9,784</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 128	\$ 239	\$ 367
Accrued compensated absences	28	67	95
Unearned revenue	24	89	113
Total current liabilities	<u>180</u>	<u>395</u>	<u>575</u>
NONCURRENT LIABILITIES			
Accrued compensated absences	27	66	93
Total liabilities	<u>207</u>	<u>461</u>	<u>668</u>
NET POSITION			
Net investment in capital assets	752	7,566	8,318
Restricted - debt service	-	-	-
Unrestricted	676	122	798
Total net position	<u>\$ 1,428</u>	<u>\$ 7,688</u>	<u>\$ 9,116</u>

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



**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended December 31, 2016
(in thousands)**

	Food Service	Golf Course	Total
OPERATING REVENUES			
Sales	\$ 1,456	\$ 1,698	\$ 3,154
Service charges & fees	-	2,724	2,724
Miscellaneous	9	20	29
Total revenues	<u>1,465</u>	<u>4,442</u>	<u>5,907</u>
EXPENSES			
Administration	1,518	4,716	6,234
Depreciation	50	150	200
Total expenses	<u>1,568</u>	<u>4,866</u>	<u>6,434</u>
OPERATING INCOME (LOSS)	<u>(103)</u>	<u>(424)</u>	<u>(527)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	6	3	9
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(97)	(421)	(518)
TRANSFERS IN	19	442	461
TRANSFERS OUT	<u>-</u>	<u>(3)</u>	<u>(3)</u>
CHANGE IN NET POSITION	(78)	18	(60)
NET POSITION, BEGINNING	1,506	7,670	9,176
NET POSITION, ENDING	<u>\$ 1,428</u>	<u>\$ 7,688</u>	<u>\$ 9,116</u>

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



COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended December 31, 2016
(in thousands)

	Food Service	Golf Course	Total
Cash flows from operating activities			
Cash received from external customers	\$ 1,384	\$ 4,488	\$ 5,872
Cash received from internal customers	78	-	78
Cash payments to external suppliers	(601)	(1,710)	(2,311)
Cash payments to internal suppliers	(51)	(266)	(317)
Cash payments to employees for services	(838)	(2,705)	(3,543)
Net cash provided (used) by operating activities	<u>(28)</u>	<u>(193)</u>	<u>(221)</u>
Cash flows from non-capital financing activities			
Transfers to other funds	-	(3)	(3)
Transfers from other funds	19	442	461
Net cash provided (used) by non-capital financing activities	<u>19</u>	<u>439</u>	<u>458</u>
Cash flows from capital & related financing activities			
Purchase of capital assets	-	(298)	(298)
Principal paid on capital debt	-	(77)	(77)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(375)</u>	<u>(375)</u>
Cash flows from investing activities			
Investment earnings (loss)	6	2	8
Net cash provided (used) by investing activities	<u>6</u>	<u>2</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	(3)	(127)	(130)
Cash and cash equivalents January 1, 2016	724	572	1,296
Cash and cash equivalents December 31, 2016	<u>721</u>	<u>445</u>	<u>1,166</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(103)	(424)	(527)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	50	150	200
(Increase) decrease in account receivable	(12)	2	(10)
(Increase) decrease in inventories	(1)	(17)	(18)
(Increase) decrease in prepaid expenditures	4	2	6
(Decrease) increase in accrued payroll	9	20	29
(Decrease) increase in accounts payable	18	20	38
(Decrease) increase in deferred revenue	9	44	53
(Decrease) increase in accrued benefits	(2)	10	8
Net cash provided (used) by operating activities	<u>\$ (28)</u>	<u>\$ (193)</u>	<u>\$ (221)</u>

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



WATER FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales	\$ 19,363	\$ 20,014	\$ 21,691	\$ 1,677
Licenses/permits and fees	29	29	-	(29)
Service charges and fees	95	355	772	417
Investment earnings	174	476	402	(74)
Miscellaneous revenues	24	58	657	599
Water/tap	8,479	10,481	15,374	4,893
Developer contributions	-	-	1,038	1,038
Transfers in	468	468	467	(1)
Total revenues	<u>28,632</u>	<u>31,881</u>	<u>40,401</u>	<u>8,520</u>
EXPENDITURES				
Operating and maintenance	17,157	17,157	17,249	(92)
Administration	722	722	693	29
Capital outlay	8,032	10,673	2,375	8,298
Principal expense	1,860	1,860	1,860	-
Interest expense	403	403	394	9
Transfers out	360	360	443	(83)
Total expenditures	<u>28,534</u>	<u>31,175</u>	<u>23,014</u>	<u>8,161</u>
CHANGE IN NET POSITION	<u>\$ 98</u>	<u>\$ 706</u>	17,387	<u>\$ 16,681</u>
ADJUSTMENTS TO GAAP BASIS				
Principal			1,860	
Capital outlay			2,375	
Net book value of assets retired			(220)	
Depreciation and amortization			(3,969)	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 17,433</u>	



WASTEWATER FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses/permits and fees	\$ 34	\$ 34	\$ -	\$ (34)
Service charges and fees	13,491	13,491	11,516	(1,975)
Investment earnings	132	132	94	(38)
Sewer/tap	592	592	1,817	1,225
Developer contributions	-	-	646	646
	<u>14,249</u>	<u>14,249</u>	<u>14,073</u>	<u>(176)</u>
Total revenues				
EXPENDITURES				
Operating and maintenance	12,285	17,591	9,296	8,295
Administration	758	758	758	-
Capital outlay	755	1,274	1,597	(323)
Transfers out	306	382	382	-
	<u>14,104</u>	<u>20,005</u>	<u>12,033</u>	<u>7,972</u>
Total expenditures				
CHANGE IN NET POSITION	<u>\$ 145</u>	<u>\$ (5,756)</u>	2,040	<u>\$ 7,796</u>
ADJUSTMENTS TO GAAP BASIS				
Capital outlay			1,597	
Net book value of assets retired			(746)	
Depreciation			<u>(1,315)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 1,576</u>	



STORMWATER FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges and fees	\$ 3,266	\$ 3,266	\$ 3,340	\$ 74
Grants	10	10	47	37
Investment earnings	18	54	45	(9)
Developer contributions	<u>-</u>	<u>-</u>	<u>2,037</u>	<u>2,037</u>
Total revenues	<u>3,294</u>	<u>3,330</u>	<u>5,469</u>	<u>2,139</u>
EXPENDITURES				
Operating and maintenance	1,770	1,739	1,899	(160)
Capital outlay	1,136	1,756	-	1,756
Transfers out	<u>1,028</u>	<u>1,058</u>	<u>1,057</u>	<u>1</u>
Total expenditures	<u>3,934</u>	<u>4,553</u>	<u>2,956</u>	<u>1,597</u>
CHANGE IN NET POSITION	<u>\$ (640)</u>	<u>\$ (1,223)</u>	2,513	<u>\$ 3,736</u>
ADJUSTMENTS TO GAAP BASIS				
Capital outlay			-	
Net book value of assets retired			-	
Depreciation			<u>(1,062)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 1,451</u>	



FOOD SERVICES FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales	\$ 1,375	\$ 1,375	\$ 1,456	\$ 81
Investment earnings	4	8	6	(2)
Other Revenue	34	34	9	
Transfer In	14	14	19	-
Total revenues	<u>1,427</u>	<u>1,431</u>	<u>1,490</u>	<u>79</u>
EXPENDITURES				
Operating and maintenance	1,400	1,635	1,518	117
Capital outlay	40	40	-	40
Total expenditures	<u>1,440</u>	<u>1,675</u>	<u>1,518</u>	<u>157</u>
CHANGE IN NET POSITION	<u>\$ (13)</u>	<u>\$ (244)</u>	(28)	<u>\$ 236</u>
ADJUSTMENTS TO GAAP BASIS				
Capital outlay			-	
Depreciation			<u>(50)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ (78)</u>	



GOLF COURSE FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales	\$ 1,555	\$ 1,805	\$ 1,698	\$ (107)
Service charges and fees	3,097	3,097	2,724	(373)
Investment earnings	-	3	3	-
Other revenue	12	12	20	8
Transfers in	<u>429</u>	<u>429</u>	<u>442</u>	<u>13</u>
Total revenues	<u>5,093</u>	<u>5,346</u>	<u>4,887</u>	<u>(459)</u>
EXPENDITURES				
Operating and maintenance	4,781	5,135	4,716	419
Principal expense	154	154	77	77
Interest expense	13	13	-	13
Capital outlay	128	358	291	67
Transfers out	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Total expenditures	<u>5,080</u>	<u>5,664</u>	<u>5,087</u>	<u>577</u>
CHANGE IN NET POSITION	<u>\$ 13</u>	<u>\$ (318)</u>	(200)	<u>\$ 118</u>
ADJUSTMENTS TO GAAP BASIS				
Principal			77	
Capital outlay			291	
Depreciation			<u>(150)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 18</u>	

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Internal Service Funds

Insurance Service Fund

Arvada Medical Fund

Computer Fund

Print Shop Fund

Vehicle Fund

Building Fund

INTERNAL SERVICE FUNDS

Insurance Service Fund - This fund accounts for the activities that are associated with the City's worker's compensation, unemployment and property and liability insurance activities. Premiums are paid by each department into this fund to pay claims, claim reserves and administrative costs of the program including premiums to commercial insurance companies for losses in excess of the self-insured amounts.

Arvada Medical Fund – This fund accounts for all of the activities associated with the self-insured medical plan for employees who choose to participate in the plan.

Computer Fund - This fund accounts for the accumulation of financial resources necessary for the timely and orderly replacement and maintenance of the City's computer equipment and software.

Print Shop Fund - This fund accounts for the accumulation of financial resources necessary for the operation of the City's print shop, copier maintenance and replacement.

Vehicle Fund – This fund accounts for the accumulation of financial resources necessary for the timely and orderly replacement and maintenance of the City's vehicles and equipment.

Building Fund – This fund accounts for the accumulation of financial resources used for non-routine building maintenance.



