

2016 Comprehensive Annual Financial Report

For year ended December 31, 2016



Lakewood
Full of Possibilities.

City of Lakewood
480 South Allison Parkway
Lakewood, Colorado 80226-3127

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
THE CITY OF LAKEWOOD
COLORADO**



**For The Year Ended
December 31, 2016**

**Prepared by:
Department of Finance**



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INTRODUCTORY SECTION



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CITY OF LAKEWOOD, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2016

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City of Lakewood

City Manager's Office

480 South Allison Parkway
Lakewood, Colorado 80226-3127
303-987-7050 Voice
303-987-7063 FAX

June 29, 2017

Honorable Mayor Adam Paul,
Members of the City Council, and
Citizens of Lakewood, Colorado

TRANSMITTAL LETTER

Formal Transmittal

The Comprehensive Annual Financial Report ("CAFR") of the City of Lakewood, Colorado for the fiscal year ended December 31, 2016 is hereby formally transmitted. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, resides with the City. We believe that the data, as presented, is accurate in all material respects, that it is reported in a manner designed to present fairly the financial position and the results of operations of the City and that all disclosures necessary to enable the reader to gain an understanding of the City's financial position have been included.

City Profile

The City of Lakewood, Colorado was incorporated on June 24, 1969 and its present Home Rule Charter was adopted in November 1, 1983. The City functions under a Council-Manager form of government. The City Council is composed of eleven officials, including a mayor elected at large and ten council members elected two each from five wards. The City provides a full range of services including police, water, sewer and storm water utility services, construction and maintenance of highways, streets and infrastructure, recreational activities, cultural events and family programs.

The City's Financial Condition

The CAFR includes all financial activities for which the City Council is accountable to the citizens of the City, either by Charter or Statute. All applicable funds, departments and offices are included in these financial statements as part of the Primary Government of the City. In addition, the Lakewood Reinvestment Authority and the Lakewood Public Building Authority, while legally separate entities, have significant financial and operational relationships with the City and are thus included in the CAFR. The City receives some of its funding from the Federal Government and hereby provides a schedule of financial assistance and other reports in the Single Audit section of the CAFR, as required by the United States Office of Management and Budget Uniform Grant Guidance.

Colorado statutes and the Lakewood City Charter require an annual financial statement audit of the City's accounts and financial records by an independent certified public accountant ("CPA"), as selected by the City Council. The CPA firm of Anton Collins Mitchell LLP, conducted the audit of the City's financial statements for the year ended 2016. Their Independent Auditors' Report is presented in the front of the Financial Section of this report.

Governmental Accounting Standards Board's Statement Number 34 ("GASB 34") requires that management provide a narrative introduction, general 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 designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately behind the Independent Auditor's Report.

As mentioned above, the CAFR includes Management's Discussion and Analysis, which includes a general overview, and analysis of the City's financial condition. In addition to the MD&A the City recognizes several opportunities that will have an impact on the future economic prospects of the City. As such, the City Council's annual Planning Session includes a long-term financial planning process that evaluates and organizes the strategic needs of the community and the related financial impacts and opportunities. The City's Long-Term Strategic Financial Plan is published in the annual budget, which forecasts 5 future years of financial activity.

The City's management is responsible for maintaining and assessing effective internal control over financial reporting. The City's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. As with any system of internal controls, the City's control over financial reporting is inherently limited. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The economy across the State of Colorado, and in Lakewood, is even stronger than the very robust national economy. Lakewood's primary source of income, sales and use tax, increased 3.55% during 2016. Tax receipts from motor vehicle sales were at a record high for the fourth consecutive year, during 2016. Real property is assessed every other year, in odd years, and collected one year in arrears. As such, 2016 receipts for 2015 property values reflect strong increases in property values. Property tax receipts in 2016 were a record for the City. Fortunately, the City continues to enjoy robust economic development. Much of the economic growth in Colorado and in Lakewood is due to in-migration of people to the region and the City. During 2016, the largest growth in economic development was in the construction of multi-family apartment units. The City has built reserves in years past that will enable consistent and predictable municipal services for the foreseeable future. We used some reserves in 2016, and will again in 2017, to construct and re-construct public infrastructure. Economic development activities will continue to impact the City's long-term financial planning activities.

The City annually prepares an operating budget of revenues and expenditures for the following year in accordance with the City Charter and the City Council's budget policies. The City's budget process includes the guidelines of the National Council on Governmental Accounting and the Government Finance Officers Association of the U.S. and Canada. Included as a part of the City's budget process, the City prepares a 5-year long-term financial plan. The plan encompasses both operating and capital revenues and spending. The long-term financial plan is used for current and future service and infrastructure decision making.

During 2016, the City implemented a change in business strategy that significantly impacted these financial statements. The City has implemented a change from fully insured to self-insured for the provision of employees' medical insurance, for the primary medical plan. The City decided to self-insure for employees who select the primary health plan, beginning in the second quarter of 2016.

Awards and Acknowledgements

This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada ("GFOA"). The GFOA has awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. This is the twenty sixth year that the City has been awarded this Certificate of Achievement. The Certificate of Achievement is valid for only one year. We believe that our current CAFR will meet the GFOA's Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility. The GFOA has also awarded the City its Distinguished Budget Presentation Award for fiscal years 2001 through 2016.

We sincerely appreciate the assistance of the entire Finance Department both for their efforts throughout the year and especially for their help in preparing this report. Specifically, we would like to acknowledge Peggy Starr, the entire Accounting Division, and Camille DeBell for their direct contributions in preparing this report and facilitating the audit. Additionally, we thank Anton Collins Mitchell LLP for their assistance and for the professional manner in which they conducted the audit. We also acknowledge the cooperation of each of the City's departments as we work together to conduct the City's financial operations.

We would finally like to recognize the Mayor and City Council as a whole, and in particular, the members of City Council's Budget and Audit Committee, for their support and continued desire to ensure the highest standards of professionalism in the management of the City's financial affairs.

Respectfully submitted,



Kathleen E. Hodgson
City Manager



Larry Dorr, CPA
Finance Director



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Government Finance Officers Association

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

Presented to

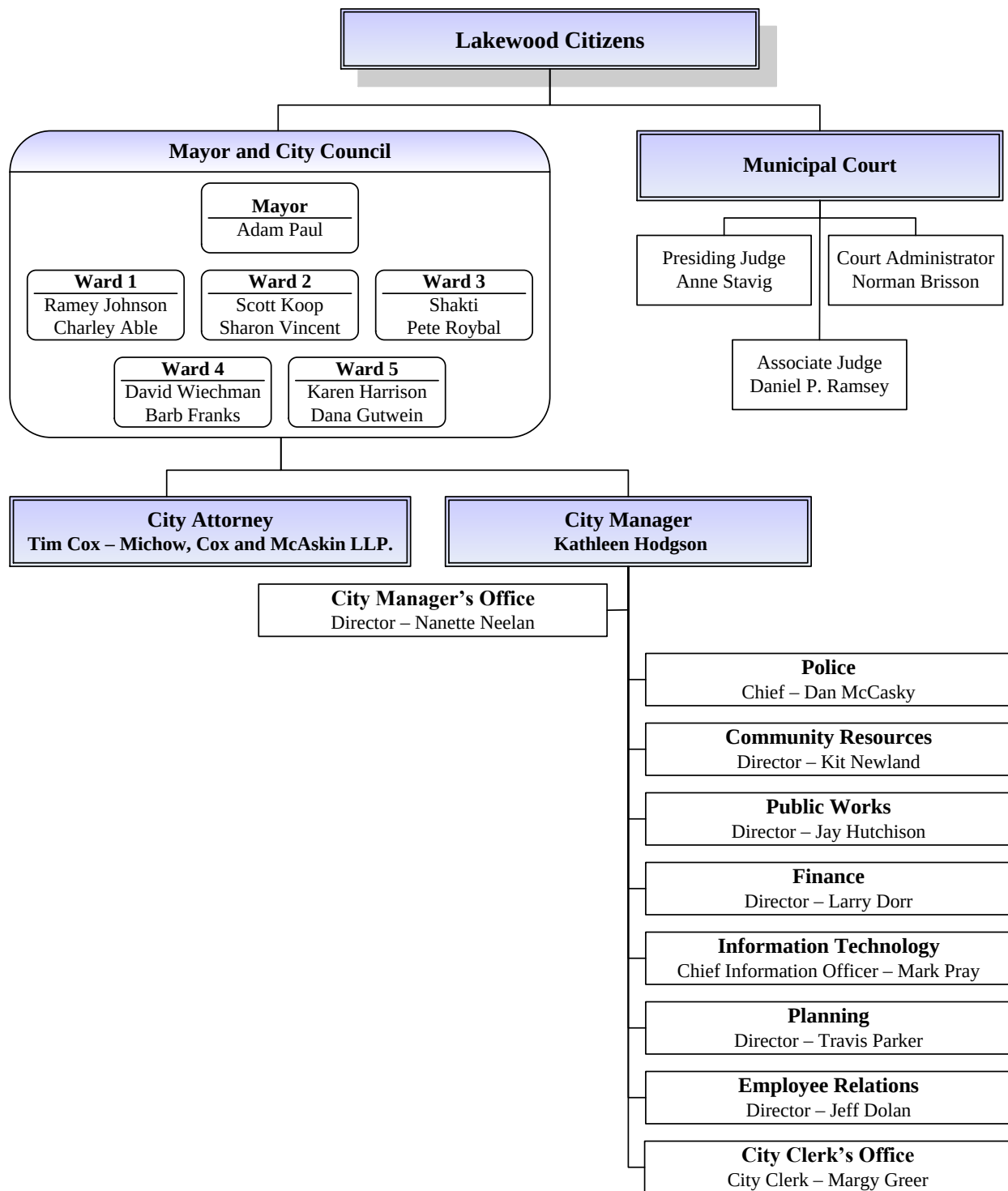
**City of Lakewood
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

CITY OF LAKEWOOD, COLORADO
ORGANIZATION CHART
Year Ended December 31, 2016



CITY OF LAKEWOOD, COLORADO
CITY OFFICIALS AND ADMINISTRATION
Year Ended December 31, 2016

Mayor:	At-Large	Adam Paul
Members of Council:	Ward I	Ramey Johnson Charley Able
	Ward II	Scott Koop Sharon Vincent
	Ward III	Shakti Pete Roybal
	Ward IV	David Wiechman Barb Franks
	Ward V	Karen Harrison Dana Gutwein
City Officials:		
City Manager		Kathleen Hodgson
City Attorney		Tim Cox – Michow, Cox & McAskin, LLP
City Clerk		Margy Greer
Department of Mayor and City Manager’s Office		Nanette Neelan, Director
Department of Community Resources		Kit Newland, Director
Department of Employee Relations		Jeff Dolan, Director
Department of Finance		Larry Dorr, Director
Department of Information Technology		Mark Pray, Chief Information Officer
Municipal Court		Anne Stavig, Presiding Judge Norman Brisson, Court Administrator
Department of Planning		Travis Parker, Director
Police Department		Dan McCasky, Police Chief
Department of Public Works		Jay Hutchison, Director



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FINANCIAL SECTION

The Financial Section constitutes the formal portion of the report. The Independent Auditor's Report relates only to the combined and individual fund statements within this section.



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Lakewood'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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and pension schedules on pages c through l and 48 through 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

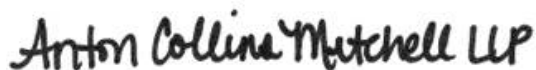
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakewood's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, local highway finance report, statistical section, and schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, local highway finance report and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 29, 2017 on our consideration of the City of Lakewood's internal control over financial reporting and on 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 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 of Lakewood's internal control over financial reporting and compliance.



Denver, Colorado
June 29, 2017



This section of the City of Lakewood's Comprehensive Annual Financial Report ("CAFR") offers readers a narrative overview and analysis of the financial activities of the City for the year ended December 31, 2016. Readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, the basic financial statements and the notes to the financial statements, contained in this report.

I. Financial Highlights

Taken as a whole, the City's strong and diverse core revenues and increased operating reserves illustrate the stable financial condition of the City. The City's increase in net position and continued investments in infrastructure demonstrate our continued positive overall financial health. While the City is not immune to a volatile economic environment, conservative planning and robust economic development have enabled the City to maintain a strong financial position and a stable level of services to the community.

Total governmental fund revenues increased \$5.34 million or 3.5% in 2016. General Fund revenues increased \$2.68 million or 2.5% in 2016. Capital Improvement Fund revenues increased to \$0.40 million or 2.4% in 2016.

While some revenues increased in 2016, the City decided to transfer some General Fund reserves, to other funds, for capital improvements. For 2016, General Fund fund balance decreased \$5,916,845 or -5.1% as a percent of expenditures and transfers out. As a result, the fund balance of the General Fund has decreased from \$41,972,756 to \$36,055,911 a decrease of 14.1%. The fund balance of the General Fund taken as a percent of 2016 expenditures and transfers out was 30.8% as of December 31, 2016. Transfers out of the General Fund for capital projects was \$4.42 million.

General Fund sales and use taxes, which comprised 64.6% of General Fund revenues, excluding TABOR Revenue Refund, increased \$2,445,692 or 3.3%. Sales and use tax revenues collected by the Capital Improvement Fund increased \$433,335 or 3.1%. The Capital Improvement Fund receives one sixth of the City's 3.0% sales and use tax revenues, to be used for capital improvements. During 2016, General Fund property taxes increased by \$1,414,828 or 18.3%.

Total governmental fund expenditures increased \$16.86 million or 11.9% in 2016. Total General Fund expenditures and transfers out increased \$10.61 million or 10.0%.

Until 2016, Lakewood had built its highest level of General Fund reserves in history. The City has utilized some of its General Fund fund balance during 2016 to invest in infrastructure projects for the community. City Management, City Council and its Budget & Audit Committee are continuing to monitor revenues and expenditures each quarter. In spite of uncertain economic circumstances, the City has been able to maintain a competitive, well trained and sufficiently equipped workforce for the effective delivery of community services.



II. Overview of the Financial Statements

Management's Discussion and Analysis is intended to provide an introduction to the City's basic financial statements. The City's basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements. Following these statements, in this report, the City provides additional other supplementary information. The basic financial statements include two types of statements that present unique views of the City's financial position.

1. Government-wide Financial Statements

The government-wide financial statements are intended to provide readers with a broad overview of the City's financial condition. They are presented using accounting methods very similar to a privately owned business, or the economic resources measurement focus, and full accrual accounting.

- *The Statement of Net Position* presents information on all of the City's assets and liabilities, with the balance between the two reported as *Net Position*. Over time, increases or decreases in net position can serve as an indicator of the City's financial condition.
- *The Statement of Activities* presents information showing how the City's net position changed during the given fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Capital expenditures are not included in this statement; however capital grant revenues are reported.

2. Fund Financial Statements

The fund financial statements focus on specific elements of the City's finances and report on fund-specific operations in more detail than the government-wide financial statements. A fund is a grouping of resources that are segregated for the purpose of carrying on a specific activity or attaining certain objectives in accordance with given regulations, restrictions or limitations. Section 12.6 of the Lakewood City Charter governs the creation and the purpose of certain funds.

Governmental Funds

The governmental funds presentation is different from the governmental activities section of the government-wide financial statements even though these two statements account for essentially the same activities. Governmental funds presented have a budgetary or *current financial resources* measurement focus and use the modified accrual basis of accounting. That is, the governmental funds presentation focuses on the City's near-term financial position and changes thereto.

Proprietary Funds

Proprietary funds are unlike governmental funds in that they report the business-type activities of the City.

- *Enterprise funds* account for the operation of governmental programs that are intended to be supported primarily by user fees. These funds are presented as business-type activities on the government-wide financial statements but are presented in greater detail in the fund financial statements. In both cases, enterprise funds are presented using the *economic resources* measurement focus and full accrual accounting.
- *Internal service funds* account for goods and services provided by specific programs on a fee basis to the City's other departments and programs.

Fiduciary Funds

Fiduciary funds account for activities where the City acts in the capacity of a trustee, or fiduciary of another party's assets. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The City's fiduciary activities of the Retired City Manager's Pension Trust are reported in a separate statement of fiduciary net position.

3. Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a thorough understanding of the data provided in the government-wide and the fund financial statements.