**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2016
(in thousands)**

	<u>Insurance Service Fund</u>	<u>Arvada Medical Fund</u>	<u>Computer Fund</u>	<u>Print Shop Fund</u>	<u>Vehicle Fund</u>	<u>Building Fund</u>	<u>Total Internal Service Funds</u>
ASSETS							
CURRENT ASSETS							
Cash and investments	\$ 4,034	\$ 2,801	\$ 7,117	\$ 220	\$ 4,492	\$ 3,213	\$ 21,877
Accounts receivable (net)	-	1	-	-	2	-	3
Accrued interest	5	4	9	-	6	4	28
Inventories	-	-	-	4	269	-	273
Prepaid costs	145	1	245	25	10	-	426
Total current assets	<u>4,184</u>	<u>2,807</u>	<u>7,371</u>	<u>249</u>	<u>4,779</u>	<u>3,217</u>	<u>22,607</u>
NONCURRENT ASSETS							
Property and equipment, net of accumulated depreciation	130	-	98	44	8,685	152	9,109
Total assets	<u>4,314</u>	<u>2,807</u>	<u>7,469</u>	<u>293</u>	<u>13,464</u>	<u>3,369</u>	<u>31,716</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	52	308	130	42	807	17	1,356
Claims payable	1,416	438	-	-	-	-	1,854
Accrued compensated absences	5	-	-	-	48	-	53
Total current liabilities	<u>1,473</u>	<u>746</u>	<u>130</u>	<u>42</u>	<u>855</u>	<u>17</u>	<u>3,263</u>
NONCURRENT LIABILITIES							
Accrued compensated absences	6	-	-	-	49	-	55
Total non-current liabilities	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>55</u>
Total liabilities	<u>1,479</u>	<u>746</u>	<u>130</u>	<u>42</u>	<u>904</u>	<u>17</u>	<u>3,318</u>
NET POSITION							
Net investment in capital assets	130	-	98	44	8,685	152	9,109
Unrestricted	2,705	2,061	7,241	207	3,875	3,200	19,289
Total net position	<u>\$ 2,835</u>	<u>\$ 2,061</u>	<u>\$ 7,339</u>	<u>\$ 251</u>	<u>\$ 12,560</u>	<u>\$ 3,352</u>	<u>\$ 28,398</u>



INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2016
(in thousands)

	Insurance Service Fund	Arvada Medical Fund	Computer Fund	Print Shop Fund	Vehicle Fund	Building Fund	Total Internal Service Funds
REVENUES							
Service charges	\$ 1,740	\$ -	\$ 1,786	\$ 367	\$ 3,691	\$ 405	\$ 7,989
Recovered costs	42	-	123	9	119	-	293
Contributions							
Employer	-	7,857	-	-	-	-	7,857
Employee	-	2,327	-	-	-	-	2,327
Retirees and continued benefit individuals	-	231	-	-	-	-	231
Miscellaneous	-	187	31	-	-	-	218
Total revenues	1,782	10,602	1,940	376	3,810	405	18,915
EXPENSES							
Administration	808	1,577	114	288	1,904	-	4,691
Insurance premiums/ prescriptions	900	1,045	-	-	-	-	1,945
Uninsured damages and claims	1,090	7,976	-	-	-	-	9,066
Repair and maintenance	-	-	1,437	18	671	123	2,249
Depreciation	15	-	7	4	1,687	24	1,737
Total expenses	2,813	10,598	1,558	310	4,262	147	19,688
Operating income	(1,031)	4	382	66	(452)	258	(773)
NON-OPERATING REVENUES							
NON-OPERATING REVENUES (EXPENSES)							
Gain on sale of assets	-	-	-	-	197	-	197
Investment earnings	41	23	55	1	58	24	202
Interest expense	-	-	-	-	-	(1)	(1)
Total non-operating revenues	41	23	55	1	255	23	398
INCOME BEFORE TRANSFERS	(990)	27	437	67	(197)	281	(375)
TRANSFERS IN	-	-	270	-	74	100	444
TRANSFERS OUT	(30)	-	(87)	-	-	-	(117)
CHANGE IN NET POSITION	(1,020)	27	620	67	(123)	381	(48)
NET POSITION, BEGINNING	3,855	2,034	6,719	184	12,683	2,971	\$ 28,446
NET POSITION, ENDING	\$ 2,835	\$ 2,061	\$ 7,339	\$ 251	\$ 12,560	\$ 3,352	\$ 28,398



**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended December 31, 2016
(in thousands)**

	Insurance Service Fund	Arvada Medical Fund	Computer Fund	Print Shop Fund	Vehicle Fund	Building Fund	Total Internal Service
Cash Flows From Operating Activities							
Cash received from external customers	\$ 19	419	\$ 153	\$ 8	\$ 120	\$ -	\$ 719
Cash received from internal customers	1,740	10,184	\$ 1,787	368	3,691	417	\$ 18,187
Cash payments to external suppliers	(184)	(10,427)	(1,424)	(112)	(309)	(123)	(12,579)
Cash payments to internal suppliers	(1,996)	-	(45)	-	(232)	-	(2,273)
Cash payments to employees for services	(375)	-	(112)	(190)	(1,376)	-	(2,053)
Net cash provided (used) by operating activities	<u>(796)</u>	<u>176</u>	<u>359</u>	<u>74</u>	<u>1,894</u>	<u>294</u>	<u>2,001</u>
Cash Flows From Noncapital Financing Activities							
Transfers to other funds	(30)	-	(87)	-	-	-	(117)
Transfer from other funds	-	-	270	-	74	100	444
Net cash provided (used) by noncapital financing activities	<u>(30)</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>74</u>	<u>100</u>	<u>327</u>
Cash Flows From Capital and Related Financing Activities							
Purchases of capital assets	-	-	(98)	-	(4,468)	-	(4,566)
Payment of capital lease	-	-	-	-	-	(99)	(99)
Interest expense	-	-	-	-	-	(1)	(1)
Proceeds from sale of assets	-	-	-	-	280	-	280
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(98)</u>	<u>-</u>	<u>(4,188)</u>	<u>(100)</u>	<u>(4,386)</u>
Cash Flows From Investing Activities							
Investment earnings	45	24	59	1	63	26	218
Net cash provided (used) by investing activities	<u>45</u>	<u>24</u>	<u>59</u>	<u>1</u>	<u>63</u>	<u>26</u>	<u>218</u>
Net increase (decrease) in cash and cash equivalents	(781)	200	503	75	(2,157)	320	(1,840)
Cash and cash equivalents January 1, 2016	<u>4,815</u>	<u>2,601</u>	<u>6,614</u>	<u>145</u>	<u>6,649</u>	<u>2,893</u>	<u>23,717</u>
Cash and cash equivalents December 31, 2016	<u><u>4,034</u></u>	<u><u>2,801</u></u>	<u><u>7,117</u></u>	<u><u>220</u></u>	<u><u>4,492</u></u>	<u><u>3,213</u></u>	<u><u>21,877</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities :							
Operating income	(1,031)	4	382	66	(452)	258	(773)
Adjustments to reconcile operating income to net cash provided by operating activities :							
Depreciation expense	15	-	7	4	1,687	24	1,737
(Increase) decrease in account receivable	-	1	-	-	1	-	2
(Increase) decrease in inventories	-	-	-	1	(2)	-	(1)
(Increase) decrease in prepaid expenditures	(10)	-	(67)	(23)	-	-	(100)
(Decrease) increase in accounts payable	(22)	153	37	26	653	12	859
(Decrease) increase in claims payable	251	18	-	-	-	-	269
(Decrease) increase in accrued benefits	1	-	-	-	7	-	8
Net cash provided (used) by operating activities	<u>(796)</u>	<u>176</u>	<u>359</u>	<u>74</u>	<u>1,894</u>	<u>294</u>	<u>2,001</u>



**INSURANCE SERVICE FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
Year Ended December 31, 2016
(in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges	\$ 1,834	\$ 1,834	\$ 1,740	\$ (94)
Recovered costs	-	-	42	42
Investment earnings	74	74	41	(33)
Total revenues	<u>1,908</u>	<u>1,908</u>	<u>1,823</u>	<u>(85)</u>
EXPENDITURES				
Administration	692	692	808	(116)
Insurance premiums	961	1,011	900	111
Uninsured damages and claims	781	931	1,090	(159)
Transfer out	-	-	30	(30)
Total expenditures	<u>2,434</u>	<u>2,634</u>	<u>2,828</u>	<u>(194)</u>
CHANGE IN NET POSITION	<u>\$ (526)</u>	<u>\$ (726)</u>	(1,005)	<u>\$ (279)</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation			<u>(15)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ (1,020)</u>	



COMPUTER FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges	\$ 1,839	\$ 1,839	\$ 1,786	\$ (53)
Recovered costs	54	54	123	69
Miscellaneous Costs	28	28	31	3
Investment earnings	-	-	55	55
Transfer In	-	-	270	270
	<u>1,921</u>	<u>1,921</u>	<u>2,265</u>	<u>344</u>
EXPENDITURES				
Administration	114	114	114	-
Repair and maintenance	2,395	3,590	1,437	2,153
Capital Outlay	-	-	98	(98)
Transfers out	-	-	87	(87)
	<u>2,509</u>	<u>3,704</u>	<u>1,736</u>	<u>1,968</u>
CHANGE IN NET POSITION	<u>\$ (588)</u>	<u>\$ (1,783)</u>	529	<u>\$ 2,312</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			98	
Depreciation			(7)	
			<u>91</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 620</u>	



PRINT SHOP FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges	\$ 472	\$ 472	\$ 367	\$ (105)
Recovered costs	-	-	9	9
Investment earnings	-	-	1	1
Total revenues	<u>472</u>	<u>472</u>	<u>377</u>	<u>(95)</u>
EXPENDITURES				
Administration	418	418	288	130
Repair and maintenance	14	14	18	(4)
Capital outlay	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>
Total expenditures	<u>438</u>	<u>438</u>	<u>306</u>	<u>132</u>
CHANGE IN NET POSITION	<u>\$ 34</u>	<u>\$ 34</u>	71	<u>\$ 37</u>
ADJUSTMENTS TO GAAP BASIS				
Capital outlay			-	
Depreciation			<u>(4)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 67</u>	



VEHICLE FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges	\$ 3,613	\$ 3,613	\$ 3,691	\$ 78
Recovered costs	-	-	119	119
Investment earnings	59	71	58	(13)
Transfer in	-	-	74	74
Gain on sale of assets	<u>75</u>	<u>75</u>	<u>197</u>	<u>122</u>
 Total revenues	 <u>3,747</u>	 <u>3,759</u>	 <u>4,139</u>	 <u>380</u>
EXPENDITURES				
Administration	1,836	1,836	1,904	(68)
Repair and maintenance	582	582	671	(89)
Capital outlay	<u>1,763</u>	<u>4,633</u>	<u>4,468</u>	<u>165</u>
 Total expenditures	 <u>4,181</u>	 <u>7,051</u>	 <u>7,043</u>	 <u>8</u>
 CHANGE IN NET POSITION	 <u><u>\$ (434)</u></u>	 <u><u>\$ (3,292)</u></u>	 (2,904)	 <u><u>\$ 388</u></u>
ADJUSTMENTS TO GAAP BASIS				
Capital outlay			4,468	
Depreciation			<u>(1,687)</u>	
 CHANGE IN NET POSITION, GAAP BASIS			 <u><u>\$ (123)</u></u>	