III. Government-wide Financial Statement AnalysisStatement of Net Position

As noted earlier, the Statement of Net Position can serve as an indicator of the overall financial condition of the City. As of December 31, 2016, the City had total assets of \$612,412,631. As of December 31, 2016, the City's net position was \$527,039,007.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$146,679,275	\$141,107,446	\$ 13,967,047	\$ 10,995,145	\$160,646,322	\$152,102,591
Capital Assets	430,173,865	422,802,261	21,592,444	21,781,809	451,766,309	444,584,070
Total Assets	576,853,140	563,909,707	35,559,491	32,776,954	612,412,631	596,686,661
Total Deferred Outflows of Resources	692,020	865,025	-	-	692,020	865,025
Liabilities						
Long-term Liabilities	40,007,013	44,930,308	-	-	40,007,013	44,930,308
Other Liabilities	32,873,024	32,477,364	767,630	1,026,096	33,640,654	33,503,460
Total Liabilities	72,880,037	77,407,672	767,630	1,026,096	73,647,667	78,433,768
Total Deferred Inflows of Resources	12,417,977	11,289,435	-	-	12,417,977	11,289,435
Net Position						
Net Investment in Capital Assets	401,018,598	389,207,761	21,592,444	21,781,809	422,611,042	410,989,570
Restricted	53,564,615	49,133,274	-	-	53,564,615	49,133,274
Unrestricted	37,663,933	37,736,590	13,199,417	9,969,049	50,863,350	47,705,639
Total Net Position	\$492,247,146	\$476,077,625	\$ 34,791,861	\$ 31,750,858	\$527,039,007	\$507,828,483



Capital Assets make up the largest portion of the City's Net Position. Capital assets include items such as infrastructure, buildings, equipment, machinery, land and other tangible items. Infrastructure includes streets, traffic signals, buildings and sidewalks. The City uses capital assets to provide services to the community and thus they are not available for immediate spending. During 2016, the City added to its capital assets.

- The largest portion of the City's assets is Capital Assets that represent \$451,766,309 or 73.8% of Total Assets. Governmental capital assets added in 2016 included various park, street and technology improvements. Most notably during 2016, the City made substantial progress on its Carmody Park playground construction. When finished, this park will be a one-of-a-kind facility designed specifically to be accessible to persons with disabilities. The City also completed the reconstruction of the Carmody recreation center roof. Along with these notable projects, the City completed several sidewalks, medians and drainage projects throughout the City during 2016.
- The City has continued to invest in its fleet of vehicles during 2016 replacing various heavy duty trucks, mowers and other light duty trucks and automobiles.
- In addition, it should be noted that the City retired long-term debt and accomplished increases in reserves. The long-term debt of the City, as detailed in the Notes to the Financial Statements was reduced during 2016. In 2016, the City's overall long-term debt increased by \$4,923,295 or 11.0%. The City has appropriated funds in its 2017 budget to retire an additional \$4.69 million in long-term debt. This retirement of debt contributes to the City's positive overall financial health.
- Of the City's \$527,039,007 in net position, \$53,564,615 or 10.2% was restricted for various purposes, including emergencies, parks and open space, economic development, debt service, capital improvements and urban renewal. Additional information on net position restrictions may be found below under Governmental Fund Balances.



Statement of Activities

This statement presents information showing how the City's net position changed during the given fiscal year. The following reflects the City's change in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues-						
Charges for Services	\$ 22,580,880	\$ 22,144,279	\$ 14,448,327	\$ 12,464,663	\$ 37,029,207	\$ 34,608,942
Operating Grants and Contributions	13,961,253	12,599,430	-	-	13,961,253	12,599,430
Capital Grants and Contributions	6,880,770	6,442,225	528,230	89,300	7,409,000	6,531,525
General Revenues-						
Property & Specific Ownership Tax	16,630,365	15,413,513	-	-	16,630,365	15,413,513
Sales and Use Taxes	90,146,096	87,251,437	-	-	90,146,096	87,251,437
Franchise & Other Taxes	11,128,813	10,228,753	-	-	11,128,813	10,228,753
Intergovernmental Revenue	354,755	343,229	-	-	354,755	343,229
Investment Income	436,653	1,007,841	135,819	98,058	572,472	1,105,899
Miscellaneous	114,423	148,591	32,875	7,483	147,298	156,074
T ABOR Revenue Refund	(5,823,934)	(4,535,650)	-	-	(5,823,934)	(4,535,650)
Total Revenues	<u>156,410,074</u>	<u>151,043,648</u>	<u>15,145,251</u>	<u>12,659,504</u>	<u>171,555,325</u>	<u>163,703,152</u>
Expenses						
General Government	33,523,638	38,309,285	-	-	33,523,638	38,309,285
Public Safety	58,281,345	53,441,033	-	-	58,281,345	53,441,033
Public Works	12,204,246	13,573,693	-	-	12,204,246	13,573,693
Culture and Recreation	21,389,068	21,017,674	-	-	21,389,068	21,017,674
Urban Development and Housing	11,528,561	10,616,107	-	-	11,528,561	10,616,107
Economic Opportunity	2,374,391	2,228,416	-	-	2,374,391	2,228,416
Interest on Long-term Debt	1,614,934	1,879,178	-	-	1,614,934	1,879,178
Golf Course	-	-	4,149,108	4,099,274	4,149,108	4,099,274
Sewer	-	-	3,879,114	3,972,398	3,879,114	3,972,398
Stormwater	-	-	2,387,282	2,219,674	2,387,282	2,219,674
Water	-	-	1,013,114	1,008,011	1,013,114	1,008,011
Total Expenses	<u>140,916,183</u>	<u>141,065,386</u>	<u>11,428,618</u>	<u>11,299,357</u>	<u>152,344,801</u>	<u>152,364,743</u>
Increase (Decrease) Before Transfers	15,493,891	9,978,262	3,716,633	1,360,147	19,210,524	11,338,409
Transfers	675,630	676,647	(675,630)	(676,647)	-	-
Increase (Decrease) in Net Position	16,169,521	10,654,909	3,041,003	683,500	19,210,524	11,338,409
Net Position, Beginning of Year	476,077,625	465,422,716	31,750,858	31,067,358	507,828,483	496,490,074
Net Position, End of Year	<u>\$492,247,146</u>	<u>\$476,077,625</u>	<u>\$ 34,791,861</u>	<u>\$ 31,750,858</u>	<u>\$527,039,007</u>	<u>\$507,828,483</u>

IV. Fund Financial Statement Analysis

As noted earlier, the City uses fund accounting so as to segregate resources for the purpose of carrying on a specific activity or attaining certain objectives in accordance with regulations, restrictions or other limitations on the use of the funds.



Governmental Fund Balances

As mentioned in the Financial Highlights, General Fund fund balance decreased by \$5,916,845 or 5.1% of expenditures and transfers out in 2016. As such the General Fund's fund balance decreased from \$41,972,756 to \$36,055,911 a decrease of 14.1%. As of December 31, 2016, the Fund Balance of the General Fund taken as a percent of 2016 expenditures and transfers out was 30.8%. Revenues have been budgeted conservatively, and actual revenue results have been favorable. In addition, management continues to control expenditures and partner with the private sector and other governments in order to be as efficient as possible. The City Council has set forth a strategic target for General Fund balance to be 10.0% of expenditures plus transfers out, or greater. Additionally, City Council has adopted a General Fund budget policy that requires revenues to exceed expenditures excluding the use of fund balance. Should special circumstances necessitate the use of General Fund balance, the City Manager is required by policy to present an alternative to using fund balance by way of reduced expenditures.

During strong economic times the City has the opportunity to increase fund balances, which provides financial flexibility during economic downturns. Until 2016, the City had not had a year when it had reduced its General Fund balance since 2003. However, in the last four decades, during each decade, the City has experienced at least two years with a decrease in its General Fund balance. The City's 5-year Strategic Financial Plan currently anticipates a decreasing fund balance during the forecasted years. During unfavorable economic cycles, the City has made conservatively low estimates of future revenues and conservatively high estimates of future expenditures. The current fund balance level will give the City resources to weather economic challenges, and make pay-as-you-go investments in capital infrastructure, as was done in 2016.

The City's strong fund balance has provided for transfers out that have funded significant capital projects. Recognizing a phased, pay-as-you-go approach, in 2016 City Council authorized a \$4,420,000 transfer of General Fund Balance to other funds, for capital projects. This transfer is funding infrastructure improvements including parkland acquisition, fiber optic facility connections, and other improvements to be determined in 2017.

The Capital Improvement Fund had an increase in fund balance of \$3.67 million or 16.3% during 2016. This is due to one-time transfers from the General Fund of \$3,820,000 for projects that are not yet complete.

The Lakewood Reinvestment Authority had an increase in fund balance of \$330,095 or 7.2% during 2016. This is a result of increasing property tax assessment values.

At December 31, 2016, the City's Grants Fund had a negative fund balance. The City's Grants Fund continues to experience the effects of delayed receipts for grant activities as many grantors are slow to process requests for reimbursement, causing the negative fund balance. The City expects to receive planned revenue from grantors for appropriate activities.



Beginning in the 2010 Comprehensive Annual Financial Report, the City reported fund balance classifications as required by Governmental Accounting Standards Board Statement No. 54 ("GASB 54"). The objective of GASB 54 reporting is to enhance the usefulness of fund balance information by providing fund balance classifications that can be applied more consistently across governments. The classifications are based on the relative strength of the constraints that control how specific amounts can be spent, or in the case of inventories, the inability to be spent. This reporting does not present any changes in the strategic initiatives of the City, and enhances public disclosure of the City's financial condition.

- *Nonspendable* - generally for inventories and prepaid expenses that are a part of fund balance but are not available for spending.
- *Restricted* - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Under the Colorado Constitution, the City has restricted fund balance for emergencies and other fund balances for which the funds may only be used for a specific purpose.
- *Assigned* - is for those funds for which the City intends to spend on specific purposes, while maintaining the flexibility to change these intentions without the elements present in the *restricted* classification. The City has made a commitment via its budgetary process to fund the replacement of equipment and cultural programming under these auspices.
- *Unassigned* - is the residual classification for the City's General Fund only and includes all spendable amounts not contained in other classifications.

	General Fund	Grants Fund	Capital Improvements Fund	Lakewood Reinvestment Authority Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories	\$ 234,997	\$ -	\$ -	\$ -	\$ 33,162	\$ 268,159
Prepays	31,565	-	-	-	6,750	38,315
Total Nonspendable	<u>266,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,912</u>	<u>306,474</u>
Restricted for:						
Emergencies	4,110,632	-	-	-	-	4,110,632
Parks and Open Space	-	-	-	-	7,585,031	7,585,031
Economic Development	-	-	-	-	7,615,298	7,615,298
Debt Service	376,602	-	-	181,155	2,795,451	3,353,208
Capital Improvements	-	-	26,196,128	-	-	26,196,128
Urban Renewal	-	-	-	4,704,318	-	4,704,318
Total Restricted	<u>4,487,234</u>	<u>-</u>	<u>26,196,128</u>	<u>4,885,473</u>	<u>17,995,780</u>	<u>53,564,615</u>
Assigned to:						
Cultural Activities	-	-	-	-	647,661	647,661
Capital Improvements	-	-	-	-	4,289,209	4,289,209
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,936,870</u>	<u>4,936,870</u>
Unassigned	<u>31,302,115</u>	<u>(779,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,522,862</u>
Total Fund Balances	<u>\$ 36,055,911</u>	<u>\$ (779,253)</u>	<u>\$ 26,196,128</u>	<u>\$ 4,885,473</u>	<u>\$ 22,972,562</u>	<u>\$ 89,330,821</u>



Revenues

As discussed in the financial highlights, General Fund revenues had an overall increase in 2016 compared to 2015.

- General Fund sales and use tax revenues increased \$2.4 million or 3.3% in 2016. In addition to strong growth in the Lakewood economy, the City experienced meaningful economic development. Construction activity continues to contribute significantly to the City's collection of Construction Use Taxes. While Construction Use Taxes decreased during 2016, revenues remained very strong on taxes collected on construction projects that had aggregate valuations in excess of \$130 million. These construction projects have contributed significant one-time tax collections.
- As an additional sign of a very strong economy, the City experienced a 4.8% increase in General Fund motor vehicle use tax receipts. Nationally, businesses and households are continuing to replace vehicle stocks, and similar vehicle purchases are happening in Lakewood. Similarly, the market economy surrounding pre-owned vehicles is exceptionally strong. Revenues from motor vehicle use tax have increased significantly along with the growth in the national automobile business. During 2016, Lakewood experienced record revenues in this category for the fourth consecutive year.
- During 2016, General Fund property tax receipts increased \$1,414,828 or 18.3%. Property taxes are assessed and collected in arrears. As such, the 2016 receipts reflect the 2015 property assessment values. The increase in assessed valuations and receipts is consistent with the increase in commercial and residential property values both in Lakewood and across the country. The City is also experiencing growth in the current market for residential properties.
- The Lakewood Reinvestment Authority had an increase in 2016 revenue in the amount of \$234,506 or 2.9%. This is reflective of the same change and improvement in property tax values and assessments.

Expenditures

The City experienced economic growth during 2016, yet revenues are perceived to be relatively volatile and uncertain. The City is substantially reliant on sales tax revenues driven by consumer purchases which are unpredictable and discretionary. In addition, the City has collected meaningful one time revenues from building construction. Because of this, it's prudent for the City to pursue operational efficiencies and plan new initiatives cautiously. In the face of this, the City has made thoughtful decisions regarding its spending.



- The City continued a strategic hiring process whereby departments sought alternatives to filling vacant positions and was only filling positions upon an evaluation and approval by the City Manager. The City added to its police force during 2016 by increasing the authorized number of police officers by 8 officers. This is the result of a study designed to assess the Police Department's call load and service efficiencies. Due to favorable spending conditions, the General Fund experienced a modest increase in operational spending, and was under budget in expenditures.
- General Fund expenditures and transfers out increased \$10.61 million or 10.0% over 2015. This was largely due to \$4.42M in transfers out for capital spending and the settlement of litigation causing a liability expense of \$3.5 million.

General Fund Budgetary Highlights

Over the course of the year the City Council revised the City's budget. These revisions were made for the following reasons:

- Capital improvement projects, which were not completed due to construction delays and had remaining expenditures, were re-appropriated.
- Funds were transferred for capital infrastructure projects.
- After the adoption of the 2016 Revised General Fund Budget, market interest rates increased sharply. The value of the General Fund investment portfolio decreased accordingly, and created a budget variance of \$884,825.

Economic Factors and Next Year's Budget

In preparing both the 2017 revised budget as well as the 2018 budget, the City seeks guidance from many sources for an overall economic outlook. Those sources include the State Governor's Office of Planning & Budgeting and the State Legislative Council's economics staff.

As mentioned above, the country and the world are experiencing an overall economy that is improved. However, the City experienced a significant hailstorm on May 8, 2017 that impacted consumer retail activity at the Colorado Mills Mall. The majority of the mall has remained closed since the event, impacting sales tax revenues. This will be reflected in the 2017 revised budget. In addition, many commercial and residential roofs will need to be repaired or replaced across the community, likely resulting in an increase in construction use tax revenue and permit fee revenue. The financial impacts of this hailstorm can't be accurately measured at this time, but City management and its Budget & Audit Committee will continue to monitor the related economic activity.



IV. Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning the information provided in this report or other financial information should be addressed to the Finance Director's Office, City of Lakewood, 480 South Allison Parkway, Lakewood, Colorado 80226, or via telephone at (303) 987-7600 or via e-mail at finance@lakewood.org.