BUILDING FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 Year Ended December 31, 2016
 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service charges	\$ 460	\$ 460	\$ 405	\$ (55)
Investment earnings	13	33	23	(10)
Transfers in	<u>127</u>	<u>127</u>	<u>101</u>	<u>(26)</u>
Total revenues	<u>600</u>	<u>620</u>	<u>529</u>	<u>(91)</u>
EXPENDITURES				
Repair and maintenance	680	680	123	557
Principal	108	108	99	9
Interest	<u>16</u>	<u>16</u>	<u>1</u>	<u>15</u>
Total expenditures	<u>804</u>	<u>804</u>	<u>223</u>	<u>581</u>
CHANGE IN NET POSITION	<u>\$ (204)</u>	<u>\$ (184)</u>	306	<u>\$ 490</u>
ADJUSTMENTS TO GAAP BASIS				
Principal			99	
Depreciation			<u>(24)</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 381</u>	

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Fiduciary Fund



AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended December 31, 2016
 (in thousands)

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<u>ESCROW FUND</u>				
ASSETS				
Cash and investments	\$ 9,669	\$ 5,195	\$ 1,989	\$ 12,875
Accrued Interest	17	17	17	17
Total assets	<u>\$ 9,686</u>	<u>\$ 5,212</u>	<u>\$ 2,006</u>	<u>\$ 12,892</u>
LIABILITIES				
Escrow funds	<u>\$ 9,686</u>	<u>\$ 5,009</u>	<u>\$ 1,803</u>	<u>\$ 12,892</u>
Total liabilities	<u>\$ 9,686</u>	<u>\$ 5,009</u>	<u>\$ 1,803</u>	<u>\$ 12,892</u>

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Financial Data Schedules

Arvada Housing Authority (CO050)
Arvada, CO
Program Balance Sheet Summary

Fiscal Year End: 12/31/2016

			14.871 Housing Choice Vouchers	Total
111	Cash - Unrestricted			
112	Cash - Restricted - Modernization and Development			
113	Cash - Other Restricted			
114	Cash - Tenant Security Deposits			
115	Cash - Restricted for Payment of Current Liabilities			
100	Total Cash		\$0	\$0
121	Accounts Receivable - PHA Projects			
122	Accounts Receivable - HUD Other Projects			
124	Accounts Receivable - Other Government			
125	Accounts Receivable - Miscellaneous		\$31,843	\$31,843
126	Accounts Receivable - Tenants		\$0	\$0
126.1	Allowance for Doubtful Accounts - Tenants			
126.2	Allowance for Doubtful Accounts - Other		\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current			
128	Fraud Recovery		\$69,569	\$69,569
128.1	Allowance for Doubtful Accounts - Fraud		-\$3,524	-\$3,524
129	Accrued Interest Receivable		\$93	\$93
120	Total Receivables, Net of Allowances for Doubtful Accounts		\$97,981	\$97,981
131	Investments - Unrestricted			
132	Investments - Restricted		\$365,446	\$365,446
135	Investments - Restricted for Payment of Current Liability			
142	Prepaid Expenses and Other Assets			
143	Inventories			
143.1	Allowance for Obsolete Inventories			
144	Inter Program Due From			
145	Assets Held for Sale			
150	Total Current Assets		\$463,427	\$463,427
161	Land			
162	Buildings			
163	Furniture, Equipment & Machinery - Dwellings			
164	Furniture, Equipment & Machinery - Administration			

165 Leasehold Improvements		
166 Accumulated Depreciation		
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$0	\$0
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$463,427	\$463,427
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$2,211	\$2,211
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$17,559	\$17,559
322 Accrued Compensated Absences - Current Portion		
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs	\$726	\$726
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits		
342 Unearned Revenue		
343 Current Portion of Long-term Debt - Capital		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other		
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$20,496	\$20,496
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other	\$412,220	\$412,220
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		

357 Accrued Pension and OPEB Liabilities		
350 Total Non-Current Liabilities	\$412,220	\$412,220
300 Total Liabilities	\$432,716	\$432,716
400 Deferred Inflow of Resources		
508.3 Nonspendable Fund Balance		
509.3 Restricted Fund Balance	\$30,711	\$30,711
510.3 Committed Fund Balance		
511.3 Assigned Fund Balance		
512.3 Unassigned Fund Balance		
513 Total Equity - Net Assets / Position	\$30,711	\$30,711
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$463,427	\$463,427

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Arvada Housing Authority (CO050)
Arvada, CO
Program Revenue and Expense Summary

Fiscal Year End: 12/31/2016

			14.871 Housing Choice Vouchers	Total
70300	Net Tenant Rental Revenue			
70400	Tenant Revenue - Other			
70500	Total Tenant Revenue		\$0	\$0
70600	HUD PHA Operating Grants		\$4,015,326	\$4,015,326
70610	Capital Grants			
70710	Management Fee			
70720	Asset Management Fee			
70730	Book Keeping Fee			
70740	Front Line Service Fee			
70750	Other Fees			
70700	Total Fee Revenue			
70800	Other Government Grants			
71100	Investment Income - Unrestricted		\$887	\$887
71200	Mortgage Interest Income			
71300	Proceeds from Disposition of Assets Held for Sale			
71310	Cost of Sale of Assets			
71400	Fraud Recovery		\$12,968	\$12,968
71500	Other Revenue			
71600	Gain or Loss on Sale of Capital Assets			
72000	Investment Income - Restricted		\$0	\$0
70000	Total Revenue		\$4,029,181	\$4,029,181
91100	Administrative Salaries		\$211,244	\$211,244
91200	Auditing Fees		\$12,968	\$12,968
91300	Management Fee		\$0	\$0
91310	Book-keeping Fee			
91400	Advertising and Marketing			
91500	Employee Benefit contributions - Administrative		\$67,489	\$67,489
91600	Office Expenses		\$10,926	\$10,926
91700	Legal Expense		\$0	\$0
91800	Travel		\$10,837	\$10,837
91810	Allocated Overhead		\$42,792	\$42,792

91900 Other	\$0	\$0
91000 Total Operating - Administrative	\$356,256	\$356,256
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		
92500 Total Tenant Services	\$0	\$0
93100 Water		
93200 Electricity		
93300 Gas		
93400 Fuel		
93500 Labor		
93600 Sewer		
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		
93000 Total Utilities	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor		
94200 Ordinary Maintenance and Operations - Materials and	\$1,707	\$1,707
94300 Ordinary Maintenance and Operations Contracts		
94500 Employee Benefit Contributions - Ordinary Maintenance		
94000 Total Maintenance	\$1,707	\$1,707
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$0	\$0
96110 Property Insurance	\$0	\$0
96120 Liability Insurance	\$1,385	\$1,385
96130 Workmen's Compensation	\$1,738	\$1,738
96140 All Other Insurance	\$3,303	\$3,303
96100 Total insurance Premiums	\$6,426	\$6,426
96200 Other General Expenses	\$32,574	\$32,574
96210 Compensated Absences		
96300 Payments in Lieu of Taxes		
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		

96600	Bad debt - Other	\$14,408	\$14,408
96800	Severance Expense		
96000	Total Other General Expenses	\$46,982	\$46,982
96710	Interest of Mortgage (or Bonds) Payable		
96720	Interest on Notes Payable (Short and Long Term)		
96730	Amortization of Bond Issue Costs		
96700	Total Interest Expense and Amortization Cost	\$0	\$0
96900	Total Operating Expenses	\$411,371	\$411,371
97000	Excess of Operating Revenue over Operating Expenses	\$3,617,810	\$3,617,810
97100	Extraordinary Maintenance		
97200	Casualty Losses - Non-capitalized		
97300	Housing Assistance Payments	\$3,750,291	\$3,750,291
97350	HAP Portability-In	\$211,495	\$211,495
97400	Depreciation Expense		
97500	Fraud Losses		
97600	Capital Outlays - Governmental Funds	\$0	\$0
97700	Debt Principal Payment - Governmental Funds	\$0	\$0
97800	Dwelling Units Rent Expense		
90000	Total Expenses	\$4,373,157	\$4,373,157
10010	Operating Transfer In	\$65,000	\$65,000
10020	Operating transfer Out		
10030	Operating Transfers from/to Primary Government	\$221,237	\$221,237
10040	Operating Transfers from/to Component Unit		
10050	Proceeds from Notes, Loans and Bonds		
10060	Proceeds from Property Sales		
10070	Extraordinary Items, Net Gain/Loss		
10080	Special Items (Net Gain/Loss)		
10091	Inter Project Excess Cash Transfer In		
10092	Inter Project Excess Cash Transfer Out		
10093	Transfers between Program and Project - In		
10094	Transfers between Project and Program - Out		
10100	Total Other financing Sources (Uses)	\$286,237	\$286,237
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	-\$57,739	-\$57,739
11020	Required Annual Debt Principal Payments	\$0	\$0
11030	Beginning Equity	\$88,449	\$88,449
11040	Prior Period Adjustments, Equity Transfers and Correction	\$1	\$1

11050	Changes in Compensated Absence Balance	\$0	\$0
11060	Changes in Contingent Liability Balance	\$0	\$0
11070	Changes in Unrecognized Pension Transition Liability	\$0	\$0
11080	Changes in Special Term/Severance Benefits Liability	\$0	\$0
11090	Changes in Allowance for Doubtful Accounts - Dwelling	\$0	\$0
11100	Changes in Allowance for Doubtful Accounts - Other	\$0	\$0
11170	Administrative Fee Equity	\$13,186	\$13,186
11180	Housing Assistance Payments Equity	\$17,525	\$17,525
11190	Unit Months Available	6096	6096
11210	Number of Unit Months Leased	12	12
11270	Excess Cash		
11610	Land Purchases		
11620	Building Purchases		
11630	Furniture & Equipment - Dwelling Purchases		
11640	Furniture & Equipment - Administrative Purchases		
11650	Leasehold Improvements Purchases		
11660	Infrastructure Purchases		
13510	CFFP Debt Service Payments		
13901	Replacement Housing Factor Funds		

Local Highway Finance Report



		Financial Planning 02/01		
The public report burden for this information collection is estimated to average 380 hours annually.		Form # 350-050-36		
		City or County:		
		City of Arvada		
LOCAL HIGHWAY FINANCE REPORT		YEAR ENDING :		
		Dec-16		
This Information From The Records Of (example - City of _ or County of _): City of Arvada		Prepared By: Daniel Leong Phone: 720-898-7122		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
	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)	24,218,379	
a. Motor Fuel (from Item 1.A.5.)		2. Maintenance:	4,271,410	
b. Motor Vehicle (from Item 1.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	3,616,181	
2. General fund appropriations	35,254,112	b. Snow and ice removal	1,101,283	
3. Other local imposts (from page 2)	1,272,652	c. Other		
4. Miscellaneous local receipts (from page 2)		4. Total (a. through c.)	4,717,463	
5. Transfers from toll facilities		4. General administration & miscellaneous	1,108,351	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	9,409,993	
a. Bonds - Original Issues		6. Total (1 through 5)	43,725,596	
b. Bonds - Refunding Issues		B. Debt service on local obligations:		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)		a. Interest		
7. Total (1 through 6)	36,526,764	b. Redemption		
B. Private Contributions		c. Total (a. + b.)	0	
C. Receipts from State government (from page 2)	4,547,411	2. Notes:		
D. Receipts from Federal Government (from page 2)	2,651,421	a. Interest		
E. Total receipts (A.7 + B + C + D)	43,725,596	b. Redemption		
		c. Total (a. + b.)	0	
		3. Total (1.c + 2.c)	0	
		C. Payments to State for highways		
		D. Payments to toll facilities		
		E. Total disbursements (A.6 + B.3 + C + D)		
			43,725,596	
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
		43,725,596	43,725,596	0
Notes and Comments:				

Statistical Section

Statistical Section

This part of the City of Arvada's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



**City of Arvada
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 223,565	\$ 233,223	\$ 218,883	\$ 222,197	\$ 234,874	\$ 252,120	\$ 262,131	\$ 292,888	\$ 314,529	\$ 346,609
Restricted	15,735	17,425	18,174	20,306	25,837	22,517	19,018	27,511	19,900	10,448
Unrestricted	74,472	80,607	98,412	100,289	95,365	90,637	92,089	82,945	90,610	90,156
Total governmental activities net position	\$ 313,772	\$ 331,255	\$ 335,469	\$ 342,792	\$ 356,076	\$ 365,274	\$ 373,238	\$ 403,344	\$ 425,039	\$ 447,213
Business-type Activities										
Net investment in capital assets	\$ 174,370	\$ 186,979	\$ 194,128	\$ 198,953	\$ 206,768	\$ 219,419	\$ 238,881	\$ 252,606	\$ 263,285	\$ 265,019
Restricted	100	100		1,865	1,866	1,706	1,536	1,805	1,964	1,915
Unrestricted	89,078	92,657	89,902	85,899	85,717	91,198	89,643	95,699	103,479	122,107
Total business-type activities net position	\$ 263,548	\$ 279,736	\$ 284,030	\$ 286,717	\$ 294,351	\$ 312,323	\$ 330,060	\$ 350,110	\$ 368,728	\$ 389,041
Primary Government										
Net investment in capital assets	\$ 397,935	\$ 420,202	\$ 413,011	\$ 421,150	\$ 441,642	\$ 471,539	\$ 501,012	\$ 545,494	\$ 577,814	\$ 611,628
Restricted	15,835	17,801	18,174	22,171	27,703	24,223	20,554	29,316	21,864	12,363
Unrestricted	163,550	172,988	188,554	186,188	181,082	181,835	181,732	178,644	194,089	212,263
Total primary government net position	\$ 577,320	\$ 610,991	\$ 619,739	\$ 629,509	\$ 650,427	\$ 677,597	\$ 703,298	\$ 753,454	\$ 793,767	\$ 836,254

Source: City of Arvada, Finance Department

Note:

Government-wide financial statements have been prepared in accordance with the requirements of GASB 34.



**City of Arvada
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)**

Functions/Program Activities	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General Government	\$ 26,142	\$ 27,821	\$ 14,267	\$ 15,586	\$ 14,280	\$ 16,245	\$ 22,193	\$ 17,485	\$ 20,939	\$ 25,627
Public safety	22,054	22,922	23,544	22,999	23,989	25,987	26,578	27,154	28,030	29,263
Public works	17,357	16,352	16,967	17,102	25,631	26,644	28,117	30,460	31,124	32,126
Parks and recreation	6,598	6,861	14,273	14,382	7,121	7,329	7,428	8,173	8,279	8,543
Culture	9,155	10,041	10,649	10,000	10,613	10,809	10,797	10,507	10,068	5,545
Human Services	4,081	4,355	4,251	4,734	4,420	4,580	4,558	4,876	4,665	4,781
Interest	2,361	2,245	2,329	1,579	1,501	1,443	1,119	1,107	659	821
Total governmental activities expenses	87,748	90,597	86,280	86,382	87,555	93,037	100,790	99,762	103,764	106,706
Business-type activities:										
Water	17,137	18,807	19,386	19,169	19,544	19,634	20,609	21,071	21,632	22,688
Wastewater	7,633	9,359	8,770	9,341	9,883	10,553	11,536	11,677	12,620	12,127
Other	6,894	7,079	7,035	6,764	7,016	7,302	7,575	7,939	8,648	9,412
Total business-type activities expenses	31,664	35,245	35,191	35,274	36,443	37,489	39,720	40,687	42,900	44,227
Total primary government expenses	\$ 119,412	\$ 125,842	\$ 121,471	\$ 121,656	\$ 123,998	\$ 130,526	\$ 140,510	\$ 140,449	\$ 146,664	\$ 150,933
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	10,193	11,212	5,267	5,130	5,333	5,159	5,726	6,212	5,397	5,694
Public works	2,006	1,892	3,008	1,578	2,038	2,623	2,870	4,761	5,170	6,094
Parks & Recreation	866	885	1,020	2,603	1,799	961	902	967	958	965
Other activities	8,864	6,979	6,959	5,819	6,720	6,737	4,831	4,690	4,660	1,655
Operating grants and contributions	9,265	9,008	9,501	11,789	9,218	9,171	11,681	11,330	12,529	12,066
Capital grants and contributions	6,960	12,432	2,789	3,020	6,470	12,431	6,706	22,287	10,206	8,936
Total governmental activities program revenues	38,154	42,408	28,544	29,939	31,578	37,082	32,716	50,247	38,920	35,410
Business-type activities:										
Charges for services:										
Water	15,881	19,285	14,972	17,170	18,221	21,026	22,635	19,215	20,565	23,120
Wastewater	7,692	8,484	9,753	9,904	10,336	10,704	11,179	11,334	11,721	11,516
Other	9,167	8,857	8,661	8,519	8,497	9,544	8,527	9,239	9,324	9,295
Operating grants and contributions	-	-	-	64	200	-	-	-	-	-
Capital grants and contributions	10,563	10,706	1,581	2,584	6,519	12,240	17,633	21,326	20,578	20,912
Total business-type activities program revenues	43,303	47,332	34,967	38,241	43,773	53,514	59,974	61,114	62,188	64,843
Total primary government program revenues	\$ 81,457	\$ 89,740	\$ 63,511	\$ 68,180	\$ 75,351	\$ 90,596	\$ 92,690	\$ 111,361	\$ 101,108	\$ 100,253



**City of Arvada
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)**

Functions/Program Activities Net (Expense)/Revenue	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities	(49,594)	(48,189)	(57,736)	(56,443)	(55,977)	(55,955)	(68,074)	(49,515)	(64,844)	(71,296)
Business-type activities	11,639	12,087	(224)	2,967	7,330	16,025	20,254	20,427	19,288	20,616
Total primary government net expense	<u>(\$37,955)</u>	<u>(\$36,102)</u>	<u>(\$57,960)</u>	<u>(\$53,476)</u>	<u>(\$48,647)</u>	<u>(\$39,930)</u>	<u>(\$47,820)</u>	<u>(\$29,088)</u>	<u>(\$45,556)</u>	<u>(\$50,680)</u>
General Revenues and Other Changes In Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 4,785	\$ 5,099	\$ 5,121	\$ 4,961	\$ 4,953	\$ 4,829	\$ 4,907	\$ 4,977	\$ 5,074	\$ 6,056
Franchise taxes	-	-	-	-	-	-	-	-	-	-
Sales and use taxes	50,051	50,322	49,530	50,259	50,996	54,298	58,519	64,429	69,744	74,083
Transportation taxes	4,668	4,533	4,665	4,761	4,648	4,787	4,646	4,757	5,400	4,923
Investment earnings	5,529	4,707	1,875	1,206	1,602	571	107	944	823	1,003
Miscellaneous	4,871	1,122	462	1,198	471	1,947	5,974	3,353	4,219	6,435
Transfers	(2,824)	(111)	882	1,381	931	(1,279)	2,418	1,161	1,412	957
Total governmental activities	<u>67,080</u>	<u>65,672</u>	<u>62,535</u>	<u>63,766</u>	<u>63,601</u>	<u>65,153</u>	<u>76,571</u>	<u>79,621</u>	<u>86,672</u>	<u>93,457</u>
Business-type activities										
Investment earnings	5,244	3,832	1,361	894	1,148	582	(56)	680	507	550
Miscellaneous	411	158	1,319	207	87	86	104	104	104	104
Transfers	2,824	111	(882)	(1,381)	(931)	1,279	(2,418)	(1,161)	(1,412)	(957)
Total business-type activities	<u>8,479</u>	<u>4,101</u>	<u>1,798</u>	<u>(280)</u>	<u>304</u>	<u>1,947</u>	<u>(2,370)</u>	<u>(377)</u>	<u>(801)</u>	<u>(303)</u>
Total primary government	<u>\$ 75,559</u>	<u>\$ 69,773</u>	<u>\$ 64,333</u>	<u>\$ 63,486</u>	<u>\$ 63,905</u>	<u>\$ 67,100</u>	<u>\$ 74,201</u>	<u>\$ 79,244</u>	<u>\$ 85,871</u>	<u>\$ 93,154</u>
Change in Net Position										
Governmental activities	17,486	17,483	4,799	7,323	7,624	9,198	8,497	30,106	21,828	22,161
Business-type activities	20,118	16,188	1,574	2,687	7,634	17,972	17,884	20,050	18,487	20,313
Total primary government	<u>\$ 37,604</u>	<u>\$ 33,671</u>	<u>\$ 6,373</u>	<u>\$ 10,010</u>	<u>\$ 15,258</u>	<u>\$ 27,170</u>	<u>\$ 26,381</u>	<u>\$ 50,156</u>	<u>\$ 40,315</u>	<u>\$ 42,474</u>

Source: City of Arvada, Finance Department

Note: General Government represents support and administrative divisions such as Legal, Finance, City Manager's Office, KATV, Human Resources, Planning, Code Enforcement, Information Services, Courts, and City Council.