BASIC FINANCIAL STATEMENTS



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CITY OF LAKEWOOD, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Investments	\$ 113,905,671	\$ 12,373,151	\$ 126,278,822
Restricted Cash and Investments	3,354,371	-	3,354,371
Receivables			
Accounts	7,240,632	1,459,816	8,700,448
Taxes	21,858,557	-	21,858,557
Loan	13,570	-	13,570
Inventories	268,159	134,080	402,239
Prepays	38,315	-	38,315
Capital Assets, Not Being Depreciated	136,120,101	10,263,462	146,383,563
Capital Assets, Net of Accumulated Depreciation	294,053,764	11,328,982	305,382,746
Total Assets	576,853,140	35,559,491	612,412,631
Deferred Outflows of Resources			
Loss on Debt Refunding, Net of Accumulated Amortization	692,020	-	692,020
Total Assets and Deferred Outflows of Resources	\$ 577,545,160	\$ 35,559,491	\$ 613,104,651
Liabilities			
Accounts Payable	\$ 8,565,248	\$ 519,755	\$ 9,085,003
Accrued Liabilities	5,657,584	115,454	5,773,038
Accrued Interest Payable	188,236	-	188,236
Refundable Deposits	3,846,429	11,250	3,857,679
Retainage Payable	356,152	14,314	370,466
Unearned Revenues	939,369	106,857	1,046,226
Claims Payable	2,960,422	-	2,960,422
TABOR Refund Payable	10,359,584	-	10,359,584
Noncurrent Liabilities			
Due Within One Year	5,583,981	-	5,583,981
Due In More Than One Year	34,423,032	-	34,423,032
Total Liabilities	72,880,037	767,630	73,647,667
Deferred Inflows of Resources			
Property Taxes	12,417,977	-	12,417,977
Net Position			
Net Investment in Capital Assets	401,018,598	21,592,444	422,611,042
Restricted for			
Emergencies	4,110,632	-	4,110,632
Parks and Open Space	7,585,031	-	7,585,031
Economic Development	7,615,298	-	7,615,298
Debt Service	3,353,208	-	3,353,208
Capital Improvements	26,196,128	-	26,196,128
Urban Renewal	4,704,318	-	4,704,318
Unrestricted	37,663,933	13,199,417	50,863,350
Total Net Position	492,247,146	34,791,861	527,039,007
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 577,545,160	\$ 35,559,491	\$ 613,104,651

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

CITY OF LAKEWOOD, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 33,523,638	\$ 7,275,623	\$ -	\$ -
Public Safety	58,281,345	6,214,784	3,513,243	1,220,137
Public Works	12,204,246	510,462	1,232,103	4,983,000
Culture and Recreation	21,389,068	6,388,691	8,041,714	-
Urban Development and Housing	11,528,561	1,025,298	15,373	677,633
Economic Opportunity	2,374,391	1,166,022	1,158,820	-
Interest and Fees on Long-Term Debt	1,614,934	-	-	-
Total Governmental Activities	140,916,183	22,580,880	13,961,253	6,880,770
Business-Type Activities				
Golf Course	4,149,108	4,836,356	-	-
Sewer	3,879,114	3,927,807	-	490,580
Stormwater	2,387,282	4,570,573	-	-
Water	1,013,114	1,113,591	-	37,650
Total Business-Type Activities	11,428,618	14,448,327	-	528,230
Total Primary Government	\$ 152,344,801	\$ 37,029,207	\$ 13,961,253	\$ 7,409,000

General Revenues

Taxes

Property and Specific Ownership

General Sales and Use

Building Materials and Motor Vehicle Use

Franchise

Other

Intergovernmental Revenues not Restricted to Specific Programs

Investment Income

Gain (Loss) on Sale of Capital Assets

Miscellaneous

TABOR Revenue Refund

Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION, Beginning of Year

NET POSITION, End of Year

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

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (26,248,015)	\$ -	\$ (26,248,015)
(47,333,181)	-	(47,333,181)
(5,478,681)	-	(5,478,681)
(6,958,663)	-	(6,958,663)
(9,810,257)	-	(9,810,257)
(49,549)	-	(49,549)
(1,614,934)	-	(1,614,934)
(97,493,280)	-	(97,493,280)
-	687,248	687,248
-	539,273	539,273
-	2,183,291	2,183,291
-	138,127	138,127
-	3,547,939	3,547,939
(97,493,280)	3,547,939	(93,945,341)
16,630,365	-	16,630,365
79,478,703	-	79,478,703
10,667,393	-	10,667,393
6,263,122	-	6,263,122
4,865,691	-	4,865,691
354,755	-	354,755
436,653	135,819	572,472
105,123	(6,578)	98,545
9,300	39,453	48,753
(5,823,934)	-	(5,823,934)
675,630	(675,630)	-
113,662,801	(506,936)	113,155,865
16,169,521	3,041,003	19,210,524
476,077,625	31,750,858	507,828,483
\$ 492,247,146	\$ 34,791,861	\$ 527,039,007

CITY OF LAKEWOOD, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General Fund	Grants Fund	Capital Improvements Fund	Lakewood Reinvestment Authority Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 42,943,522	\$ -	\$ 31,220,394	\$ 4,863,014	\$ 20,665,877	\$ 99,692,807
Restricted Cash and Investments	376,602	-	-	181,218	2,796,551	3,354,371
Accounts Receivable	2,759,900	1,640,754	1,580,155	114,855	1,144,968	7,240,632
Property Taxes Receivable	4,651,787	-	-	7,831,705	-	12,483,492
Sales Taxes Receivable	7,811,061	-	1,500,994	63,010	-	9,375,065
Interfund Receivable	905,790	-	-	-	-	905,790
Loan Receivable	-	-	-	-	13,570	13,570
Inventories	234,997	-	-	-	33,162	268,159
Prepays	31,565	-	-	-	6,750	38,315
Total Assets	\$ 59,715,224	\$ 1,640,754	\$ 34,301,543	\$ 13,053,802	\$ 24,660,878	\$ 133,372,201
LIABILITIES						
Accounts Payable	\$ 2,941,736	\$ 404,973	\$ 3,695,415	\$ 336,206	\$ 1,173,642	\$ 8,551,972
Interfund Payable	-	905,790	-	-	-	905,790
Accrued Liabilities	5,439,699	53,807	32,013	418	115,608	5,641,545
Refundable Deposits	95,656	-	3,750,773	-	-	3,846,429
Retainage Payable	-	-	202,311	-	153,841	356,152
Unearned Revenues	236,366	47,927	424,903	-	230,173	939,369
TABOR Refund Payable	10,359,584	-	-	-	-	10,359,584
Total Liabilities	19,073,041	1,412,497	8,105,415	336,624	1,673,264	30,600,841
DEFERRED INFLOWS OF RESOURCES						
Grants	-	1,007,510	-	-	15,052	1,022,562
Property Taxes	4,586,272	-	-	7,831,705	-	12,417,977
Total Deferred Inflows of Resources	4,586,272	1,007,510	-	7,831,705	15,052	13,440,539
FUND BALANCES						
Nonspendable:						
Inventories	234,997	-	-	-	33,162	268,159
Prepays	31,565	-	-	-	6,750	38,315
Restricted for:						
Emergencies	4,110,632	-	-	-	-	4,110,632
Parks and Open Space	-	-	-	-	7,585,031	7,585,031
Economic Development	-	-	-	-	7,615,298	7,615,298
Debt Service	376,602	-	-	181,155	2,795,451	3,353,208
Capital Improvements	-	-	26,196,128	-	-	26,196,128
Urban Renewal	-	-	-	4,704,318	-	4,704,318
Assigned to:						
Cultural Activities	-	-	-	-	647,661	647,661
Capital Improvements	-	-	-	-	4,289,209	4,289,209
Unassigned	31,302,115	(779,253)	-	-	-	30,522,862
Total Fund Balances	36,055,911	(779,253)	26,196,128	4,885,473	22,972,562	89,330,821
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,715,224	\$ 1,640,754	\$ 34,301,543	\$ 13,053,802	\$ 24,660,878	\$ 133,372,201

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

CITY OF LAKEWOOD, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2016

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

Fund Balances - Governmental Funds	\$ 89,330,821
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	430,173,865
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds.	1,022,562
Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	11,223,127
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds. These include long-term debt (\$40,007,013), accrued interest payable (\$188,236) and loss on debt refunding \$692,020.	<u>(39,503,229)</u>
Total Net Position of Governmental Activities	<u><u>\$ 492,247,146</u></u>

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

CITY OF LAKEWOOD, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	General Fund	Grants Fund	Capital Improvements Fund	Lakewood Reinvestment Authority Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 94,421,735	\$ -	\$ 14,429,902	\$ 7,342,121	\$ 1,711,516	\$ 117,905,274
Licenses and Permits	4,173,666	-	-	-	-	4,173,666
Charges for Services	11,408,430	-	-	-	3,202,696	14,611,126
Fines and Forfeitures	1,348,190	-	-	-	-	1,348,190
Intergovernmental	5,296,025	6,455,584	2,036,459	-	7,853,769	21,641,837
Miscellaneous						
Investment Income	(367,368)	693	316,819	10,292	332,789	293,225
Other	636,747	-	7,000	915,315	295,510	1,854,572
TABOR Revenue Refund	(5,823,934)	-	-	-	-	(5,823,934)
Total Revenues	111,093,491	6,456,277	16,790,180	8,267,728	13,396,280	156,003,956
EXPENDITURES						
Current						
General Government	34,515,365	29,609	1,976,092	-	178,765	36,699,831
Public Safety	51,528,443	3,582,987	259,151	-	-	55,370,581
Public Works	6,933,363	7,846	1,564,505	-	-	8,505,714
Culture and Recreation	12,511,770	58,123	9,090	-	6,171,088	18,750,071
Urban Development and Housing	709,441	231,808	8,198	203,264	522,666	1,675,377
Economic Opportunity	1,190,100	1,147,370	-	-	-	2,337,470
Capital Outlay						
General Government	139,151	72,000	1,674,122	-	2,195,959	4,081,232
Public Safety	32,858	1,325,580	306,120	-	-	1,664,558
Public Works	128,548	151,185	7,389,812	-	-	7,669,545
Culture and Recreation	282,448	-	695,941	-	4,733,733	5,712,122
Urban Development and Housing	-	-	2,302,439	7,474,394	-	9,776,833
Economic Opportunity	4,124	-	-	-	-	4,124
Debt Service						
Principal	179,261	279,000	85,851	166,023	3,937,485	4,647,620
Interest and Fiscal Charges	123,969	89,569	16,149	93,952	1,282,028	1,605,667
Total Expenditures	108,278,841	6,975,077	16,287,470	7,937,633	19,021,724	158,500,745
Excess (Deficiency) of Revenues Over Expenditures	2,814,650	(518,800)	502,710	330,095	(5,625,444)	(2,496,789)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	345,359	3,820,000	-	6,957,141	11,122,500
Transfers Out	(8,731,495)	-	(657,705)	-	(1,057,670)	(10,446,870)
Total Other Financing Sources (Uses)	(8,731,495)	345,359	3,162,295	-	5,899,471	675,630
Net Change in Fund Balances	(5,916,845)	(173,441)	3,665,005	330,095	274,027	(1,821,159)
FUND BALANCES, Beginning of Year	41,972,756	(605,812)	22,531,123	4,555,378	22,698,535	91,151,980
FUND BALANCES, End of Year	\$ 36,055,911	\$ (779,253)	\$ 26,196,128	\$ 4,885,473	\$ 22,972,562	\$ 89,330,821

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

CITY OF LAKEWOOD, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities are difference because:

Net Change in Fund Balances - Governmental Funds	\$ (1,821,159)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions \$19,341,136 exceeded depreciation expense (\$10,512,625) and net book value of capital asset disposals (\$67,294) in the current year.	7,371,604
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The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Repayment of long-term principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: COP and loan principal payments \$4,300,023 principal payments on capital leases \$347,597, amortization of premium \$130,641, and amortization of loss on refunding (\$173,005).	4,605,256
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Revenues in the statement of activities that do not provide current financial resources are deferred in governmental funds.	149,024
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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. This includes the change in accrued interest payable (\$33,097), compensated absences (\$111,812), postemployment benefits \$80,444 and the net pension liability (\$113,666).	178,131
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Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The activities of the internal service funds are reported with governmental activities in the statement of activities.	5,686,665
--	-----------

Change in Net Position of Governmental Activities	\$ 16,169,521
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The accompanying notes are an integral part of the financial statements.



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CITY OF LAKEWOOD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Golf Course Fund	Sewer Fund	Stormwater Fund	Nonmajor Water Fund	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current Assets						
Cash and Investments	\$ 381,528	\$ 6,068,417	\$ 3,978,788	\$ 1,944,418	\$12,373,151	\$ 14,212,864
Accounts Receivable	6,251	738,137	580,512	134,916	1,459,816	-
Inventories	134,080	-	-	-	134,080	-
Total Current Assets	521,859	6,806,554	4,559,300	2,079,334	13,967,047	14,212,864
Noncurrent Assets						
Land	6,921,465	108,312	303,738	75,459	7,408,974	-
Construction in Progress	-	-	2,854,488	-	2,854,488	-
Infrastructure	-	11,814,337	10,426,444	1,459,129	23,699,910	-
Buildings	4,732,305	-	-	-	4,732,305	-
Improvements	3,217,062	419,766	-	20,600	3,657,428	-
Machinery, Furniture and Equipment	2,159,824	-	-	-	2,159,824	-
Less Accumulated Depreciation	(7,821,318)	(9,062,569)	(4,673,399)	(1,363,199)	(22,920,485)	-
Total Noncurrent Assets	9,209,338	3,279,846	8,911,271	191,989	21,592,444	-
Total Assets	\$ 9,731,197	\$10,086,400	\$13,470,571	\$ 2,271,323	\$35,559,491	\$ 14,212,864
LIABILITIES AND NET POSITION						
Current Liabilities						
Accounts Payable	\$ 15,628	\$ 390,212	\$ 64,553	\$ 49,362	\$ 519,755	\$ 13,276
Retainage Payable	-	14,314	-	-	14,314	-
Accrued Liabilities	56,012	17,594	38,829	3,019	115,454	16,039
Refundable Deposits	11,250	-	-	-	11,250	-
Unearned Revenues	106,857	-	-	-	106,857	-
Claims Payable	-	-	-	-	-	2,960,422
Total Current Liabilities	189,747	422,120	103,382	52,381	767,630	2,989,737
NET POSITION						
Net Investment in Capital Assets	9,209,338	3,279,846	8,911,271	191,989	21,592,444	-
Unrestricted	332,112	6,384,434	4,455,918	2,026,953	13,199,417	11,223,127
Total Net Position	9,541,450	9,664,280	13,367,189	2,218,942	34,791,861	11,223,127
Total Liabilities and Net Position	\$ 9,731,197	\$10,086,400	\$13,470,571	\$ 2,271,323	\$35,559,491	\$ 14,212,864

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

CITY OF LAKEWOOD, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Golf Course Fund	Sewer Fund	Stormwater Fund	Nonmajor Water Fund	Total	Internal Service Funds
OPERATING REVENUES						
Charges for Services	\$ 4,836,356	\$ 3,927,807	\$ 4,570,573	\$ 1,113,591	\$ 14,448,327	\$ 16,498,402
Miscellaneous	3,078	-	36,375	-	39,453	105,469
Total Operating Revenues	4,839,434	3,927,807	4,606,948	1,113,591	14,487,780	16,603,871
OPERATING EXPENSES						
Cost of Goods Sold	315,839	-	-	-	315,839	-
Personnel Services	2,436,882	553,160	1,213,369	92,460	4,295,871	438,719
Services and Supplies	1,164,855	396,571	702,880	61,231	2,325,537	577,632
Sanitation Treatment	-	2,490,040	-	-	2,490,040	-
Water Purchased	-	-	-	809,321	809,321	-
Claims	-	-	-	-	-	8,212,372
Premiums	-	-	-	-	-	1,831,911
Capital Maintenance	9,921	46,811	13,766	3,285	73,783	-
Depreciation	221,611	392,532	457,267	46,817	1,118,227	-
Total Operating Expenses	4,149,108	3,879,114	2,387,282	1,013,114	11,428,618	11,060,634
Operating Income	690,326	48,693	2,219,666	100,477	3,059,162	5,543,237
NONOPERATING REVENUES (EXPENSES)						
Investment Income	2,272	71,715	39,616	22,216	135,819	143,428
Loss on Disposal of Capital Assets	(6,578)	-	-	-	(6,578)	-
Income (Loss) Before Transfers	686,020	120,408	2,259,282	122,693	3,188,403	5,686,665
System Investment Fees	-	490,580	-	37,650	528,230	-
Transfers Out	(675,630)	-	-	-	(675,630)	-
Change in Net Position	10,390	610,988	2,259,282	160,343	3,041,003	5,686,665
NET POSITION, Beginning of Year	9,531,060	9,053,292	11,107,907	2,058,599	31,750,858	5,536,462
NET POSITION, End of Year	\$ 9,541,450	\$ 9,664,280	\$ 13,367,189	\$ 2,218,942	\$ 34,791,861	\$ 11,223,127