City of Arvada
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	2007	2008	2009	2010	Fiscal Year		2013	2014	2015	2016
					2011	2012				
General Fund										
Reserve	\$ 2,623	\$ 2,484	\$ 2,521	\$ 2,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	25,981	27,325	30,218	18,652	-	-	-	-	-	-
Nonspendable	-	-	-	-	607	603	640	705	664	589
Restricted	-	-	-	-	1,780	1,891	2,028	2,248	2,447	2,589
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	2,731	985	-	2,598	1,468	15,143
Unassigned	-	-	-	-	17,947	19,486	23,007	25,296	32,951	23,076
Total general fund	28,604	29,809	32,739	21,058	23,065	22,965	25,675	30,847	37,530	41,397
All Other Governmental Funds										
Reserve	13,382	15,048	16,530	17,855	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Special revenue funds	14,605	16,254	14,862	14,831	-	-	-	-	-	-
Debt Service	637	745	343	377	-	-	-	-	-	-
Capital project funds	16,566	18,077	34,275	48,810	-	-	-	-	-	-
Nonspendable	-	-	-	-	301	255	231	193	110	46
Restricted	-	-	-	-	24,098	20,654	16,120	16,937	17,453	19,796
Committed	-	-	-	-	24,279	17,768	14,953	22,764	17,330	7,693
Assigned	-	-	-	-	30,354	33,378	38,314	23,474	20,172	25,783
Unassigned	-	-	-	-	-	-	-	-	-	-
Subtotal All Other	-	-	-	-	79,032	72,055	69,618	63,368	55,065	53,318
Governmental Funds	45,190	50,124	66,010	81,873	102,097	95,020	95,293	94,215	92,595	94,715
Total Governmental Funds										
Reserve	16,005	17,690	18,842	21,033	-	-	-	-	-	-
Unreserved	57,789	62,243	79,907	82,670	-	-	-	-	-	-
Nonspendable	-	-	-	-	908	858	871	898	774	635
Restricted	-	-	-	-	25,878	22,545	18,148	19,185	19,900	22,385
Committed	-	-	-	-	24,279	17,768	14,953	22,764	17,330	7,693
Assigned	-	-	-	-	33,085	34,363	38,314	26,072	21,640	40,926
Unassigned	-	-	-	-	17,947	19,486	23,007	25,296	32,951	23,076
Total all other governmental funds	\$ 73,794	\$ 79,933	\$ 98,749	\$ 103,703	\$ 102,097	\$ 95,020	\$ 95,293	\$ 94,215	\$ 92,595	\$ 94,715

Source: City of Arvada Finance Department

Note: In Fiscal Year ending December 31, 2011, the City of Arvada implemented Government Accounting Standard Board Statement Financial Statement Number 54. The presentation of the different Fund Balance types are listed above with figures recorded in the applicable categories. A brief definition of these categories is defined on page 52 of the Notes to the Financial Statements section of the CAFR.



City of Arvada
Changes in Fund Balances-Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$ 58,839	\$ 59,773	\$ 58,710	\$ 59,547	\$ 60,232	\$ 63,274	\$ 67,846	\$ 73,917	\$ 79,169	\$ 84,443
Licenses and Permits	2,294	2,219	3,450	3,014	2,396	2,873	3,275	4,881	5,197	6,041
Intergovernmental	14,975	13,577	15,291	16,440	15,166	15,441	15,668	15,261	17,849	18,172
Charges for Services	13,203	13,867	8,324	9,563	8,116	5,628	5,537	5,546	5,684	2,878
Fines and Forfeits	1,225	1,378	1,633	1,558	1,261	1,681	1,710	1,609	1,846	1,732
Interest	4,228	3,674	1,431	986	1,231	425	167	684	635	801
Memberships and Donations	317	299	332	290	1,577	427	725	1,414	942	758
Miscellaneous	4,173	894	664	924	839	2,418	5,507	3,019	3,881	2,893
Total revenues	\$ 99,254	\$ 95,681	\$ 89,835	\$ 92,322	\$ 90,818	\$ 92,167	\$ 100,435	\$ 106,331	\$ 115,203	\$ 117,718
Expenditures:										
General Government	\$ 17,466	\$ 18,747	\$ 12,167	\$ 13,697	\$ 11,080	\$ 12,779	\$ 13,640	\$ 13,251	\$ 15,759	\$ 18,642
Public Safety	17,628	23,866	24,094	23,873	23,555	25,518	26,382	27,200	28,166	28,731
Public Works	17,792	16,651	17,128	17,286	18,188	19,266	20,498	21,443	22,577	23,174
Program Costs	23,888	20,621	20,981	21,219	21,300	21,870	22,060	22,683	22,460	17,623
Capital Outlay	8,702	4,411	5,946	9,917	14,551	12,986	16,468	18,428	23,305	34,949
Debt Service										
Principal	3,345	3,460	3,011	4,079	4,073	4,045	3,895	4,185	4,510	4,670
Interest	2,361	2,245	1,469	1,667	1,515	1,388	1,209	1,120	721	718
Total Expenditures	\$ 91,182	\$ 90,001	\$ 84,796	\$ 91,738	\$ 94,262	\$ 97,852	\$ 104,152	\$ 108,310	\$ 117,498	\$ 128,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,072	5,680	5,039	584	(3,444)	(5,685)	(3,717)	(1,979)	(2,295)	(10,789)
Other Financing Sources (Uses)										
Bond Issuance costs	-	-	(192)	-	-	-	-	-	-	(162)
Proceeds from borrowing	-	-	20,857	-	-	-	7,527	-	11,820	13,083
Payments to escrow agent	-	-	(21,952)	-	-	-	(7,721)	-	(11,816)	-
Sale of Assets	724	725	-	-	-	0	0	-	-	-
Transfers in	16,562	11,091	15,774	30,777	14,955	19,350	20,110	16,812	18,410	21,735
Transfers out	(19,572)	(11,357)	(12,884)	(26,407)	(14,136)	(20,742)	(15,926)	(15,911)	(17,738)	(21,747)
Total Other Financing Sources (Uses)	(2,286)	459	1,603	4,370	819	(1,392)	3,990	901	676	12,909
Net Change in Fund Balances	\$ 5,786	\$ 6,139	\$ 6,642	\$ 4,954	\$ (2,625)	\$ (7,077)	\$ 273	\$ (1,078)	\$ (1,619)	\$ 2,120
Debt service as a % of Noncapital Expenditures	7%	7%	6%	8%	7%	6%	6%	6%	6%	6%

Source: City of Arvada, Finance Department



**City of Arvada
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

City Direct Rates		Overlapping Rates					
Fiscal Year	Basic Rate	State of Colorado	Jefferson County	Adams County	Rapid Transit District RTD	Cultural Facilities District	Baseball Football Stadium District
2007	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.10%
2008	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.10%
2009	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.10%
2010	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.10%
2011	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.10%
2012	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.00%
2013	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.00%
2014	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.00%
2015	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.00%
2016	3.46%	2.90%	0.50%	0.75%	1.00%	0.10%	0.00%

Source: City of Arvada, Finance Department

The combined direct and overlapping rates for Jefferson and Adams counties are 7.96% and 8.21%, respectively.



**City of Arvada
Sales and Use Tax
Last Ten Fiscal Years**

	2007	2008	2009	2010	2011
Sales Tax:					
Grocery Chain Stores	\$ 7,017,236	\$ 7,288,486	\$ 7,334,570	\$ 7,200,230	\$ 7,483,405
Fast Food Restaurants	1,707,247	1,810,008	2,021,516	2,062,638	1,576,778
General Dept Stores	7,312,606	7,288,906	7,306,966	7,381,406	770,212
Public Utilities	4,074,050	4,317,928	3,637,476	3,886,360	3,901,682
Restaurant & Lounges	2,227,360	2,255,327	2,164,532	2,309,170	2,369,833
Telephone Equipment & Service	1,382,418	1,480,300	2,527,228	2,506,964	2,487,405
Misc. - Other	17,159,389	17,015,251	13,895,570	14,762,442	22,440,904
Total Sales Tax	40,880,306	41,456,206	38,887,858	40,109,210	41,030,219
Use Tax:					
Grocery Chain Stores	24,091	27,114	68,055	56,962	145,708
Fast Food Restaurants	22,567	27,749	15,459	29,626	45,810
General Dept Stores	36,522	69,290	48,512	50,083	28,893
Public Utilities	231,681	225,767	589,297	1,141,121	425,956
Restaurant & Lounges	45,754	50,506	29,931	23,865	45,491
Telephone Equipment & Service	3,556	3,203	4,545	4,545	1,670
Misc. - Other	930,326	1,289,067	719,127	279,628	1,050,125
Total Use Tax	1,294,497	1,692,696	1,474,926	1,585,830	1,743,653
Auto Use	5,444,120	4,957,715	4,532,111	4,593,311	5,006,383
Building Use	1,892,925	1,761,502	2,355,796	1,999,800	2,053,400
Total	\$ 49,511,848	\$ 49,868,119	\$47,250,690	\$48,288,151	\$49,833,655
City Direct Sales Tax Rate	3.46%	3.46%	3.46%	3.46%	3.46%

Source: City of Arvada, Finance Department.

Note: Figures include .46% Sales and Use Tax imposed for police and public safety purposes.

Note: Total sales taxes collected in 2016 showed good growth coming in 4.79% over 2015. The Grocery Stores category, our largest individual category in terms of sales taxes generated, showed a 2.42% increase in 2016. The Miscellaneous category showed a large increase of 6.93% over 2015. Although general use tax was down significantly, 17.89% compared to 2015, the total amount of use tax collected, which is comprised of General, Building, and Automotive use taxes, showed a 10.78% increase over 2015. The gains in total use tax are primarily due to the large increase in building use tax which showed a 30.35% increase over 2015.