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

CITY OF LAKEWOOD, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Golf Course Fund	Sewer Fund	Stormwater Fund	Nonmajor Water Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 4,841,615	\$ 3,918,557	\$ 4,160,525	\$ 1,148,112	\$14,068,809	\$ 16,507,183
Other Receipts	3,078	-	36,375	-	39,453	105,469
Cash Paid to Suppliers	(1,519,356)	(3,193,068)	(678,975)	(929,184)	(6,320,583)	(14,101,963)
Cash Paid to Employees	(2,425,092)	(550,936)	(1,205,400)	(93,137)	(4,274,565)	(435,384)
Net Cash Provided by Operating Activities	900,245	174,553	2,312,525	125,791	3,513,114	2,075,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Payments to Other Funds	(675,630)	-	-	-	(675,630)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of Capital Assets	(65,561)	(143,144)	(726,735)	-	(935,440)	-
System Investment Fees Received	-	490,580	-	37,650	528,230	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(65,561)	347,436	(726,735)	37,650	(407,210)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment Income	2,272	71,715	39,616	22,216	135,819	143,428
NET INCREASE IN CASH AND CASH EQUIVALENTS	161,326	593,704	1,625,406	185,657	2,566,093	2,218,733
CASH AND CASH EQUIVALENTS, Beginning of Year	220,202	5,474,713	2,353,382	1,758,761	9,807,058	11,994,131
CASH AND CASH EQUIVALENTS, End of Year	\$ 381,528	\$ 6,068,417	\$ 3,978,788	\$ 1,944,418	\$12,373,151	\$ 14,212,864
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income	\$ 690,326	\$ 48,693	\$ 2,219,666	\$ 100,477	\$ 3,059,162	\$ 5,543,237
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities						
Depreciation	221,611	392,532	457,267	46,817	1,118,227	-
Accounts Receivable	(630)	(9,250)	(410,048)	34,521	(385,407)	8,781
Inventories	(20,402)	-	-	-	(20,402)	-
Accounts Payable	(8,339)	(259,646)	37,671	(56,700)	(287,014)	(2,362)
Accrued Liabilities	11,790	2,224	7,969	676	22,659	1,558
Unearned Revenues	5,889	-	-	-	5,889	-
Claims Payable	-	-	-	-	-	(3,475,909)
Net Cash Provided By Operating Activities	\$ 900,245	\$ 174,553	\$ 2,312,525	\$ 125,791	\$ 3,513,114	\$ 2,075,305

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

CITY OF LAKEWOOD, COLORADO
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2016

	Pension Trust Funds
ASSETS	
Pooled Cash	\$ 10,445
Mutual Funds	2,063,225
Total Assets	\$ 2,073,670
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	\$ 698
Total Current Liabilities	698
NET POSITION	
Held in Trust for Retired City Manager Benefits	2,072,972
Total Net Position	2,072,972
Total Liabilities and Net Position	\$ 2,073,670

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

CITY OF LAKEWOOD, COLORADO
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2016

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 210,000
Miscellaneous	
Investment Income	116,860
Total Additions	326,860
DEDUCTIONS	
Benefit Payments	204,664
Administrative Expenses	547
Total Deductions	205,211
Change in Net Position	121,649
NET POSITION, Beginning of Year	1,951,323
NET POSITION, End of Year	\$ 2,072,972

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



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NOTES TO FINANCIAL STATEMENTS



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CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lakewood (the City) is part of the Denver Metropolitan area and was incorporated on June 24, 1969. On November 1, 1983, the citizens voted to become a Home Rule City, as authorized by Article 20 of the Colorado State Constitution. The City operates under a Council/Manager form of government with the City Council consisting of ten members, two elected from each of five wards, and a mayor elected at large.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the City and organizations for which the City is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. In addition, any legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the City.

Based on the application of these criteria, the following component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

The Lakewood Public Building Authority (LPBA) is an entity that is legally separate from the City. For financial reporting purposes, the LPBA consists of a single fund and is blended into the City's financial statements because it was formed to construct, finance and lease municipal and recreation facilities exclusively to the City. Separate financial statements for the LPBA are not prepared.

The Lakewood Reinvestment Authority (LRA), a legally separate entity, was established to undertake urban renewal plans, projects, programs, works, or activities with the City. All members of the LRA's governing body are City Council members and management of the City has operational responsibility for the LRA. Thus, for financial reporting purposes, the LRA is blended into the City's financial statements and is reported in a single fund. Separate financial statements for the LRA are not prepared.

Government-Wide and Fund Financial Statements

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

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 the fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Major funds are those funds whose activities are considered significant to the City based on economic or other factors.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and trust fund financial statements. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities are included in the statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the fund 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 City, except those required to be accounted for in another fund.

The *Grants Fund* was established to maintain a separate accounting for federal, state, and other restricted grants.

The *Capital Improvements Fund* was established pursuant to an election to finance the acquisition, construction, improvement, and maintenance of capital assets. The primary revenue source is 17 percent of the City's sales and use tax.

The *Lakewood Reinvestment Authority Fund* accounts for the activities of the City's urban renewal areas, which include West Colfax and Wadsworth, Alameda Corridor, and West Colfax Avenue Corridor. These activities are financed primarily with property and sales tax increments.

The City reports the following major proprietary funds:

The *Golf Course Fund* accounts for all activities related to the City golf courses.

The *Sewer Fund* accounts for all activities necessary for providing sewer services to certain areas within the City.

The *Stormwater Fund* accounts for user fees collected from property owners to maintain existing storm water facilities, meet federal requirements for storm water quality, and to build new drainage facilities.

Additionally, the City reports the following fund types:

The *Internal Service Funds* are used to account for financing of the City's insurance needs.

Trust Funds are used to account for assets held by the City in a trustee capacity. The City reports the Retired City Manager Pension Fund as a trust fund.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value, pursuant to GASB Statement No. 72, *Fair Value Measurement and Application*.

Receivables - Receivables are reported net of an allowance for uncollectible accounts, where applicable.

Property Taxes Receivable - Property taxes earned but collected in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on the last day of February and June 15. Taxes are collected by the County Treasurer and remitted to the City on a monthly basis.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Inventories - Inventories in the General Fund consist of expendable supplies held for consumption and are valued at average cost. Inventory in the Golf Course and Heritage, Culture, and Arts Funds consist of goods held for resale and is priced at the lower of cost or market, using the first-in, first-out method. The cost is recorded as an asset at the time individual inventory items are purchased, and as an expenditure or expense when consumed or sold.

Prepays - Certain payments to vendors reflect costs applicable to future years and are reported as prepaids, thus utilizing the consumption method.

Capital Assets - Capital assets, which include property, equipment, and infrastructure constructed or acquired since 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds in the fund financial statements. Purchases or construction of capital assets are recorded as expenditures in the governmental funds.

Capital assets are defined by the City as machinery and equipment with an individual cost of \$5,000 or greater, land, easements and buildings of \$50,000, and infrastructure of \$100,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest accrued during construction is not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In the proprietary funds, these costs are reported as capital maintenance expenses.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	20 - 50 years
Machinery and Equipment	2 - 15 years
Infrastructure	20 - 75 years
Solar Power Capacity	20 years

Unearned Revenues - Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred, and fees received in advance.

Deferred Outflows/Inflows of Resources - Deferred outflows of resources include losses on debt refundings resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources include property taxes earned but levied for a subsequent year. Revenues not available as current financial resources are deferred inflows in the governmental fund financial statements.

Compensated Absences - Accumulated unpaid vacation and sick pay is recorded when earned in the government-wide financial statements and when due in the governmental fund financial statements.

It is the City's policy to allow the accumulation of sick and vacation leave to a maximum, depending on the employee class and hire date. Accrued vacation is paid to employees upon termination of employment.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Payment for unused sick leave ranges from 0 percent to 100 percent depending on the employee class, hire date, and reason for termination.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of the debt issued as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Net Position/Fund Balances – In the government-wide financial statements and the proprietary funds in the fund financial statements, net position is restricted when constraints placed on the use of resources is externally imposed. In the fund financial statements, governmental funds report fund balances based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaids.
- Restricted Fund Balance – amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable.
- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to previously commit those amounts. This classification also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned Fund Balance - amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. City Council, as the governing board, is authorized to informally assign amounts to a specific purpose and has assigned certain amounts through various policies.
- Unassigned Fund Balance - the remaining General Fund fund balance after amounts are set aside for other classifications. Other funds may report negative balances in this category.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

The City of Lakewood has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance. However, if expenditures are incurred for a specific purpose, the City uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed amounts, assigned amounts, and finally, by unassigned amounts.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At December 31, 2016, the Grants Fund had a negative fund balance of \$779,253, which will be eliminated once grant receivables are collected.

NOTE 3 – NEW ACCOUNTING PRONOUNCEMENTS

Beginning in fiscal year 2016, the City implemented the following statements issued by the Governmental Accounting Standards Board (“GASB”):

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of 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. Footnote disclosures include fair value measurements, the level of fair value hierarchy and valuation techniques. This new accounting pronouncement does not impact the presentation of investments within the financial statements.

GASB Statement No. 77, *Tax Abatements*, addresses financial reporting issues related to tax abatement agreements transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition. As a result of the implementation, disclosures in the notes section have been added to include brief descriptive information for each of the abatement agreements as well as the gross dollar amount of taxes abated during the current reporting period.

NOTE 4 – CASH AND INVESTMENTS

The City, through its Charter and Investment Policy, maintains a cash and investment pool that is available for use by City administered funds. In addition, deposits and investments are separately held by several of the City’s funds.

Cash deposits and investments, except for proceeds of bond issues accounted for in the appropriate funds, are pooled throughout the year into the General Fund for cash management purposes. Investment income is allocated to the individual funds quarterly, based on monthly balances and each month’s weighted average yield. For financial statement purposes, all cash is recorded as “cash and investments” of the respective individual funds.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 4 – CASH AND INVESTMENTS (Continued)

Cash and investments are reported in the financial statements as follows:

Unrestricted cash and investments:		
Governmental activities	\$	113,905,671
Business-type activities		12,373,151
Fiduciary fund		2,073,670
Restricted cash and investments:		
Governmental activities		3,354,371
Total	\$	<u>131,706,863</u>

At December 31, 2016, cash and investments consisted of the following:

Cash on hand	\$	27,275
Deposits		38,408,983
Investments		<u>93,270,605</u>
Total	\$	<u>131,706,863</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the City had bank deposits of \$38,021,239 collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

The City Treasurer is authorized to invest funds of the City as allowed by State statutes. State statutes do not apply to public funds held or invested as part of any pension plan, full or supplemental retirement plan, or deferred compensation plan. The City's policy does not govern the investments of the pension trust fund or the investments of the Lakewood Public Building Authority.

At December 31, 2016, the City's investment balances were as follows:

Investment Type	S&P Rating	Investment Maturities (in Years)		Pension Trust	All Other Funds	Fair Value
		Less than 1	1 - 5			
US Treasury Securities	N/A	\$ 200,134	\$ 9,997,390	\$ -	\$ 10,197,524	\$ 10,197,524
US Agency Securities	Aaa	4,723,709	55,006,735	-	59,730,444	59,730,444
US Agency Securities	N/A	-	16,691,333	-	16,691,333	16,691,333
Corporate Bonds	AAA	-	640,130	-	640,130	640,130
Corporate Bonds	AA+	-	530,201	-	530,201	530,201
Corporate Bonds	AA	-	401,381	-	401,381	401,381
Commercial Paper	A-1+	2,756,700	-	-	2,756,700	2,756,700
Money Market Funds	AAA	259,667	-	-	259,667	259,667
Mutual Funds	N/A	2,063,225	-	2,063,225	-	2,063,225
Total		\$ 10,003,435	\$ 83,267,170	\$ 2,063,225	\$ 91,207,380	\$ 93,270,605

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment balances at fair value hierarchy are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
US Treasury Securities	\$ -	\$ 10,197,524	\$ -	\$ 10,197,524
US Agency Securities	-	76,421,777	-	76,421,777
Corporate Bonds	-	1,571,712	-	1,571,712
Commercial Paper	-	2,756,700	-	2,756,700
Mutual Funds	2,063,225	-	-	2,063,225
Total	\$ 2,063,225	\$ 90,947,713	\$ -	93,010,938
Investments at Net Asset Value				259,667
Total Investments				\$ 93,270,605

Interest Rate Risk - The City's investment policy limits the maturity of investment instruments or fixed-income securities to a maximum of five years and corporate bonds to a maximum of three years, except for investments matched to a specific cash flow.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk - State statutes limit investments in commercial paper to a rating category of A1, P1, F1 or their equivalents, by at least two nationally recognized statistical rating organizations (NRSROs). State statutes limit investments in corporate bonds to a minimum rating category of AA- or Aa3 or their equivalents by at least two NRSROs. State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more NRSROs.

Concentration of Credit Risk - The City's investment policy requires that investments in any U.S. dollar denominated corporate or bank debt may comprise up to 30% of the book value of the City's total investments at the time of purchase with no more than 5% concentrated in any single obligor. Any investment in commercial paper may not exceed 50% of the total par value of the City's portfolio with no greater than 7.5% exposure to any single issuer. Furthermore, general obligation and revenue bonds of U.S. local government entities shall not exceed 50% of the total par value of the City's portfolio. At December 31, 2016, the City's investment in the Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation represented 4%, 2%, 5%, and 3%, respectively, of total investments.

Restricted Cash and Investments

The General Fund has restricted cash and investments of \$376,602 representing the required HUD Section 108 deposit reserve account (See Note 6). The Lakewood Reinvestment Authority has restricted cash and investments of \$181,218, which represents \$181,155 for the required loan reserve and \$63 in related interest earnings. The Lakewood Public Building Authority has cash and investments of \$2,796,551 restricted for debt service.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 120,395,706	\$ 6,714,570	\$ -	\$ 127,110,276
Construction in progress	5,585,838	4,573,685	1,389,613	8,769,910
Works of art/historical treasures	222,850	17,065	-	239,915
Total capital assets, not being depreciated	126,204,394	11,305,320	1,389,613	136,120,101
Capital assets, being depreciated:				
Infrastructure	212,557,081	2,948,549	-	215,505,630
Park buildings, facilities and improvements	104,703,957	1,207,711	-	105,911,668
Buildings	69,408,191	-	-	69,408,191
Machinery and equipment	42,544,146	3,879,556	749,378	45,674,324
Solar power capacity	933,232	-	-	933,232
Total capital assets, being depreciated	430,146,607	8,035,816	749,378	437,433,045
Less accumulated depreciation for:				
Infrastructure	(38,167,749)	(3,020,068)	-	(41,187,817)
Park buildings, facilities and improvements	(35,272,191)	(2,156,900)	-	(37,429,091)
Buildings	(27,385,434)	(1,771,884)	-	(29,157,318)
Machinery and equipment	(32,653,348)	(3,517,009)	(682,084)	(35,488,273)
Solar power capacity	(70,018)	(46,764)	-	(116,782)
Total accumulated depreciated	(133,548,740)	(10,512,625)	(682,084)	(143,379,281)
Total capital assets, being depreciated, net	296,597,867	(2,476,809)	67,294	294,053,764
Governmental activities capital assets, net	\$ 422,802,261	\$ 8,828,511	\$ 1,456,907	\$ 430,173,865

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 5 - CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,408,974	\$ -	\$ -	\$ 7,408,974
Construction in Progress	2,127,753	726,735	-	2,854,488
Total capital assets, not being depreciated	9,536,727	726,735	-	10,263,462
Capital assets, being depreciated:				
Infrastructure	23,556,766	143,144	-	23,699,910
Buildings	4,732,305	-	-	4,732,305
Improvements	3,657,428	-	-	3,657,428
Machinery and equipment	2,741,974	65,561	(647,711)	2,159,824
Total capital assets, being depreciated	34,688,473	208,705	(647,711)	34,249,467
Less accumulated depreciation for:				
Infrastructure	(13,762,186)	(896,616)	-	(14,658,802)
Buildings	(2,606,564)	(161,064)	-	(2,767,628)
Improvements	(3,622,992)	(7,353)	-	(3,630,345)
Machinery and equipment	(2,451,649)	(53,194)	641,133	(1,863,710)
Total accumulated depreciation	(22,443,391)	(1,118,227)	641,133	(22,920,485)
Total capital assets, being depreciated, net	12,245,082	(909,522)	(6,578)	11,328,982
Total business-type activities capital assets, net	\$ 21,781,809	\$ (182,787)	\$ (6,578)	\$ 21,592,444

Depreciation expense was charged to functions of the City, as follows:

Governmental Activities:

General government	\$ 3,108,164
Public safety	1,659,261
Public works	3,360,051
Culture and recreation	2,276,001
Urban development and housing	76,351
Economic opportunity	32,797
Total depreciation expense - governmental activities	<u>\$ 10,512,625</u>

Business-type Activities:

Golf course	\$ 221,611
Sewer	392,532
Stormwater	457,267
Water	46,817
Total depreciation expense - business-type activities	<u>\$ 1,118,227</u>

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 6 - LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the year ended December 31, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of participation					
Certificates of participation, 2006A	\$ 18,045,000	\$ -	\$ 1,860,000	\$ 16,185,000	\$ 1,955,000
2006A COPs Premium	653,205	-	130,641	522,564	130,641
Certificates of participation, 2006B	10,795,000	-	1,995,000	8,800,000	2,070,000
Capital leases payable					
Police facility building	1,857,980	-	98,207	1,759,773	102,616
William Fredrick Hayden park land	351,822	-	168,336	183,486	183,486
Solar power capacity lease	879,518	-	81,054	798,464	84,790
Notes payable					
HUD section 108 notes payable	1,877,000	-	279,000	1,598,000	294,000
LRA station betterments loan	2,102,232	-	166,023	1,936,209	113,448
Compensated absences					
Sick leave	2,566,398	1,627,024	1,862,266	2,331,156	350,000
Vacation	3,643,883	3,218,542	3,095,112	3,767,313	300,000
Postemployment benefits					
Postemployment benefits	894,920	80,444	-	975,364	-
Net pension liability					
Net pension liability	1,263,350	698	114,364	1,149,684	-
Total	<u>\$ 44,930,308</u>	<u>\$ 4,926,708</u>	<u>\$ 9,850,003</u>	<u>\$ 40,007,013</u>	<u>\$ 5,583,981</u>

2006A Certificates of Participation

On March 15, 2006, the LPBA issued certificates of participation in the amount of \$26,180,000 to advance refund a portion of the LPBA's outstanding Series 2000 certificates of participation. The Series 2006A certificates of participation bear interest at rates of 3.50% through 5.00%, payable semi-annually, and mature serially through December 2022. The certificates of participation are not redeemable prior to maturity.