**City of Arvada
Sales and Use Tax
Last Ten Fiscal Years**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Sales Tax:					
Grocery Chain Stores	\$ 8,273,428	\$ 8,967,965	\$ 9,535,244	\$ 10,007,863	\$ 10,250,605
Fast Food Restaurants	1,659,362	1,710,024	1,746,583	1,848,439	1,904,774
General Dept Stores	8,104,435	8,215,281	8,660,395	8,977,911	9,712,663
Public Utilities	3,786,645	4,094,148	4,184,426	4,034,612	3,888,283
Restaurant & Lounges	2,578,383	2,642,306	2,873,752	3,039,338	3,175,973
Telephone Equipment & Service	2,611,925	2,507,633	2,568,048	2,426,775	2,367,071
Misc. - Other	16,901,224	18,371,506	20,413,304	22,765,566	24,343,368
Total Sales Tax	43,915,402	46,508,863	49,981,752	53,100,504	55,642,737
Use Tax:					
Grocery Chain Stores	92,328	83,558	26,036	33,986	32,944
Fast Food Restaurants	33,141	52,869	33,509	87,669	20,323
General Dept Stores	21,726	35,809	48,068	36,868	39,593
Public Utilities	313,319	385,520	280,535	217,714	180,360
Restaurant & Lounges	32,201	37,678	36,234	32,264	30,293
Telephone Equipment & Service	3,238	1,819	8,460	5,820	4,633
Misc. - Other	912,227	1,195,406	1,336,142	1,429,836	1,206,037
Total Use Tax	1,408,180	1,792,659	1,768,986	1,844,157	1,514,182
Auto Use	5,539,267	6,205,601	6,899,840	8,042,434	8,260,640
Building Use	2,751,416	3,327,650	5,110,547	6,015,271	7,841,134
Total	\$53,614,265	\$57,834,773	\$63,761,125	\$69,002,366	\$73,258,693
City Direct Sales Tax Rate	3.46%	3.46%	3.46%	3.46%	3.46%



**City of Arvada, Colorado
Principal Property Tax Payers
Last Ten Fiscal Years
(in thousands)**

Tax Remitter	2007			2008			2009			2010			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
ADLP 80th LLC															
Arvada Market Place East	4,090	9	0.36%	4,090	10	0.36%									
Arvada Structures LLC							3,657	10	0.32%						
Arvada West 04, LLC	4,477	7	0.40%	4,477	7	0.39%	4,297	7	0.38%	4,110	7	0.37%	3,609	8	0.32%
Comcast of Colorado				4,596	6	0.40%	3,805	9	0.34%	3,704	9	0.33%	3,364	10	0.30%
Costco Wholesale Corp.										3,486	10	0.31%			
Cub Square Centre LLC	4,792	5	0.43%	4,792	5	0.42%	4,594	5	0.41%	4,199	6	0.37%	4,372	5	0.39%
GP Retail I LLC															
Inland Western Arvada LLC	11,456	4	1.02%	11,456	4	1.01%	9,478	3	0.84%	9,615	4	0.86%	6,979	4	0.62%
Neodyne Industries															
Northridge Center 1703 LLC															
Panorama AR LLP															
Plains End LLC	12,504	2	1.11%	13,275	2	1.17%	34,352	1	3.05%	28,337	1	2.53%	12,290	3	1.10%
Primestar Solar															
Public Service Co.	15,610	1	1.39%	15,238	1	1.34%	9,321	4	0.83%	14,170	2	1.26%	18,915	1	1.69%
Qwest Corp.	12,420	3	1.10%	12,447	3	1.09%	12,036	2	1.07%	12,310	3	1.10%	15,902	2	1.42%
R&M Western Partnership													4,160	6	0.37%
Sorin Group (Cobe Laboratories)	3,889	10	0.35%										3,420	9	0.30%
Sundyne Corp.	4,281	8	0.38%	4,238	9	0.37%	4,531	6	0.40%	4,309	5	0.38%	3,839	7	0.34%
Target Corp.	4,521	6	0.40%	4,390	8	0.39%	4,019	8	0.36%	3,891	8	0.35%			
W PT Arvada VII LLC															
Total	\$ 78,040		6.93%	\$ 78,999		6.95%	\$ 90,090		7.99%	\$ 88,131		7.85%	\$ 76,850		6.85%

Source: Jefferson and Adams County Assessors Offices

Note: The top ten taxpayers represent roughly 7% of the total assessed valuation for the City of Arvada. The remaining 93% represents smaller business and residential customers.



City of Arvada, Colorado

Principal Property Tax Payers
Last Ten Fiscal Years
(in thousands)

	2012			2013			2014			2015			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Tax Remitter															
ADLP 80th LLC	3,621	9	0.32%	3,495	9	0.31%	3,495	8	0.31%	3,568	6	0.31%	3,568	6	0.31%
Arvada Market Place East															
Arvada Structures LLC															
Arvada West 04, LLC	3,707	8	0.33%												
Comcast of Colorado															
Costco Wholesale Corp.															
Cub Square Centre LLC	4,373	7	0.39%	4,290	7	0.38%	3,962	6	0.35%			0.00%			0.00%
GP Retail I LLC							2,948	9	0.26%	2,983	9	0.26%	2,983	9	0.26%
Inland Western Arvada LLC	9,133	4	0.81%	8,905	4	0.79%	9,052	4	0.80%			0.00%			0.00%
Neodyne Industries										3,306	7	0.29%			0.00%
Northridge Center 1703 LLC							3,822	7	0.34%			0.00%			0.00%
Panorama AR LLP										3,005	8	0.27%	3,005	8	0.27%
Plains End LLC	9,951	3	0.89%	17,140	2	1.53%	18,885	2	1.67%	20,467	2	1.81%	18,554	2	1.64%
Primestar Solar	8,063	5	0.72%	4,810	5	0.43%									
Public Service Co of Colorado	16,722	2	1.49%	21,848	1	1.95%	21,923	1	1.93%	24,349	1	2.15%	24,722	1	2.18%
Qwest Corp.	18,772	1	1.67%	9,911	3	0.88%	10,196	3	0.90%	10,533	3	0.93%	11,155	3	0.98%
R&M Western Partnership	4,749	6	0.42%												
Sorin Group (Cobe Laboratories)	3,420	10	0.30%	3,420	10	0.30%	4,431	5	0.39%	3,909	5	0.34%	3,909	5	0.34%
Sundyne Corp.				4,364	6	0.39%							3,463	7	0.31%
Target Corp.				3,584	8	0.32%	2,858	10	0.25%	2,858	10	0.25%			0.00%
Union Pacific Railroad Co													2,925	10	0.26%
W PT Arvada VII LLC										7,031	4	0.62%	9,585	4	0.85%
Total	\$ 82,511		7.35%	\$ 81,767		7.29%	\$ 81,570		7.20%	\$ 82,007		7.24%	\$ 83,869		7.40%



**City of Arvada
Property Tax Levies and Collections
Last Ten Years
(modified accrual basis of accounting)**

Levy/ Collection Year	Taxes Levied for the Fiscal Year (1)	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006/2007	4,422,851	4,383,304	99.11%	3,853	4,387,157	99.19%
2007/2008	4,757,970	4,718,720	99.18%	2,080	4,720,800	99.22%
2008/2009	4,803,790	4,770,519	99.31%	1,795	4,772,315	99.34%
2009/2010	4,668,390	4,637,622	99.34%	1,108	4,638,730	99.36%
2010/2011	4,677,597	4,643,015	99.26%	1,750	4,644,765	99.30%
2011/2012	4,548,234	4,500,376	98.95%	3,307	4,503,683	99.02%
2012/2013	4,585,586	4,556,940	99.38%	8,650	4,565,590	99.56%
2013/2014	4,657,862	4,600,994	98.78%	5,564	4,606,558	98.90%
2014/2015	4,690,479	4,668,082	99.52%	3,457	4,671,539	99.60%
2015/2016	5,626,198	5,583,065	99.23%	107	5,583,172	99.24%

Source: Jefferson and Adams County Assessors Offices

Note: Excludes Specific Ownership Tax
(1) Taxes levied is for the tax year preceding the fiscal year.

The mill levy rate for 2016 is 4.31.



**City of Arvada
Assessed Value and Actual Value
of Taxable Property
Last Ten Years
(in thousands)**

	Levy/Collection Year				
	2007	2008	2009	2010	2011
Vacant property	\$ 28,559,660	\$ 27,772,060	\$ 22,225,900	\$ 20,415,720	\$ 20,501,926
Residential property	\$ 752,547,870	\$ 759,627,790	\$ 728,285,380	\$ 729,786,750	\$ 717,675,555
Commercial property	\$ 225,401,350	\$ 230,096,840	\$ 240,075,860	\$ 235,714,770	\$ 219,477,899
Industrial property	\$ 68,972,520	\$ 68,876,220	\$ 70,564,000	\$ 70,224,120	\$ 67,948,483
Agricultural property	\$ 1,516,050	\$ 1,492,280	\$ 1,952,380	\$ 1,917,540	\$ 2,076,911
Natural Resources	\$ 320	\$ 420	\$ 420	\$ 420	\$ 415
State assessed property	\$ 45,809,460	\$ 46,001,680	\$ 61,326,920	\$ 60,603,390	\$ 53,119,623
Personal property	\$ 3,269,500	\$ 3,298,970	\$ 3,054,470	\$ 3,416,840	\$ 3,245,250
Total taxable assessed value	\$ 1,126,076,730	\$ 1,137,166,260	\$ 1,127,485,330	\$ 1,122,079,550	\$ 1,084,046,062
Total direct tax rate	4.31	4.31	4.31	4.31	4.31
Estimated actual taxable value (in thousands)	\$ 10,577,558	\$ 10,844,919	\$ 10,359,457	\$ 10,359,672	\$ 10,157,393
Assessed value as a percentage of estimated actual value	10.6%	10.5%	10.9%	10.8%	10.7%

	Levy/Collection Year				
	2012	2013	2014	2015	2016
Vacant property	\$ 20,001,930	\$ 23,271,345	\$ 24,280,248	\$ 52,087,362	\$ 39,879,257
Residential property	\$ 723,906,993	\$ 744,813,813	\$ 762,800,495	\$ 944,952,123	\$ 971,097,836
Commercial property	\$ 225,781,990	\$ 222,389,232	\$ 219,417,048	\$ 233,245,944	\$ 277,903,562
Industrial property	\$ 67,051,461	\$ 65,196,131	\$ 63,700,131	\$ 69,176,989	\$ 23,620,892
Agricultural property	\$ 2,062,898	\$ 1,944,906	\$ 1,946,455	\$ 1,651,435	\$ 1,593,393
Natural Resources	\$ 415	\$ 467	\$ 494	\$ 496	\$ 495
State assessed property	\$ 52,323,639	\$ 55,792,241	\$ 57,966,461	\$ 62,662,700	\$ 62,171,458
Personal property	\$ 3,101,790	\$ 3,080,440	\$ 3,066,830	\$ 3,429,310	\$ 3,648,980
Total taxable assessed value	\$ 1,094,231,116	\$ 1,116,488,575	\$ 1,133,178,162	\$ 1,367,206,359	\$ 1,379,915,873
Total direct tax rate	4.31	4.31	4.31	4.31	4.31
Estimated actual taxable value (in thousands)	\$ 10,236,790	\$ 10,493,112	\$ 10,714,249	\$ 13,187,691	\$ 14,465,213
Assessed value as a percentage of estimated actual value	10.7%	10.6%	10.6%	10.4%	9.5%

Assessed values, as reported in this schedule, include certain tax-exempt properties
Assessed values included in this schedule include tax increment financing districts located within the City