Payment of principal and interest is secured by various pledged properties and is also guaranteed under a financial guaranty insurance policy, issued concurrently with the certificates of participation.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

2006A Certificates of Participation (Continued)

Following are the future principal and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,955,000	\$ 760,375	\$ 2,715,375
2018	2,060,000	660,000	2,720,000
2019	2,165,000	554,375	2,719,375
2020	2,275,000	443,375	2,718,375
2021	2,390,000	326,750	2,716,750
2022	5,340,000	133,500	5,473,500
Total	<u>\$ 16,185,000</u>	<u>\$ 2,878,375</u>	<u>\$ 19,063,375</u>

2006B Certificates of Participation

On March 15, 2006, the LPBA issued certificates of participation in the amount of \$26,510,000 to advance refund a portion of the LPBA's outstanding Series 1998 certificates of participation. The Series 2006B certificates of participation bear interest at 3.925%, payable semi-annually, and mature serially through December 2020. The 2006B certificates of participation are not redeemable prior to maturity.

Payment of principal and interest is secured by the Lakewood Civic Center property and is also guaranteed under a financial guaranty insurance policy, issued concurrently with the certificates of participation.

Following are the future principal and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,070,000	\$ 325,284	\$ 2,395,284
2018	2,160,000	243,154	2,403,154
2019	2,240,000	157,589	2,397,589
2020	2,330,000	68,786	2,398,786
Total	<u>\$ 8,800,000</u>	<u>\$ 794,813</u>	<u>\$ 9,594,813</u>

Capital Leases

Police Facility Building Lease - On September 30, 2009, the City entered into a lease purchase agreement for \$2,330,000 to purchase property for public safety use. Land, buildings and equipment recorded in the City's capital assets are \$381,775, \$1,957,650 and \$13,703, respectively, which includes interest income on the lease proceeds. Annual payments of \$181,630, including principal and interest accruing at 4.49%, are due on December 31, through 2029.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

Capital Leases (Continued)

Following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2016:

<u>Year</u>	<u>Amount</u>
2017	\$ 181,630
2018	181,630
2019	181,630
2020	181,630
2021	181,630
2022-2026	908,150
2027-2029	<u>544,890</u>
Total future minimum payments	2,361,190
Less: discount for interest	<u>(601,417)</u>
Present value of future minimum payments	<u><u>\$ 1,759,773</u></u>

William Frederick Hayden Park Land Lease - On September 8, 1988, the City entered into a lease agreement with an option to purchase land. The land is recorded in the City's capital assets at \$2,239,657, the present value of minimum lease payments on the date of inception of the lease. Annual payments of \$200,000, including principal and interest accruing at 9%, are due on September 8, through 2017.

Following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2016:

<u>Year</u>	<u>Amount</u>
2017	\$ 200,000
Total future minimum payments	200,000
Less: discount for interest	<u>(16,514)</u>
Present value of future minimum payments	<u><u>\$ 183,486</u></u>

Solar Power Capacity Lease - On March 20, 2014, the City entered into an agreement to purchase electric generating capacity in a solar garden. The purchase agreement was funded on August 1, 2014, with a lease agreement for \$957,000. The solar power capacity is recorded as capital assets in the amount of \$933,232. A portion of the loan proceeds was used to pay issuance costs of \$23,768. Annual payments of \$121,600, including principal and interest accruing at 4.61%, are due on August 1, 2015 to 2024.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

Capital Leases (Continued)

Following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2016:

<u>Year</u>	<u>Amount</u>
2017	\$ 121,600
2018	121,600
2019	121,600
2020	121,600
2021	121,600
2022-2024	<u>364,800</u>
Total future minimum payments	972,800
Less: discount for interest	<u>(174,336)</u>
Present value of future minimum payments	<u>\$ 798,464</u>

HUD Section 108 Notes Payable

In December 2007, the City entered into a variable/fixed rate note agreement in the amount of \$3,742,000 with a bank to finance the Ray Ross Park redevelopment project and a new Head Start building. On June 12, 2008, the City converted the loan to a fixed rate obligation. The interest rate on the loan ranges from 2.62% to 5.42%. The loan matures on August 1, 2021.

The loan is collateralized by future City grant allocations, program income derived from the original loan proceeds, and all funds or investments in the accounts established for the proceeds. The City is also required to establish and maintain a deposit reserve account in the amount equal to the greatest amount of principal and interest projected to be due on the loan during any year as calculated as of the date of the note. The required deposit reserve account balance at December 31, 2016, was \$376,602 (See Note 2). The note is guaranteed by the U. S. Department of Housing and Urban Development under Section 108 of the Housing and Community Development Act of 1974.

Future debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 294,000	\$ 77,069	\$ 371,069
2018	305,000	63,663	368,663
2019	320,000	49,572	369,572
2020	335,000	33,988	368,988
2021	<u>344,000</u>	<u>17,372</u>	<u>361,372</u>
Total	<u>\$ 1,598,000</u>	<u>\$ 241,664</u>	<u>\$ 1,839,664</u>

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 6 - LONG-TERM DEBT (Continued)

Lakewood Reinvestment Authority Station Betterments Loan

In September 2008, the Lakewood Reinvestment Authority entered into a fixed rate loan agreement in the amount of \$2,975,000 with a bank to finance betterments to the Regional Transportation District's Light Rail Stations at Oak Street and at Wadsworth Boulevard located in the Colfax Avenue Corridor urban renewal area. Under the terms of the agreement, principal and interest at a fixed rate of 5% is payable semi-annually on the first day of each June and December through December 1, 2030. The loan was amended in July 2016, which reduced the interest rate to 3.5% and the annual minimum payment to \$181,155.

The loan is collateralized by a Loan Reserve Account funded with \$181,155 of the loan proceeds (See Note 3). For the year ended December 31, 2016, incremental property tax revenues of \$271,840 were available to pay annual debt service of \$212,848.

Remaining debt service at December 31, 2016, was as follows:

Year	Principal	Interest	Total
2017	\$ 113,448	\$ 67,707	\$ 181,155
2018	117,510	63,645	181,155
2019	121,716	59,438	181,154
2020	125,917	55,237	181,154
2021	130,582	50,573	181,155
2022-2026	726,362	179,412	905,774
2027-2029	600,674	44,144	644,818
Total	<u>\$ 1,936,209</u>	<u>\$ 520,156</u>	<u>\$ 2,456,365</u>

Compensated Absences and Postemployment Benefits

Compensated absences and postemployment benefits are expected to be liquidated primarily with revenues of the General Fund.

NOTE 7 - FUND BALANCE

The TABOR Amendment (See Note 12) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3 percent or more of fiscal year spending (as defined by TABOR). The amount required to be restricted at December 31, 2016, totaled \$4,110,632 and is reported as restricted fund balance in the General Fund.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Transfers between funds during the year ended December 31, 2016, were as follows:

Transfers In	Transfers Out	Amount
Capital Improvement Fund	General Fund	\$ 3,820,000
Grants Fund	General Fund	115,785
Lakewood Public Building Authority	General Fund	2,991,610
Nonmajor Funds	General Fund	<u>1,804,100</u>
		<u>8,731,495</u>
Grants Fund	Capital Improvement Fund	229,574
Lakewood Public Building Authority	Capital Improvement Fund	386,000
Nonmajor Funds	Capital Improvement Fund	<u>42,131</u>
		<u>657,705</u>
Lakewood Public Building Authority	Golf Course Enterprise Fund	675,630
Lakewood Public Building Authority	Nonmajor Funds	<u>1,057,670</u>
		<u>1,733,300</u>
Total		<u><u>\$ 11,122,500</u></u>

The General Fund annually provides funding for capital projects to the Capital Improvements Fund. The General, Capital Improvements, Conservation Trust, Equipment Replacement, Open Space and Golf Course Funds annually transfer the required lease payments to the Lakewood Public Building Authority.

The General Fund transferred \$500,000 to the Open Space Fund for a park acquisition.

The General Fund subsidized the operations of the Heritage, Culture and Arts Fund. In addition, the Capital Improvements Fund provided funds for public works of art.

NOTE 9 – EMPLOYEE RETIREMENT PLANS

The City's employees are covered under three separate retirement plans and two retiree benefit plans.

Lakewood Employees Pension Plan

The City offers its full-time employees and key management officials, except sworn police officers, a retirement plan created in accordance with Internal Revenue Code (IRC) Section 401(a). Employees are required to participate in the Lakewood Employees Pension Plan on the first day of employment as a full-time or regular part-time employee.

This plan is a defined contribution plan administered by a third party trustee, Great West Life & Annuity Insurance Company.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Lakewood Employees Pension Plan (Continued)

Under the terms of this plan, the City is the only non-employee contributor and contributes 10% of the employee's base salary, and the employee is required to contribute 8% of base salary. In 2014, the City contributed the 18% of the City Manager's contribution, which includes the employer and employee portion. Employee voluntary after-tax contributions to the plan are allowed to the extent allowed by law. Contribution requirements of the City and the participants are established and may be amended by the City Council. During the year ended December 31, 2016, the City and employees made all contributions to the plan, of \$3,080,558 and \$3,864,150 (including voluntary contributions of \$21,212), respectively.

An employee shall have immediate vesting in their contributions and non-forfeitable interest in the percentage of the employer contribution account determined pursuant to the following vesting schedule.

<u>Years of Continuous Service</u>	<u>Percentage Vested</u>
Less than 3	0%
3 - 3.99	60%
4 - 4.99	80%
5 or more	100%

The City has a forfeiture account that is funded by the forfeiture of City contributions made on behalf of an employee who terminates employment before becoming fully vested. During 2016, \$175,178 was used from this account to fund a portion of the City's contribution, and \$44,465 was available to fund future City contributions.

Since a third party trustee holds the plan assets in trust, the plan is not reflected in the City's financial statements.

Police Pension Plan

The City offers its sworn police officers a retirement plan created in accordance with IRC Section 401(a). Employees are eligible to participate in the Police Pension Plan on the first day of employment as a full-time or regular part-time police officer. This plan is a defined contribution plan administered by the International City/County Management Association – Retirement Corporation (ICMA-RC).

The City is the only non-employee contributor and contributes 10% of the participants' base salary, and the participant is required to contribute 8% of base salary. Employee voluntary after-tax contributions to the plan are allowed to the extent allowed by law. Contribution requirements of the City and the participants are established and may be amended by the City Council. During the year ended December 31, 2016, the City and employees made contributions to the plan, of \$2,213,208 and \$1,795,174 (including voluntary contributions of \$24,608), respectively.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Police Pension Plan (Continued)

An employee shall have immediate vesting in their contributions and non-forfeitable interest in the percentage of the employer contribution account determined pursuant to the following vesting schedule.

<u>Years of Continuous Service</u>	<u>Percentage Vested</u>
Less than 1	0%
1 - 1.99	20%
2 - 2.99	40%
3 - 3.99	60%
4 - 4.99	80%
5 or more	100%

Since a third party trustee holds the plan assets in trust, the plan is not reflected in the City's financial statements.

City Manager Severance Plan

The City will provide a severance payment to the City Manager if employment is terminated without cause, or due to a permanent disability. The severance payment begins at an amount equivalent to two year's total compensation and increases in yearly increments up to five year's total compensation. The City Manager becomes vested in the Severance Payment on the 8th anniversary of the agreement and shall be entitled to a life annuity benefit in lieu of any severance payment.

City Manager Pension Plan

The City contributes to a 412(e)(3) plan on behalf of the City Manager. A 412(e)(3) plan uses a combination of guaranteed pension annuity contracts and pension life insurance policies specifically designed for insured pension plans. The City is required to make sufficient contributions to generate a guaranteed income stream for the City Manager during retirement. During the year ended December 31, 2016, the City made an annual required contribution to the plan in the amount of \$238,777. The guaranteed pension annuity of the plan is administered by the City, and the life insurance policy is administered by Massachusetts Mutual Life Insurance Company.

Retired City Manager Pension Plan

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to, and deductions from, fiduciary net position have been determined on the same basis as reporting by the plan. As such, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investments – Investments are reported at fair value.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Retired City Manager Pension Plan (Continued)

Plan Information

Plan Description - In August 2000, the City Council approved and established a pension plan for the now retired City Manager, known as the Retired City Manager Defined Benefit Pension Plan, qualified under the Internal Revenue Code of 1986, as amended, Section 401(a). The plan is a single-employer defined benefit pension plan. The plan does not issue a separate stand-alone report, and is included in these financial statements as a Pension Trust Fund.

Administration of the plan is vested with a Board of Trustees consisting of the City's Director of Employee Relations, Director of Finance, and City Clerk. The authority to establish and amend contributions rests with the City Council. Benefits shall not be amended pursuant to the City Manager's employment contract.

Plan Membership – Plan membership consists solely of the retired City Manager currently receiving benefits. The plan is closed to new entrants.

Benefits Provided - The retired City Manager began receiving a bi-weekly benefit of 60% of his salary upon his retirement at the age of 61. The retired City Manager's surviving spouse is eligible to receive a survivor benefit of two-thirds of the bi-weekly benefit paid to the retired City Manager. The City Manager retired in September 2009 with bi-weekly benefit payments of \$6,444 beginning in October 2009. The benefit payments increase by 3% cost of living adjustment each year.

Contributions - The plan was initially funded through a \$767,000 contribution from the City of Lakewood and a \$300,000 contribution from the City Manager. As established by City Council, the City will make all future contributions to the plan. The contributions are based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to finance the costs of benefits earned during the year, with an additional amount to finance any unfunded accrued liability. Contributions were determined as part of the December 31, 2016 actuarial valuation, with additional contributions in excess of the actuarially determined amount approved by the City Council. Total contributions for the year ended December 31, 2016, were \$210,000.

Investments

AXA Equitable invests the plan's assets with the approval of the Board of Trustees (trustee), who have the authority to invest all plan assets in accordance with the established rules and regulations, as follows:

Real property and all interests therein, in bonds, notes, debentures, mortgages, commercial paper, preferred stocks, common stocks, or other securities, rights, obligations or property, real or personal, including shares or certificates of participation issued by regulated investment companies or regulated investment trusts and shares or units of participation in qualified common trust funds or qualified pooled funds.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Retired City Manager Pension Plan (Continued)

In making investments or reinvestments, the trustee shall not be limited by the proportion which the investments to be made, either alone or with any property of the same or similar character then held or acquired, may bear on the entire amount of the trust fund, and the trustee shall not be bound as to the character of any investment provided by any constitutional provisions, statute, rule of court, or custom governing the investment of trust funds, providing only that the trustee shall exercise the judgment and care, under the circumstances then prevailing, that men of prudence, discretion and intelligence exercise in the management of their own affairs.

Rate of Return – During the year ended December 31, 2016, plan investments consisted solely of mutual funds. The annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 6.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The net pension liability was measured at December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date.