City of Arvada
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Governmental Activities				Business-Type Activities			Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Increment Bonds	Capital Lease	Certificates of Participation	Water Bonds	Capital Leases	Total Primary Government		
2007	-	36,790	846	17,070	24,030	2,465	81,201	2.51%	0.77
2008	-	34,080	768	16,320	22,615	2,009	75,792	2.55%	0.71
2009	-	30,770	1,121	15,550	20,205	1,093	68,739	1.95%	0.64
2010	-	28,580	783	14,755	19,696	875	64,689	2.01%	0.60
2011	-	25,378	534	13,935	17,962	647	58,456	1.76%	0.55
2012	-	22,076	432	13,090	16,178	513	52,289	1.59%	0.49
2013	-	18,755	324	12,210	14,343	373	46,005	1.36%	0.42
2014	-	14,360	211	11,300	12,480	228	38,579	1.01%	0.35
2015		11,583	98	10,685	10,571	77	33,014	0.82%	0.29
2016		7,837	0	22,556	8,606	0	38,999	0.94%	0.34

Source: City of Arvada Finance Department



City of Arvada
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Total		
2007	\$0	\$0	\$0	0.00%	\$0.00
2008	\$0	\$0	\$0	0.00%	\$0.00
2009	\$0	\$0	\$0	0.00%	\$0.00
2010	\$0	\$0	\$0	0.00%	\$0.00
2011	\$0	\$0	\$0	0.00%	\$0.00
2012	\$0	\$0	\$0	0.00%	\$0.00
2013	\$0	\$0	\$0	0.00%	\$0.00
2014	\$0	\$0	\$0	0.00%	\$0.00
2015	\$0	\$0	\$0	0.00%	\$0.00
2016	\$0	\$0	\$0	0.00%	\$0.00

Source: City of Arvada Comprehensive Annual Financial Report (2006-2015), Jefferson and Adams County Assessors Offices, Denver Regional Council of Governments



**City of Arvada
Direct and Overlapping Governmental Activities Debt
Last Fiscal Year**

Jurisdiction	Debt Outstanding	2016 Percents Applicable To City of Arvada	Estimated Share of Overlapping Debt
Direct			
City of Arvada	\$ 30,393,000	100.00%	\$ 30,393,000
Overlapping			
Jefferson County School District R-1	386,225,000	27.77%	107,265,797
Adams County School District (50)	70,430,000	7.09%	4,994,290
APEX (North Jeffco Park & Recreation)	25,900,000	84.08%	21,777,844
Hyland Hills Park & Recreation District	7,315,000	4.40%	321,941
Arvada West Town Center Business Improvement District	5,345,000	100.00%	5,345,000
Adams County Fire Protection District	<u>3,039,537</u>	4.99%	<u>151,652</u>
Subtotal, overlapping debt			<u>\$ 170,249,524</u>
Total, direct and overlapping debt			<u><u>\$ 200,642,524</u></u>

Source: Jefferson County School District, Adams County Schools District, Jefferson County Parks, and Recreation District, Hylands Hills Park Recreation District, Southwest Adams County Fire Protection District, and City of Arvada

Note: Overlapping governments listed above incorporate a portion of the City of Arvada. This percentage of the incorporated areas is used to calculate the estimated share of overlapping debt. This figure is taken into account to determine the City of Arvada's ability to issue and repay long-term debt.



**City of Arvada
Legal Debt Margin Information
Last Ten Fiscal Years**

Actual value	\$13,609,438,927
Debt limit (3% of actual value)	408,283,168
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	0
Total net debt applicable to limit	0
Legal debt margin	408,283,168

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	337,823,019	325,347,584	315,775,961	315,627,271	308,381,134	311,138,661	319,157,837	325,802,555	399,819,207	408,283,168
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 337,823,019	\$ 325,347,584	\$ 315,775,961	\$ 315,627,271	\$ 308,381,134	\$ 311,138,661	\$ 319,157,837	\$ 325,802,555	\$ 399,819,207	\$ 408,283,168

Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Source: Jefferson and Adams County Assessors' Offices

Note: Chapter XI, Section 4 of the Charter of the City of Arvada: "The aggregate amount of bonds or other evidences of indebtedness shall not exceed three (3) percent of the actual value, as determined by the County Assessors of Jefferson County and Adams County, of the taxable property in the City of Arvada..." There are limited



**City of Arvada
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Year	Water Revenue Bonds						Sales and Use Tax Bonds			
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Sales & Use Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2007	20,520,000	13,470,000	7,050,000	1,360,000	959,164	3.04	42,928,135	2,615,000	1,690,339	9.97
2008	22,468,000	14,455,000	10,240,000	1,415,000	1,054,494	4.15	43,239,537	2,710,000	1,593,666	10.05
2009	16,574,000	14,750,000	1,824,000	1,540,000	944,004	0.73	41,835,694	2,241,564	840,853	13.57
2010	17,926,000	15,008,000	2,918,000	1,550,000	697,288	1.30	41,865,635	3,284,428	1,061,698	9.63
2011	21,461,000	14,849,000	6,612,000	1,630,000	626,495	2.93	43,485,458	3,250,434	935,309	10.39
2012	25,827,000	15,305,000	10,522,000	1,680,000	577,346	4.66	46,365,504	3,200,000	834,119	11.49
2013	30,531,000	16,050,000	14,481,000	1,730,000	529,565	6.41	50,023,809	3,015,000	612,292	13.79
2014	29,846,000	16,289,000	13,557,000	1,760,000	493,407	6.02	55,159,045	3,275,000	631,075	14.12
2015	31,511,000	17,096,000	16,274,211	1,805,000	447,725	7.22	59,690,397	3,375,000	542,500	15.24
2016	38,896,000	17,942,000	21,189,014	1,860,000	393,938	9.40	63,386,029	3,485,000	427,400	16.20

Source: City of Arvada, Finance Department

Note: Service charges include water sales, licenses and permit fees.
Operating expenses include operations, administration & maintenance, and tap fees.
Coverage represents the ratio of debt payments to net revenue available.

Sales and use tax bonds are backed by the generation of sales and use tax revenues.
Figures do not include .46% Sales and Use Tax imposed for police and public safety.



**Schedule of Debt Service Requirements
Governmental Activities
December 31, 2015**

Sales & Use Tax Revenue Refunding Bonds - Series 2009

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Principal Balance</u>
2016				5,990,000
2017	2,105,000	218,550	2,323,550	3,885,000
2018	3,885,000	155,400	4,040,400	-
TOTALS	<u><u>5,990,000</u></u>	<u><u>373,950</u></u>	<u><u>6,363,950</u></u>	

Sales & Use Tax Revenue Refunding Bonds - Series 2013

2016				1,510,000
2017	1,510,000	75,500	1,585,500	-
TOTALS	<u><u>1,510,000</u></u>	<u><u>75,500</u></u>	<u><u>1,585,500</u></u>	



**Schedule of Debt Service Requirements
Business-Type Activities
December 31, 2015**

Water Enterprise Revenue Refunding Bonds - Series 2009

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Principal Balance</u>
2016				8,190,000
2017	1,915,000	346,750	2,261,750	6,275,000
2018	2,010,000	251,000	2,261,000	4,265,000
2019	2,090,000	170,600	2,260,600	2,175,000
2020	2,175,000	87,000	2,262,000	\$ -
TOTALS	<u><u>\$8,190,000</u></u>	<u><u>\$855,350</u></u>	<u><u>\$9,045,350</u></u>	



**City of Arvada, Colorado
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	105,455	2,345,530	22,242	37.2	18,286	4.40%
2008	107,050	3,236,229	30,231	37.2	18,064	4.30%
2009	106,327	2,968,862	27,922	39.8	19,469	5.60%
2010	107,702	3,523,040	32,711	39.4	19,737	8.10%
2011	108,539	3,216,987	29,639	39.4	19,508	9.80%
2012	106,433	3,316,346	31,159	40.5	19,054	8.30%
2013	106,673	3,297,902	30,916	40.5	19,200	8.00%
2014	109,157	3,374,698	30,916	40.5	19,188	6.50%
2015	111,559	3,813,756	34,186	40.0	19,512	4.60%
2016	113,326	4,004,941	35,340	40.5	20,284	3.60%

Source: Denver Regional Council of Governments, Adams and Jefferson County School Districts, Arvada Economic Development Department, and Colorado Department of Labor & Employment

Employer	2007			2008			2009			2010			2011		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Colorado Lutheran Home															
Parker Personal Care Homes Inc															
Sorin Group USA (formerly COBE Cardio)															
City of Arvada	450	2	0.78%	389	2	0.68%	350	2	0.65%	351	2	0.67%	351	3	0.62%
Sundyne Corporation	705	1	1.22%	707	1	1.23%	691	1	1.28%	691	1	1.32%	682	1	1.20%
Target (All locations)	370	3	0.64%	370	3	0.64%	330	3	0.61%	323	3	0.62%	323	4	0.57%
Pridemark Paramedic Serv. Inc.	275	4	0.47%	275	4	0.48%	220	5	0.41%	418	2	0.42%	418	2	0.73%
Arvada Fire Protection District							275	4	0.51%	268	4	0.51%	268	5	0.47%
Home Depot	200	5	0.35%	200	5	0.35%	207	7	0.38%	195	7	0.37%	180	8	0.32%
Costco	200	5	0.35%	200	5	0.35%	212	6	0.39%	225	5	0.43%	225	6	0.39%
Sam's Club	180	6	0.31%				180	8	0.33%	155	10	0.30%	155	10	0.27%
King Soopers							175	9	0.32%	175	9	0.34%	175	9	0.31%
Kohl's Dept. Store	160	7	0.28%	160	7	0.28%									
Seyern Trent Laboratories/Test America	150	8	0.26%												
Mark VII Equipment	140	10	0.24%	140	10	0.24%	173	10	0.32%	186	8	0.36%	189	7	0.33%
Talk Corporation															
Xcel Energy	143	9	0.25%												
Wanco Inc	150	8	0.26%												
Piper Electric															
McDoughals (all locations)															
Total Employed by Principal Employers	3,123		5.39%	2,926		5.10%	2,813		5.20%	2,789		5.34%	2,966		5.20%
Total Employed by Other Employers	54,817		94.61%	54,455		94.90%	51,284		94.80%	49,433		94.66%	54,051		94.80%
Total Employees	57,940		100.00%	57,381		100.00%	54,097		100.00%	52,222		100.00%	57,017		100.00%

Source: City of Arvada, CO Department of Labor & Employment and individual employers

Total Employees figure for 2015 constitutes annual average total of employed residents of Arvada (Dol.&E stats are based on worker residency, not location of employment).

Starting Jan 1, 2016 we are using the City of Arvada's Sales Tax departments statistics to compile the top 10 employer's data.