Actuarial Assumptions – The total pension liability in the actuarial valuation as of December 31, 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate - 6.75%

Inflation - N/A

Benefits Expected Fixed COLA Increases - 3% Per Annum Compounded Annually

Investment Rate of Return - 6.75% Per Annum Compounded Annually, Net of Expenses

Mortality Rates - Modified 1994 Group Annuity Mortality Table Uni-Sex Rates

Discount Rate - The discount rate of 6.75% used to measure the total pension liability was determined by recent investment return experience. The projection of cash flows used to determine the discount rate assumes that contributions will be made at the current contribution level. The plan's net position is projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on plan investments of 6.75% was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Retired City Manager Pension Plan (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2015	\$ 3,214,673	\$ 1,951,323	\$ 1,263,350
Changes for the year:			
Interest	214,904	-	214,904
Differences between expected and actual experience	(2,257)	-	(2,257)
Contributions - Employer	-	210,000	(210,000)
Contributions - Member	-	-	-
Net investment income	-	116,860	(116,860)
Benefit payments	(204,664)	(204,664)	-
Administrative expense	-	(547)	547
Net changes	7,983	121,649	(113,666)
Balances at December 31, 2016	\$ 3,222,656	\$ 2,072,972	\$ 1,149,684

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability of the City at December 31, 2016, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate, as follows:

	1% decrease (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
Net pension liability	\$ 1,498,134	\$ 1,149,684	\$ 852,877

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the City recognized pension expense of \$113,666. The net difference between projected and actual earnings on plan investments of \$2,257 was recorded in pension expense. Because the difference was not significant, it will not be recognized as pension expense over multiple fiscal years.

Duty Death and Disability Plan

The City has established the Police Duty Death and Disability Plan under the provisions of a trust agreement to provide benefits to officers or their surviving spouses and children if an officer is disabled or killed in the line of duty. The plan was initially established through a contribution from the State of Colorado, and may be, but is not required to be, supplemented by contributions from the City. All officers employed by the City will make an equal contribution to the Trust; the current contribution is \$10 per pay period.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 9 – EMPLOYEE RETIREMENT PLANS (Continued)

Duty Death and Disability Plan (Continued)

The plan assets are held in trust by Charles Schwab Institutional. The Duty Death and Disability Board exercises discretionary authority and control over management of the trust and, along with a registered investment advisor, renders investment advice with respect to the assets of the trust.

Disabled officers receive 100% of their salary for the first 90 days of the disability, 60% for the 10-year period following. Benefits to disabled officers cease once they return to employment, recover from the disability or upon death. If an officer is killed in the line of duty, their surviving spouse shall receive 50% of the officer's salary. The surviving spouse shall receive this benefit for 96 months, or until remarriage, whichever occurs first. If there is no surviving spouse or if the surviving spouse should die or remarry, any surviving children of the officer shall receive an equal proportionate share of the benefits. When the surviving child of an officer reaches the age of 18, or 96 months of benefits are paid, whichever occurs first, benefits shall cease.

At December 31, 2015, an actuarial valuation was performed to determine projected benefits estimated to be payable in the future as a result of employee service to date. The valuation was intended to help users assess, on a going-concern basis, the funding status of the plan and assess progress made in accumulating sufficient assets to pay benefits when due. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 6%, (b) projected annual salary increases of 4.75%, (c) a mortality rate in accordance with the group annuity tables of 1994, (d) expected inflation of 3.25%, and (e) Duty Death and Disability rates based on experience of similar organizations with similar circumstances. To further test the Plan's funded status, Best-Estimate, Optimistic and Pessimistic scenarios were developed for duty-related deaths and disabilities.

Based on this valuation, the Best-Estimate Entry-Age Actuarial Liability totaled \$2,260,158. During the year ended December 31, 2016, benefit payments totaling \$73,271 were paid. At December 31, 2016, assets totaling \$3,351,022 were available for benefits. Under the plan document, there is no provision for benefits to be paid if sufficient assets are not available.

During 2016, the City and employees contributed \$129,989 and \$70,680, respectively, to the Police Duty Death and Disability Plan. Since a third party trustee holds the assets in trust, the plan is not reflected in the City's financial statements.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The City provides retirees continuing access to group medical, dental, and vision coverage while retired until eligible for Medicare or any other group plan. Retirees must meet the following eligibility requirements effective January 1, 2010: 1) are at least age 55, and have a combination of age and years of service that equals at least 75, or 2) qualify for a disability benefit through the City's long term disability program, provided they have completed five full consecutive years of service, and 3) are a member of one of the City's medical insurance plans immediately prior to retirement. Benefits cease upon becoming eligible for other medical benefits.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Additionally, the City provides a lump sum payment to certain employees. There are 95 employees that are eligible for this payment. The one-time payment is based on years of service and is calculated at a rate of \$50 (\$25 for part-time employees) per year of service to a maximum benefit of \$1,000 (\$500 part-time). The benefit is indexed to the City's average monthly investment earnings rates.

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. The City has reported transactions related to these postemployment benefits in the Retirees' Health Internal Service Fund since no assets are held in a qualified trust.

Funding Policy - The City subsidizes retirees who were full time active employees at a monthly rate of \$10 per year of active service to a maximum of \$200 per month (part-time employees receive one half of the full time subsidy). Retirees are responsible for the difference between the active employee premium and the City contribution. The contribution requirements of plan members and the City are established and may be amended by the City Council. The City is currently funding the plan on a pay-as-you-go basis.

Annual OPEB and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. 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 City's annual OPEB cost for the year ended December 31, 2016, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Annual required contribution	\$ 425,096
Interest on net OPEB obligation	40,271
Adjustment to annual required contributions	<u>(64,923)</u>
Annual OPEB cost	400,444
Contributions made	<u>(320,000)</u>
Increase in net OPEB obligation	80,444
Net OPEB obligation, beginning	<u>894,920</u>
Net OPEB obligation, ending	<u><u>\$ 975,364</u></u>

Trend Information of the Plan Follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB	Net OPEB Obligation
12/31/2014	\$ 377,469	84.8%	\$ 817,592
12/31/2015	397,328	80.5%	894,920
12/31/2016	400,444	79.9%	975,364

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress - At December 31, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) was \$4,289,524, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$61,699,440, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 7.0%.

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 multiyear 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 – December 31, 2016

Actuarial Cost Method – Unprojected Unit Credit Cost Method

Amortization Method – Level Dollar, including both principal and interest

Remaining Amortization Period – 30 years from valuation date, Open – 23 years remaining

Asset Valuation Method – Fair Value

Actuarial Valuation Discount Rate – 4.5%

Inflation Rate – 3.0%

Healthcare Cost Trend Factors – Not Applicable for Unit Credit Method

Turnover Rates – Uni-Sex Graduated Rates by Attained Age

Retirement Rates – Uni-Sex Graduated Rates Based on Plan Experience

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; health costs of employees; or natural disasters. For these risks of loss, the City has established self-insurance programs for property and casualty, worker's compensation, medical, and dental claims. The City accounts for these risk management activities in three internal service funds.

Premiums for the property and casualty and worker's compensation programs are paid by the General Fund. Excess coverage insurance policies cover individual workers' compensation claims in excess of \$750,000 for sworn employees and \$350,000 for all other employees. Royal Insurance Company provides excess coverage for individual property claims in excess of \$50,000 and casualty claims in excess of \$350,000. There has been no reduction in insurance coverage from the prior year. Additionally, no settlements have exceeded the City's insurance coverage in each of the past three fiscal years.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 11 – RISK MANAGEMENT (Continued)

In 2015, the City established a self-insurance program for the medical portion of employee health benefits. Transactions of the health benefits self-insurance program are reported in the Medical and Dental Internal Service Fund. Excess coverage insurance policies cover individual claims in excess of \$50,000, and aggregate annual claims in excess of \$100,000 for the year ended December 31, 2016.

Premiums for the medical and dental programs are paid by employee payroll deductions and City contributions. The medical and dental programs are fully self-insured programs that require the City to reimburse CIGNA and Delta Dental Plan of Colorado, respectively, for the total claims paid by them for plan medical and dental services provided to eligible employees. The plan follows the employee benefit plan fiscal year of April 1st through March 31st.

The City has established a reserve for incurred but not reported (IBNR) claims based on claims experience and actuarial estimates. The IBNR reserves are included in claims payable, and include a provision for incremental claim adjustment expenses as well as estimated recoveries, if applicable. Other than current amounts, the City does not believe that IBNR can be reasonably estimated. Therefore, no long-term liability is reported in the financial statements.

The following represents the changes in claims payable from January 1, 2015 to December 31, 2016:

	Property and Casualty	Workers' Compensation	Medical and Dental
Claims payable, December 31, 2014	\$ 973,119	\$ 1,605,988	\$ 21,053
Claims and changes in provisions	4,516,647	1,403,368	5,317,116
Claims payments	<u>(1,159,301)</u>	<u>(1,348,484)</u>	<u>(4,893,175)</u>
Claims payable, December 31, 2015	4,330,465	1,660,872	444,994
Claims and changes in provisions	535,833	883,537	6,793,002
Claims payments	<u>(4,020,601)</u>	<u>(875,379)</u>	<u>(6,792,301)</u>
Claims payable, December 31, 2016	<u><u>\$ 845,697</u></u>	<u><u>\$ 1,669,030</u></u>	<u><u>\$ 445,695</u></u>

NOTE 12 - CONTINGENCIES

TABOR Amendment

The City is required to comply with a 1992 amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations, including revenue raising, spending limits, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

On November 1, 2005, the City submitted a ballot issue to a vote of the registered electors for a one percent increase to the City's sales and use tax rate beginning January 1, 2006, which would also be exempt from the revenue limitations of the amendment. The ballot issue was passed.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 12 – CONTINGENCIES (Continued)

On November 7, 2006, the City submitted a ballot issue to a vote of the registered electors for exemption from the revenue limitations of the amendment. The ballot issue was passed and permitted the City to collect, retain, and spend Open Space revenues and grants for streets, public safety, parks, recreation and cultural opportunities received by the City during 2007 and all subsequent years thereafter, notwithstanding any revenue or expenditure limitations including those contained in Article X, Section 20 of the Colorado Constitution.

For the year ended December 31, 2016, the City collected revenues in excess of the TABOR limitations of \$5,823,934. This excess amount and the excess of \$4,535,650 from the year ended December 31, 2015, are reported as a liability in the General Fund at December 31, 2016, totaling \$10,359,584. These excess amounts will be refunded through a temporary property tax mill levy rate reduction during the subsequent fiscal years.

The following table summarizes the City of Lakewood's TABOR refunds:

Year	Refunding Mechanism	Funded by	TABOR Calculated Refund
2008	Rebated Stormwater fees	Stormwater Management Utility Fund	\$ 240,642
2010	Rebated Stormwater fees	General Fund	67,800
2013	Rebated Stormwater fees	General Fund	1,277,365
2014	Property tax mill levy reduction	General Fund	5,200,119
2015	Property tax mill levy reduction	General Fund	4,535,650
2016	Property tax mill levy reduction	General Fund	5,823,934
Total			<u>\$ 17,145,510</u>

Grants

The City receives revenue from various federal and state grant programs, which are subject to final review and approval as to the allowability of expenditures by the respective grantor agencies.

Litigation

The City is named in numerous lawsuits. In the opinion of the City Attorney, none of these lawsuits are expected to result in a material liability which would not be covered by the excess insurance coverage available in the self-insurance programs (see Note 11), or have a material effect on the City's financial statements.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 12 – CONTINGENCIES (Continued)

Operating Leases

Golf Equipment Leases - On January 18, 2013, October 28, 2013 and May 19, 2014, the City entered into operating leases with PNC Equipment Finance, LLC, for the rental of golf carts and other equipment at Homestead Golf Course and Fox Hollow Golf Course. The lease agreements require 48 monthly payments of \$4,829, beginning April 2013 through March 2017, \$7,723, beginning January 2014 through December 2017, and \$736, beginning August 2014 through July 2018, respectively. For all leases, the City may, at its option, purchase the equipment at the end of the term of the lease at a price equal to fair market value. The lease agreements require the City to return the equipment at the end of the lease term if the City does not exercise the purchase option.

Remaining payments required by the leases are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 116,002
2018	5,152
Total	<u>\$ 121,154</u>

NOTE 13 – TAX ABATEMENTS

The City has entered into certain agreements in an effort to promote economic development and re-development within the City. While the parties to the agreements and the various components therein are different, there are certain fundamentals that are consistent within each of the agreements.

1. Within each project, the City has agreed to either forego a portion of its sales tax, or pay a portion of its sales tax, in order to reimburse the property owners for construction and maintenance of public improvements.
2. In an effort to promote immediate economic development, the property owners have paid for and installed the improvements in advance.
3. Within each project agreement, the City has only committed to foregoing or reimbursing sales and use taxes generated within the given project area. The City has not committed to foregoing or reimbursing property developers from revenues not directly generated within the given project area.
4. In each project area, the revenues to the City were either zero or declining. As such, the City was in a position to both enhance its economic base and improve overall economic vitality in areas surrounding the specific projects.
5. Each financial agreement is set to terminate at either a date certain, or when a given amount of funds has been paid to reimburse the project developers, whichever occurs first.
6. In no instance has the City incurred or credit enhanced any debts or entered into any lease/purchase arrangements related to these agreements and project areas.
7. Since the reimbursements are payable solely from the sales tax revenue increments generated by each project area, long-term debt is not required to be reported on the City's financial statements.

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 13 – TAX ABATEMENTS (Continued)

The transactions related to the following agreements are reported in the Capital Improvements Fund:

Project Name	Maximum Amount Committed To Be Reimbursed Or Waived ⁽¹⁾	Termination Of Reimbursement Obligation ⁽²⁾	Description Of Sharing Arrangement	2016 Amount Of Tax Shared With Developer	Future Contingent Payments Required By Agreement
Stevinson I ⁽³⁾ Annexation	Not Limited	9/26/2029	1/4 th of 2% Sales Tax	\$2,125,369	N/A
Stevinson II ⁽³⁾ Annexation	Not Limited	10/09/2026	1/4 th of 2% Sales Tax	\$177,071	N/A

⁽¹⁾ Does not include interest and ancillary hard and soft costs.

⁽²⁾ The reimbursement will be terminated on the termination date, or whenever the reimbursement obligation has been satisfied, whichever occurs first.

⁽³⁾ The revenue reimbursements were approved by the voters.

Lakewood Reinvestment Authority and Economic Development Agreements

In 1997, Lakewood voters approved the formation of the Lakewood Reinvestment Authority. As required by Colorado statutes, the Lakewood Reinvestment Authority receives revenue from incremental sales and property taxes that are collected from a designated geographical area as defined in an urban renewal plan approved by the City. Incremental sales taxes represent the increase in municipal sales taxes collected within the same area for each twelve-month period beginning on the date the urban renewal plan is approved. Incremental sales taxes are collected by the City and remitted to the Lakewood Reinvestment Authority. Property tax revenue is earned from the same geographical area based upon the increase in assessed valuation of taxable property, attributable to redevelopment, within the area. Incremental property taxes are collected by Jefferson County and remitted to the Authority.

The Lakewood Reinvestment Authority has agreed to reimburse certain developers for costs incurred in the redevelopment of retail projects within certain urban renewal areas. These reimbursements are payable solely from the property and sales tax increment revenues generated by each project, and are not reported as liabilities in the financial statements. Certain fundamentals that are consistent within each of the agreements are noted above under “Economic Development Agreements.”

CITY OF LAKEWOOD, COLORADO
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 13 – TAX ABATEMENTS (Continued)

The sales and use tax revenue and expenditure transactions related to the following agreements are reported in the Lakewood Reinvestment Authority Capital Projects Fund:

Project Name	Maximum Amount Committed To Be Reimbursed Or Waived ⁽¹⁾	Termination Of Reimbursement Obligation ⁽²⁾	Description Of Sharing Arrangement	2016 Amount Of Tax Shared With Developer	Future Contingent Payments Required By Agreement
Belmar	\$120,000,000	9/10/2025	2/3 rd s of 3% Sales Tax Rate Waived	\$0	N/A
Creekside Shopping Center (Wal-Mart)	\$24,320,435 ⁽³⁾	8/09/2024	100% of Sales Tax increment in excess of \$1,000,000	\$1,424,285	\$11,869,883

⁽¹⁾ In addition to the sales tax reimbursement or waiver for these projects, a public improvement fee (instituted privately by the developer) contributes to the overall reimbursement amount.

⁽²⁾ The reimbursement will be terminated on the termination date, or whenever the reimbursement

⁽³⁾ Does not include interest and ancillary hard and soft costs.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKEWOOD, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
RETIRED CITY MANAGER PENSION PLAN
Year Ended December 31, 2016

	2016	2015	2014
Total Pension Liability			
Interest	\$ 214,904	\$ 222,339	\$ 208,501
Differences between Expected and Actual Experience	(2,257)	(82,380)	79,825
Benefits and Expenses Paid	(204,664)	(206,170)	(192,694)
Net Change in Pension Liability	7,983	(66,211)	95,632
 Total Pension Liability - Beginning	 3,214,673	 3,280,884	 3,185,252
Total Pension Liability - Ending	3,222,656	3,214,673	3,280,884
 Plan Fiduciary Net Position			
Contributions - Employer	210,000	203,000	193,000
Net Investment Income	116,860	110,212	103,985
Benefit Payments	(204,664)	(206,170)	(192,694)
Administrative Expenses	(547)	(1,919)	(1,903)
Net Change in Plan Fiduciary Net Position	121,649	105,123	102,388
 Plan Fiduciary Net Position - Beginning	 1,951,323	 1,846,200	 1,743,812
Plan Fiduciary Net Position - Ending	2,072,972	1,951,323	1,846,200
 Net Pension Liability - Ending	 \$ 1,149,684	 \$ 1,263,350	 \$ 1,434,684
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 64.32%	 60.70%	 56.27%
 Covered-Employee Payroll	 No Active Employees		
 City's Net Pension Liability as a Percentage of Covered-Employee Payroll	 NA	 NA	 NA

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available. This plan began in 2014.

See the accompanying Independent Auditors' Report.

CITY OF LAKEWOOD, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS
RETIRED CITY MANAGER PENSION PLAN
Year Ended December 31, 2016

	2016	2015	2014
City Contributions			
Actuarially Determined Contribution	\$ 95,937	\$ 108,948	\$ 127,415
Contribution in Relation to the Actuarially Determined Contribution	210,000	203,000	193,000
Contribution Deficiency (Excess)	<u>\$ (114,063)</u>	<u>\$ (94,052)</u>	<u>\$ (65,585)</u>
Covered-Employee Payroll	No Active Employees		
Contributions as a Percentage of Covered-Employee Payroll	NA	NA	NA
Investment Returns			
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.27%	5.69%	5.87%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available. This plan began in 2014.

See the accompanying Independent Auditors' Report.

CITY OF LAKEWOOD, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS
Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$0	\$4,004,736	\$4,004,736	0.0%	\$54,563,474	7.3%
12/31/13	\$0	\$3,807,932	\$3,807,932	0.0%	\$55,741,700	6.8%
12/31/14	\$0	\$4,279,938	\$4,279,938	0.0%	\$57,677,144	7.4%
12/31/15	\$0	\$4,352,749	\$4,352,749	0.0%	\$60,114,584	7.2%
12/31/16	\$0	\$4,289,524	\$4,289,524	0.0%	\$61,690,440	7.0%

See the accompanying Independent Auditors' Report.

CITY OF LAKEWOOD, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Property Tax	\$ 8,230,833	\$ 8,805,077	\$ 9,152,158	\$ 347,081
Sales Tax	62,398,061	64,345,024	63,352,134	(992,890)
General Use Tax	3,259,970	3,259,970	3,320,325	60,355
Building Material Use Tax	3,097,499	3,097,499	3,182,694	85,195
Business and Occupational Tax	2,739,713	2,465,742	3,144,875	679,133
Specific Ownership Tax	769,998	769,998	298,613	(471,385)
Motor Vehicle Use Tax	5,355,963	5,667,961	5,707,814	39,853
Franchise Tax	6,729,900	6,729,900	6,263,122	(466,778)
Total Taxes	92,581,937	95,141,171	94,421,735	(719,436)
Licenses and Permits				
Business Licenses and Permits	557,423	557,423	565,147	7,724
Nonbusiness Licenses and Permits	3,272,621	3,272,620	3,608,519	335,899
Total Licenses and Permits	3,830,044	3,830,043	4,173,666	343,623
Charges for Services				
General Government	919,771	918,503	960,410	41,907
Public Safety	818,182	818,182	793,022	(25,160)
Culture and Recreation	3,961,025	3,941,025	4,881,434	940,409
Other Sales and Services	5,513,629	5,497,129	4,773,564	(723,565)
Total Charges for Services	11,212,607	11,174,839	11,408,430	233,591
Fines and Forfeitures				
	1,454,000	1,484,000	1,348,190	(135,810)
Intergovernmental Revenue				
State Government Shared Revenue	3,954,750	3,954,750	4,045,354	90,604
Local Government Grants	55,000	55,000	66,267	11,267
Local Government Shared Revenue	1,203,785	1,203,785	1,184,404	(19,381)
Total Intergovernmental Revenue	5,213,535	5,213,535	5,296,025	82,490
Miscellaneous				
Investment Income	517,457	517,457	(367,368)	(884,825)
Other	580,129	715,568	636,747	(78,821)
Total Miscellaneous	1,097,586	1,233,025	269,379	(963,646)
TABOR Refunds				
	(2,754,543)	(4,410,193)	(5,823,934)	(1,413,741)
Total Revenues	112,635,166	113,666,420	111,093,491	(2,572,929)

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government				
Legislative				
Personnel Services	290,265	344,881	301,569	43,312
Services and Supplies	238,426	238,426	193,462	44,964
Total Legislative	528,691	583,307	495,031	88,276
Judicial				
Personnel Services	2,297,826	2,388,698	2,341,612	47,086
Services and Supplies	258,915	258,915	143,087	115,828
Total Judicial	2,556,741	2,647,613	2,484,699	162,914
Executive				
Personnel Services	1,931,419	1,833,892	1,682,179	151,713
Services and Supplies	414,508	470,005	486,831	(16,826)
Capital Outlay	3,500	3,500	-	3,500
Total Executive	2,349,427	2,307,397	2,169,010	138,387
Administrative				
Personnel Services	8,450,786	8,501,035	7,709,585	791,450
Services and Supplies	3,187,976	8,255,071	8,021,800	233,271
Capital Outlay	20,800	20,800	8,795	12,005
Total Administrative	11,659,562	16,776,906	15,740,180	1,036,726
Other				
Personnel Services	7,407,203	7,697,824	6,638,822	1,059,002
Services and Supplies	8,277,121	8,381,121	6,996,418	1,384,703
Debt Service	303,230	303,230	303,230	-
Capital Outlay	41,461	141,461	130,356	11,105
Total Other	16,029,015	16,523,636	14,068,826	2,454,810
Total General Government	33,123,436	38,838,859	34,957,746	3,881,113

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public Safety				
Law Enforcement				
Personnel Services	44,200,828	42,706,141	42,357,208	348,933
Services and Supplies	3,382,495	3,782,622	3,403,611	379,011
Capital Outlay	339,251	(46,949)	29,007	(75,956)
Total Law Enforcement	<u>47,922,574</u>	<u>46,441,814</u>	<u>45,789,826</u>	<u>651,988</u>
Correction				
Personnel Services	722,262	717,634	674,595	43,039
Services and Supplies	27,804	27,804	12,801	15,003
Total Correction	<u>750,066</u>	<u>745,438</u>	<u>687,396</u>	<u>58,042</u>
Protective Inspection				
Personnel Services	2,510,019	2,575,054	2,386,287	188,767
Services and Supplies	309,369	809,369	226,374	582,995
Total Protective Inspection	<u>2,819,388</u>	<u>3,384,423</u>	<u>2,612,661</u>	<u>771,762</u>
Other Protection				
Personnel Services	1,837,135	1,802,783	1,757,759	45,024
Services and Supplies	516,101	516,089	709,808	(193,719)
Capital Outlay	50,362	50,362	3,851	46,511
Total Other Protection	<u>2,403,598</u>	<u>2,369,234</u>	<u>2,471,418</u>	<u>(102,184)</u>
Total Public Safety	<u>53,895,626</u>	<u>52,940,909</u>	<u>51,561,301</u>	<u>1,379,608</u>
Public Works				
Highways and Streets				
Personnel Services	3,824,306	3,689,059	3,209,621	479,438
Services and Supplies	4,293,008	4,497,008	3,723,742	773,266
Capital Outlay	11,500	141,500	128,548	12,952
Total Highways and Streets	<u>8,128,814</u>	<u>8,327,567</u>	<u>7,061,911</u>	<u>1,265,656</u>
Total Public Works	<u>8,128,814</u>	<u>8,327,567</u>	<u>7,061,911</u>	<u>1,265,656</u>

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Culture and Recreation				
Recreation				
Personnel Services	7,012,238	7,166,366	6,614,189	552,177
Services and Supplies	1,561,590	1,585,590	1,747,449	(161,859)
Capital Outlay	20,713	29,713	197,576	(167,863)
Total Recreation	8,594,541	8,781,669	8,559,214	222,455
Parks				
Personnel Services	2,285,309	2,216,335	2,149,670	66,665
Services and Supplies	1,901,132	1,907,668	2,000,462	(92,794)
Capital Outlay	21,500	21,500	84,872	(63,372)
Total Parks	4,207,941	4,145,503	4,235,004	(89,501)
Total Culture and Recreation	12,802,482	12,927,172	12,794,218	132,954
Urban Development and Housing				
Personnel Services	587,930	581,361	574,995	6,366
Services and Supplies	334,400	106,150	134,446	(28,296)
Total Urban Development and Housing	922,330	687,511	709,441	(21,930)
Economic Opportunity				
Personnel Services	863,698	1,001,102	1,009,101	(7,999)
Services and Supplies	172,469	172,469	180,999	(8,530)
Capital Outlay	21,656	21,656	4,124	17,532
Total Economic Opportunity	1,057,823	1,195,227	1,194,224	1,003
Total Expenditures	109,930,511	114,917,245	108,278,841	6,638,404
Excess (Deficiency) of Revenues				
Over Expenditures	2,704,655	(1,250,825)	2,814,650	4,065,475
OTHER FINANCING SOURCES (USES)				
Transfers Out	(4,376,730)	(5,705,763)	(8,731,495)	(3,025,732)
Total Other Financing Sources (Uses)	(4,376,730)	(5,705,763)	(8,731,495)	(3,025,732)
Net Change in Fund Balance	(1,672,075)	(6,956,588)	(5,916,845)	1,039,743
FUND BALANCE, Beginning of Year	34,842,348	41,972,756	41,972,756	-
FUND BALANCE, End of Year	\$ 33,170,273	\$ 35,016,168	\$ 36,055,911	\$ 1,039,743

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
Federal Government Grants	\$ 4,568,477	\$ 8,364,099	\$ 3,655,931	\$ (4,708,168)
State Government Grants	1,965,171	2,855,251	1,786,636	(1,068,615)
Local Government Grants	911,800	938,683	1,013,017	74,334
Total Intergovernmental	7,445,448	12,158,033	6,455,584	(5,702,449)
Investment Income	600	800	693	(107)
Total Revenues	7,446,048	12,158,833	6,456,277	(5,702,556)
EXPENDITURES				
General Government				
Personnel Services	45,992	29,928	29,609	319
Services and Supplies	-	60,000	-	60,000
Capital Outlay	60,000	72,000	72,000	-
Total General Government	105,992	161,928	101,609	60,319
Public Safety				
Personnel Services	671,704	781,879	721,785	60,094
Services and Supplies	2,363,353	2,754,648	2,861,202	(106,554)
Capital Outlay	1,946,800	3,865,677	1,325,580	2,540,097
Total Public Safety	4,981,857	7,402,204	4,908,567	2,493,637
Public Works				
Personnel Services	-	-	7,846	(7,846)
Capital Outlay	670,000	2,555,000	151,185	2,403,815
Total Public Works	670,000	2,555,000	159,031	2,395,969

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Culture and Recreation				
Personnel Services	37,041	52,066	58,123	(6,057)
Total Culture and Recreation	37,041	52,066	58,123	(6,057)
Urban Development and Housing				
Personnel Services	157,278	141,050	117,447	23,603
Services and Supplies	192,734	468,371	114,361	354,010
Capital Outlay	80,000	15,000	-	15,000
Total Urban Development and Housing	430,012	624,421	231,808	392,613
Economic Opportunity				
Personnel Services	1,217,116	1,136,635	943,670	192,965
Services and Supplies	208,000	223,000	203,700	19,300
Total Economic Opportunity	1,425,116	1,359,635	1,147,370	212,265
Debt Service				
Principal	279,000	279,000	279,000	-
Interest	89,569	89,569	89,569	-
Total Debt Service	368,569	368,569	368,569	-
Total Expenditures	8,018,587	12,523,823	6,975,077	5,548,746
Excess (Deficiency) of Revenues Over Expenditures	(572,539)	(364,990)	(518,800)	(153,810)
OTHER FINANCING SOURCES				
Transfers In	233,000	1,150,448	345,359	(805,089)
Net Change in Fund Balance	(339,539)	785,458	(173,441)	(958,899)
FUND BALANCE, Beginning of Year	(230,280)	(605,812)	(605,812)	-
FUND BALANCE, End of Year	<u>\$ (569,819)</u>	<u>\$ 179,646</u>	<u>\$ (779,253)</u>	<u>\$ (958,899)</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2016

NOTE 1 – SCHEDULE OF CITY CONTRIBUTIONS

Actuarial Assumptions

Significant actuarial methods and assumptions used to determine the contribution rates for the Retired City Manager Pension Plan are as follows:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, 2015, one year prior to the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar Method over Fixed Period of Years
Remaining Amortization Period	30 Years, Open
Asset Valuation Method	Fair Value
Inflation	N/A
Benefits Expected Fixed	
COLA Increases	3% Per Annum Compounded Annually
Investment Rate of Return	6.75% Per Annum Compounded Annually, Net of Expenses
Number of Participants Employed	0
Number of Participants Retired	1
Retirement Date	September 19, 2009
Mortality Rates	Modified 1994 Group Annuity Mortality Table Uni-Sex Rates

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. As required by City Charter, by September 15, the City Manager shall submit to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Budgets for the Lakewood Public Building Authority and the Lakewood Reinvestment Authority are adopted by their governing boards.
2. Two public hearings are conducted at regular City Council meetings to obtain public comment.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. Expenditures may not legally exceed budgeted appropriations at the fund level, and all annual appropriations lapse at year-end, except for those of the Capital Improvements Fund and certain projects of the Special Revenue Funds, which may be carried over. The City Manager is authorized to transfer budgeted amounts between departments within any fund and to expend amounts within the approved appropriations and the City Code. However, any revisions that alter the total budgeted expenditures of any fund must be approved by City Council.

CITY OF LAKEWOOD, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, Internal Service, and Enterprise Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgets for the Enterprise Funds are adopted on a basis consistent with GAAP except that debt proceeds are treated as revenues, capital outlay and debt service principal are treated as expenditures, and capital contributions are not budgeted.

Legal Compliance

For the year ended December 31, 2016, the Lakewood Reinvestment Authority Fund expenditures exceeded the amounts budgeted by \$2,132. This may be a violation of State statutes.

**SUPPLEMENTARY INFORMATION –
COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND
SCHEDULES**



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GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund accounts for all transactions of the City of Lakewood not accounted for in other funds. It is the City's primary operating fund. This fund represents an accounting for the City's ordinary operations financed from taxes and other general revenues and is the City's most significant fund in relation to overall expenditures.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for resources used for the acquisition and construction of major capital facilities and other capital assets other than those financed by proprietary funds and trust funds. These funds are established to maintain a separate accounting of specific capital projects as directed by City Council.

MAJOR FUNDS

CAPITAL IMPROVEMENT FUND

The purpose of the Capital Improvement Fund is to account for expenditures for the acquisition, construction, and improvements of capital assets. Revenue for this fund is primarily derived from one sixth of the City's sales and use taxes approved by voters and other intergovernmental revenues restricted for these purposes.

LAKESWOOD REINVESTMENT AUTHORITY CAPITAL PROJECT FUND

On November 4, 1997 registered electors approved the creation of an Urban Renewal Authority. Pursuant to the Urban Renewal Law, Colorado Revised Statutes 31-25-101, Et. Seq., and the Lakewood Charter. The City subsequently created an Urban Renewal Authority known as the Lakewood Reinvestment Authority to exercise the powers provided under Colorado's urban renewal law.

NON-MAJOR FUNDS

EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund is established to accumulate resources to finance the acquisition, construction and improvements of vehicles, technology and public, education, and government access equipment.