Employer	2012			2013			2014			2015			2016		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Colorado Lutheran Home							185	10	0.31%	185	10	0.31%	200	10	0.32%
Parker Personal Care Homes Inc							290	3	0.49%	324	3	0.54%	200	10	0.32%
Sorin Group USA(formerly COBE Cardio)				294	5	0.53%	250	4	0.42%	290	4	0.48%	250	4	0.40%
City of Arvada	351	4	0.61%	672	1	1.20%	700	1	1.17%	705	1	1.17%	718	2	1.16%
Sundyne Corporation	353	3	0.62%	353	3	0.63%	200	9	0.34%	408	2	0.67%	200	9	0.32%
Target (All locations)	418	2	0.73%	342	4	0.61%							300	3	0.48%
Pridemark Paramedic Serv. Inc.	225	5	0.39%	370	2	0.66%	347	2	0.58%	202	9	0.33%			0.00%
Arvada Fire Protection District							221	6	0.37%	235	6	0.39%	221	5	0.36%
Home Depot	200	7	0.35%	200	7	0.36%	210	8	0.35%	240	5	0.40%	210	8	0.34%
Costco	225	5	0.39%	234	6	0.42%									
Sam's Club	155	10	0.27%	156	9	0.28%	218	7	0.37%	209	8	0.35%	909	1	1.47%
King Soopers	175	9	0.31%	200	7	0.36%									
Kohl's Dept. Store															
Severn Trent Laboratories/Test America	189	8	0.33%	95	10	0.17%									
Mark VII Equipment							229	5	0.38%	220	7	0.36%	220	6	0.36%
Taix Corporation															
Xcel Energy															
Wanco Inc															
Piper Electric													217	7	0.35%
Mc Donnalds (all locations)															0.00%
Total Employed by Principal Employers	2,969		5.18%	2,916		5.21%	2,850		4.78%	3,018		4.99%	3,445		5.56%
Total Employed by Other Employers	54,356		94.82%	53,056		94.79%	56,804		95.22%	57,485		95.01%	58,489		94.44%
Total Employees	57,325		100.00%	55,972		100.00%	59,654		100.00%	60,503		100.00%	61,934		100.00%



**City of Arvada, Colorado
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years**

Function/program	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Manager's/Clerk's Office	18.75	18.75	17.00	17.00	16.75	17.75	18.95	21.95	20.95	20.95
Community Development	26.00	26.00	26.00	26.00	24.00	24.00	24.00	25.00	26.00	27.00
Cultural Services	41.00	41.00	40.00	39.00	38.75	38.75	39.25	39.25	39.25	41.25
Economic Development	4.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Parks, Golf, and Hospitality	72.00	72.00	74.00	72.00	70.00	70.00	69.00	73.00	73.00	75.00
Finance/Risk Management	46.25	43.25	43.25	42.75	38.00	38.00	41.00	35.00	33.70	33.70
Judicial/Legal	19.00	21.00	21.00	22.00	23.00	22.00	20.00	22.00	24.00	24.00
Information Technology	26.00	29.00	29.00	29.00	29.00	29.00	27.00	27.00	29.00	29.00
Human Resources	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Public Works	198.50	202.75	205.25	200.25	202.25	198.25	198.25	205.25	212.25	213.25
Public Safety	244.75	239.00	236.40	230.40	227.40	227.40	232.40	233.50	235.50	241.50
Total	<u>705.25</u>	<u>706.75</u>	<u>705.90</u>	<u>691.40</u>	<u>682.15</u>	<u>678.15</u>	<u>682.85</u>	<u>694.95</u>	<u>706.65</u>	<u>718.65</u>

Source: City of Arvada Budget Book 2017-2018

Note: Figures represents budgeted full and part-time benefited employees.



**City of Arvada, Colorado
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued	4,619	5,852	14,582	8,552	5,019	5,718	5,293	9,002	9,957	8,695
Police										
Physical arrests	3,005	3,067	2,655	2,373	2,384	2,272	2,338	2,245	2,638	2,456
Parking violations	489	458	314	442	468	436	831	1,209	1,473	2,131
Traffic violations	10,385	10,448	11,513	10,366	8,776	12,351	12,451	11,222	12,215	11,484
Other public works										
Street resurfacing (miles)	17	6	8	18	42	43	28	32	23	23
Potholes repaired	8,858	1,343	2,716	6,723	1,547	2,175	2,866	4,931	9,404	6,337
Parks and recreation										
Athletic field permits issued	23,356	22,062	21,989	20,830	21,871	22,965	22,276	22,841	22,905	22,447
Water										
Consumers (Tap)	34,528	35,082	35,104	35,100	35,644	36,177	36,492	35,537	36,193	37,067
New connections	178	131	74	167	141	342	445	530	705	966
Leaks	66	66	37	47	39	47	47	49	25	29
Average daily consumption	16,000,029	16,300,000	13,761,000	15,828,849	15,805,112	18,561,650	14,984,589	12,773,725	13,080,428	14,440,172

Source: City of Arvada Building Department, Police Department, Street Department, Parks Department, and Water Department.

Note: The number of new connections increase in 2016 due to the building development at Leyden Rock, Candelas, Wild Grass and Solana areas.



**City of Arvada, Colorado
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	3	3	3
Patrol units	108	82	79	79	79	79	79	100	99	83
Fire Protection Districts	3	3	3	3	3	3	3	3	3	3
Other public works										
Streets (miles)	404	404	411	413	420	427	437	450	481	467
Parks and recreation										
Square Miles (City of Arvada)	36	36	36	36	38	39	39	39	39	39
Playgrounds	55	57	48	50	51	52	57	58	60	67
Tennis/basketball Courts	71	72	72	75	75	75	77	77	77	72
Baseball/softball diamonds	35	41	41	41	41	41	43	43	43	31
Soccer/football fields	25	27	27	27	27	32	32	32	35	27
Community centers/Sport complexes	21	19	19	19	19	19	19	19	19	18
Water										
Water mains (miles)	542	550	551	568	572	589	602	616	621	624
Fire hydrants	4,676	4,639	4,650	4,808	4,768	4,889	5,018	5,212	5,392	5,489
Wastewater										
Sanitary sewers (miles)	392	396	400	408	410	416	423	440	456	458
Storm sewers (miles)	136	140	144	145	148	151	151	166	169	178
Treatment capacity (millions of gallons)	3,401	3,430	3,256	3,295	3,548	3,387	3,750	3,640	3,760	3,474

Source: City of Arvada, Police, Parks & Rec, Public Works Departments

Compliance Section

Single Audit Reports

City of Arvada
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Cluster Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct Award:				
Community Development Block Grants/Entitlement Grants Cluster	14.218	N/A	\$ 69,469	\$ 399,913
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	N/A	-	4,015,326
Total U.S. Department of Housing and Urban Development			69,469	4,415,239
U.S. Department of Justice				
Direct Award:				
Public Safety Partnership and Community Policing	16.710	N/A	-	412,836
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	11,682
Passed through Colorado Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-16-013734-01-1	-	24,715
Total U.S. Department of Justice			-	449,233
U.S. Department of Transportation				
Highway Planning and Construction Cluster				
Passed through Colorado Department of Transportation				
Highway Planning and Construction	20.205	STU M040-026 (19161) 411009936	-	776,275
Passed through Denver Regional Council of Governments				
Highway Planning and Construction	20.205	STE M040-027 (19881) 948 STE M040-025 (19162)	-	339,106
Total Highway Planning and Construction Cluster			-	1,115,381
Federal Transit Cluster				
Passed through Regional Transportation District				
Federal Transit - Formula Grants	20.507	CO-2016-009	-	11,084
Total U.S. Department of Transportation			-	1,126,465
Executive Office of the President				
Passed through City of Lakewood				
High Intensity Drug Trafficking Areas Program	95.001	G16RM0025A	-	37,733
Total Executive Office of the President			-	37,733
U.S. Department of Homeland Security				
Passed through Colorado Department of Public Safety				
Emergency Management Performance Grants	97.042	16EM-16 81	-	30,670
Total U.S. Department of Homeland Security			-	30,670
Total Federal Financial Assistance			\$ 69,469	\$ 6,059,340

City of Arvada
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Notes to Schedule

1. This schedule includes the federal awards activity of the City of Arvada (the City). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.
2. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. Revolving Loan Funds – Not Subject to Compliance

The City has certain revolving loan funds, which were originally financed with federal financial assistance through the Community Development Block Grants/Entitlement Grants program (CFDA No. 14.218). However, this program is not subject to any continuing compliance requirements other than required loan payments, therefore the outstanding loan balances have not been included in the accompanying schedule of expenditures of federal awards. The outstanding balance of the revolving loan funds at December 31, 2016 is \$2,212,605.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Mayor and Members of City Council
City of Arvada
Arvada, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Arvada (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 12, 2017.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of City Council
City of Arvada

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
June 12, 2017

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Honorable Mayor and Members of City Council
City of Arvada
Arvada Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Arvada's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Honorable Mayor and Members of City Council
City of Arvada

Opinion on Each Major Federal Program.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of City Council
City of Arvada

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
June 12, 2017

City of Arvada
Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP):
- Unmodified Qualified Adverse Disclaimer
2. Internal control over financial reporting:
- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported
3. Noncompliance considered material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:
- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported
5. Types of auditor’s report issued on compliance for major programs:
- Unmodified Qualified Adverse Disclaimer
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

City of Arvada
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2016

7. Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Housing Voucher Cluster Section 8 Housing Choice Vouchers	14.871

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9. Auditee qualified as low-risk auditee? Yes No

City of Arvada
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2016

Section II – Financial Statement Findings

**Reference
Number**

Finding

No matters are reportable.

City of Arvada
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2016

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding	Questioned Costs
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No matters are reportable.

City of Arvada
Status of Prior Audit Findings
Year Ended December 31, 2016

Reference Number	Summary of Findings	Status
2015-001	<p>CFDA No. 14.871 – Section 8 Housing Choice Vouchers Department of Housing and Urban Development, Award Number ACC CO050, Award Year 2015</p> <p>Special Tests and Provisions</p> <p>We noted that several of the applicable utility category or fuel type line items were not updated for the current year for the Detached House/Single Family schedule, all of which exceeded a 10 percent change.</p> <p>Recommendation</p> <p>We recommend that a systematic process be put in place to ensure that all line items are updated as required. We also recommend that the Manager of Housing and Neighborhood Revitalization review the updated utility schedule compared to the rates that are entered into the Emphasys Elite software program to ensure that the allowance schedule is properly updated and document such review by signing or initialing the master schedule.</p>	Implemented



CITY OF ARVADA
8101 RALSTON ROAD
ARVADA, CO 80002