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SPECIAL REVENUE FUNDS

Special Revenue Funds are established for the purpose of accounting for monies received by the City from specific revenue sources that are restricted or committed to expenditures for specified purposes.

MAJOR FUNDS

GRANTS FUND

The Grants Fund is established to maintain a separate accounting for Federal, State, and other qualified grants.

NON-MAJOR FUNDS

CONSERVATION TRUST FUND

This fund is established as required by Section 31-25-220, Colorado Revised Statutes, 1973 to account for monies received from the State of Colorado for Conservation Trust Fund (lottery) and restricted for the purposes of planning, acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on public sites.

ECONOMIC DEVELOPMENT FUND

The Economic Development Fund is established by Ordinance 85-54 to account for the City's hotel accommodation taxes which were approved by the voters in 1987 and restricted for the purpose of promoting economic development within the City.

HERITAGE, CULTURE & ARTS FUND

This fund is established to provide a full complement of heritage, cultural, and art activities to the general public on a continuing basis financed primarily through user charges, intergovernmental revenues restricted to these activities, and other financial resources assigned specifically for these purposes.

OPEN SPACE FUND

This fund was established in 1987 to account for intergovernmental funds received from Jefferson County related to its Open Space Sales Tax Resolution approved by voters in 1980 and which restricts the use to open space purposes. Open space purposes include planning, development, construction, acquisition and maintenance of park and recreation capital improvements.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for payment of bond principal and interest from government resources. Financing is provided by ad valorem property taxes, and operating transfers from various funds.

NON-MAJOR FUNDS

LAKESWOOD PUBLIC BUILDING AUTHORITY DEBT SERVICE FUND

The Authority was incorporated as a nonprofit corporation on May 8, 1979 for the purpose of construction of municipal facilities for use by the City of Lakewood. This fund was established to facilitate the various issuances of Certificates of Participation financing the acquisition, construction, and equipping of various City facilities and certain offsite infrastructure improvements; the acquisition, construction, and equipping of a public library to be subleased to and operated by the Board of Trustees of the Jefferson County Library; capitalized interest; and paying issuance costs of the certificates.

CITY OF LAKEWOOD, COLORADO
CAPITAL IMPROVEMENTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Sales Tax	\$ 11,844,484	\$ 12,254,433	\$ 11,989,538	\$ (264,895)
General Use Tax	651,994	651,994	663,479	11,485
Building Material Use Tax	619,500	619,500	635,322	15,822
Motor Vehicle Use Tax	1,071,193	1,071,193	1,141,563	70,370
Total Taxes	14,187,171	14,597,120	14,429,902	(167,218)
Intergovernmental				
State Government Shared Revenue	1,958,944	1,958,944	2,036,459	77,515
Miscellaneous				
Investment Income	217,489	217,489	316,819	99,330
Other	-	7,000	7,000	-
Total Miscellaneous	217,489	224,489	323,819	99,330
Total Revenues	16,363,604	16,780,553	16,790,180	9,627
EXPENDITURES				
General Government				
Personnel Services	109,266	105,713	154,739	(49,026)
Services and Supplies	1,490,000	1,500,000	1,821,353	(321,353)
Capital Outlay	1,225,000	4,838,245	1,674,122	3,164,123
Total General Government	2,824,266	6,443,958	3,650,214	2,793,744
Public Safety				
Personnel Services	138,873	166,382	166,153	229
Services and Supplies	316,165	366,165	92,998	273,167
Capital Outlay	245,000	1,981,437	306,120	1,675,317
Total Public Safety	700,038	2,513,984	565,271	1,948,713
Public Works				
Personnel Services	676,496	652,828	630,054	22,774
Services and Supplies	103,300	4,703,300	934,451	3,768,849
Capital Outlay	9,109,354	12,101,050	7,389,812	4,711,238
Total Public Works	9,889,150	17,457,178	8,954,317	8,502,861

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
CAPITAL IMPROVEMENTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Culture and Recreation				
Services and Supplies	9,350	9,350	9,090	260
Capital Outlay	5,650	1,455,650	695,941	759,709
Debt Service	102,000	102,000	102,000	-
Total Culture and Recreation	117,000	1,567,000	807,031	759,969
Urban Development and Housing				
Services and Supplies	10,000	10,000	8,198	1,802
Capital Outlay	2,073,469	2,350,000	2,302,439	47,561
Total Urban Development and Housing	2,083,469	2,360,000	2,310,637	49,363
Total Expenditures	15,613,923	30,342,120	16,287,470	14,054,650
Excess (Deficiency) of Revenues Over Expenditures	749,681	(13,561,567)	502,710	14,064,277
OTHER FINANCING SOURCES (USES)				
Transfers In	120,000	820,000	3,820,000	3,000,000
Transfers Out	(585,000)	(1,473,546)	(657,705)	815,841
Total Other Financing Sources (Uses)	(465,000)	(653,546)	3,162,295	3,815,841
Net Change in Fund Balance	284,681	(14,215,113)	3,665,005	17,880,118
FUND BALANCE, Beginning of Year	5,178,255	22,531,123	22,531,123	-
FUND BALANCE, End of Year	\$ 5,462,936	\$ 8,316,010	\$ 26,196,128	\$ 17,880,118

See the accompanying Independent Auditor's Report.



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CITY OF LAKEWOOD, COLORADO
LAKEWOOD REINVESTMENT AUTHORITY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Property Taxes Increment	\$ 7,661,139	\$ 7,085,000	\$ 7,188,894	\$ 103,894
General Sales Taxes Increment	180,763	300,000	153,227	(146,773)
Investment Income	7,817	-	10,292	10,292
Miscellaneous	922,950	950,000	915,315	(34,685)
Total Revenues	8,772,669	8,335,000	8,267,728	(67,272)
EXPENDITURES				
Urban Development and Housing				
Personnel Services	134,033	64,501	9,560	54,941
Services and Supplies	203,606	40,000	193,704	(153,704)
Capital Outlay	7,752,538	7,651,000	7,474,394	176,606
Debt Service	262,848	180,000	259,975	(79,975)
Total Expenditures	8,353,025	7,935,501	7,937,633	(2,132)
Net Change in Fund Balance	419,644	399,499	330,095	(69,404)
FUND BALANCE, Beginning of Year	3,526,069	4,555,378	4,555,378	-
FUND BALANCE, End of Year	<u>\$ 3,945,713</u>	<u>\$ 4,954,877</u>	<u>\$ 4,885,473</u>	<u>\$ (69,404)</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	Special Revenue Funds			
	Conservation Trust Fund	Economic Development Fund	Heritage, Culture and Arts Fund	Open Space Fund
ASSETS				
Cash and Investments	\$ 1,285,971	\$ 7,542,287	\$ 974,327	\$ 6,234,418
Restricted Cash and Investments	-	-	-	-
Accounts Receivable	-	93,280	16,552	989,915
Loan Receivable	-	13,570	-	-
Inventories	-	-	33,162	-
Prepays	-	-	6,750	-
Total Assets	<u>\$ 1,285,971</u>	<u>\$ 7,649,137</u>	<u>\$ 1,030,791</u>	<u>\$ 7,224,333</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 24,978	\$ 42,164	\$ 720,514
Accrued Liabilities	-	8,861	55,829	50,918
Retainage Payable	-	-	-	153,841
Unearned Revenues	-	-	230,173	-
Total Liabilities	<u>-</u>	<u>33,839</u>	<u>328,166</u>	<u>925,273</u>
DEFERRED INFLOWS OF RESOURCES				
Grants	<u>-</u>	<u>-</u>	<u>15,052</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Inventories	-	-	33,162	-
Prepays	-	-	6,750	-
Restricted for:				
Parks and Open Space	1,285,971	-	-	6,299,060
Economic Development	-	7,615,298	-	-
Debt Service	-	-	-	-
Assigned to:				
Cultural Activities	-	-	647,661	-
Capital Improvements	-	-	-	-
Total Fund Balances	<u>1,285,971</u>	<u>7,615,298</u>	<u>687,573</u>	<u>6,299,060</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,285,971</u>	<u>\$ 7,649,137</u>	<u>\$ 1,030,791</u>	<u>\$ 7,224,333</u>

See the accompanying Independent Auditor's Report.

<u>Debt Service</u> <u>Lakewood</u> <u>Public Building</u> <u>Authority</u>	<u>Capital Projects</u> <u>Equipment</u> <u>Replacement</u> <u>Fund</u>	<u>Total Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ 4,628,874	\$ 20,665,877
2,796,551	-	2,796,551
-	45,221	1,144,968
-	-	13,570
-	-	33,162
-	-	6,750
<u>\$ 2,796,551</u>	<u>\$ 4,674,095</u>	<u>\$ 24,660,878</u>
\$ 1,100	\$ 384,886	\$ 1,173,642
-	-	115,608
-	-	153,841
-	-	230,173
<u>1,100</u>	<u>384,886</u>	<u>1,673,264</u>
-	-	15,052
-	-	33,162
-	-	6,750
-	-	7,585,031
-	-	7,615,298
2,795,451	-	2,795,451
-	-	647,661
-	4,289,209	4,289,209
<u>2,795,451</u>	<u>4,289,209</u>	<u>22,972,562</u>
<u>\$ 2,796,551</u>	<u>\$ 4,674,095</u>	<u>\$ 24,660,878</u>

CITY OF LAKEWOOD, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	Special Revenue Funds			
	Conservation Trust Fund	Economic Development Fund	Heritage, Culture and Arts Fund	Open Space Fund
REVENUES				
Taxes	\$ -	\$ 1,711,516	\$ -	\$ -
Charges for Services	-	87,348	1,042,258	8,055
Intergovernmental	1,652,127	-	295,421	5,906,221
Investment Income	19,629	86,475	-	87,555
Miscellaneous	-	9,904	176,483	4,000
Total Revenues	1,671,756	1,895,243	1,514,162	6,005,831
EXPENDITURES				
Current				
General Government	-	-	-	-
Culture and Recreation	-	-	2,594,309	3,576,779
Urban Development and Housing	-	522,666	-	-
Capital Outlay				
General Government	-	-	-	-
Culture and Recreation	999,360	57,426	11,914	3,665,033
Debt Service				
Principal	82,485	-	-	-
Interest and Fiscal Charges	15,515	-	-	-
Total Expenditures	1,097,360	580,092	2,606,223	7,241,812
Excess (Deficiency) of Revenues Over Expenditures	574,396	1,315,151	(1,092,061)	(1,235,981)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,246,231	500,000
Transfers Out	(624,622)	-	-	(353,048)
Total Other Financing Sources (Uses)	(624,622)	-	1,246,231	146,952
Net Change in Fund Balances	(50,226)	1,315,151	154,170	(1,089,029)
FUND BALANCES, Beginning of Year	1,336,197	6,300,147	533,403	7,388,089
FUND BALANCES, End of Year	\$ 1,285,971	\$ 7,615,298	\$ 687,573	\$ 6,299,060

See the accompanying Independent Auditor's Report.

Debt Service	Capital Projects	
Lakewood	Equipment	Total Nonmajor
Public Building	Replacement	Governmental
Authority	Fund	Funds
\$ -	\$ -	\$ 1,711,516
-	2,065,035	3,202,696
-	-	7,853,769
139,130	-	332,789
-	105,123	295,510
<u>139,130</u>	<u>2,170,158</u>	<u>13,396,280</u>
2,201	176,564	178,765
-	-	6,171,088
-	-	522,666
-	2,195,959	2,195,959
-	-	4,733,733
3,855,000	-	3,937,485
1,266,513	-	1,282,028
<u>5,123,714</u>	<u>2,372,523</u>	<u>19,021,724</u>
<u>(4,984,584)</u>	<u>(202,365)</u>	<u>(5,625,444)</u>
5,110,910	100,000	6,957,141
-	(80,000)	(1,057,670)
<u>5,110,910</u>	<u>20,000</u>	<u>5,899,471</u>
126,326	(182,365)	274,027
<u>2,669,125</u>	<u>4,471,574</u>	<u>22,698,535</u>
<u>\$ 2,795,451</u>	<u>\$ 4,289,209</u>	<u>\$ 22,972,562</u>

CITY OF LAKEWOOD, COLORADO
CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
State Government Shared Revenue	\$ 1,300,000	\$ 1,300,000	\$ 1,652,127	\$ 352,127
Investment Income	10,087	22,003	19,629	(2,374)
Total Revenues	1,310,087	1,322,003	1,671,756	349,753
EXPENDITURES				
Culture and Recreation				
Capital Outlay	125,000	1,121,500	999,360	122,140
Debt Service	98,000	98,000	98,000	-
Total Expenditures	223,000	1,219,500	1,097,360	122,140
Excess of Revenues Over Expenditures	1,087,087	102,503	574,396	471,893
OTHER FINANCING SOURCES (USES)				
Transfers Out	(624,623)	(624,623)	(624,622)	1
Net Change in Fund Balance	462,464	(522,120)	(50,226)	471,894
FUND BALANCE, Beginning of Year	642,998	1,336,197	1,336,197	-
FUND BALANCE, End of Year	<u>\$ 1,105,462</u>	<u>\$ 814,077</u>	<u>\$ 1,285,971</u>	<u>\$ 471,894</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
ECONOMIC DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Hotel Accommodation Taxes	\$ 1,428,000	\$ 1,428,000	\$ 1,711,516	\$ 283,516
Charges for Services	91,800	91,800	87,348	(4,452)
Investment Income	57,120	57,120	86,475	29,355
Miscellaneous	-	-	9,904	9,904
Total Revenues	1,576,920	1,576,920	1,895,243	318,323
EXPENDITURES				
Urban Development and Housing				
Personnel Services	364,979	398,823	243,705	155,118
Services and Supplies	935,400	1,495,100	278,961	1,216,139
Capital Outlay	3,000	3,000	57,426	(54,426)
Total Expenditures	1,303,379	1,896,923	580,092	1,316,831
Net Change in Fund Balance	273,541	(320,003)	1,315,151	1,635,154
FUND BALANCE, Beginning of Year	4,543,546	6,300,147	6,300,147	-
FUND BALANCE, End of Year	<u>\$ 4,817,087</u>	<u>\$ 5,980,144</u>	<u>\$ 7,615,298</u>	<u>\$ 1,635,154</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
HERITAGE, CULTURE AND ARTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 1,047,859	\$ 1,152,452	\$ 1,042,258	\$ (110,194)
Intergovernmental				
Federal Grants	-	100,000	-	(100,000)
State Government Grants	440,000	450,000	295,421	(154,579)
Miscellaneous	209,400	285,170	176,483	(108,687)
Total Revenues	1,697,259	1,987,622	1,514,162	(473,460)
EXPENDITURES				
Culture and Recreation				
Personnel Services	1,777,114	1,831,192	1,829,631	1,561
Services and Supplies	1,005,562	1,425,425	764,678	660,747
Capital Outlay	150,480	96,000	11,914	84,086
Total Expenditures	2,933,156	3,352,617	2,606,223	746,394
Deficiency of				
Revenues Over Expenditures	(1,235,897)	(1,364,995)	(1,092,061)	272,934
OTHER FINANCING SOURCES				
Transfers In	1,216,100	1,246,231	1,246,231	-
Net Change in Fund Balance	(19,797)	(118,764)	154,170	272,934
FUND BALANCE, Beginning of Year	283,102	533,403	533,403	-
FUND BALANCE, End of Year	\$ 263,305	\$ 414,639	\$ 687,573	\$ 272,934

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
OPEN SPACE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ 2,000	\$ 8,055	\$ 6,055
County Open Space Shared Revenues	5,021,252	4,931,852	5,783,908	852,056
Intergovernmental	350,000	236,313	122,313	(114,000)
Investment Income	28,048	68,176	87,555	19,379
Contributions and Donations	10,822	6,145	4,000	(2,145)
Total Revenues	5,410,122	5,244,486	6,005,831	761,345
EXPENDITURES				
Culture and Recreation				
Parks and Open Space				
Personnel Services	2,771,738	2,739,646	2,301,229	438,417
Services and Supplies	1,330,155	1,316,155	1,275,550	40,605
Capital Outlay	2,626,600	6,079,703	3,665,033	2,414,670
Total Expenditures	6,728,493	10,135,504	7,241,812	2,893,692
Deficiency of Revenues				
Over Expenditures	(1,318,371)	(4,891,018)	(1,235,981)	3,655,037
OTHER FINANCING SOURCES (USES)				
Transfers In	-	500,000	500,000	-
Transfers Out	(353,048)	(353,048)	(353,048)	-
Total Other Financing Sources (Uses)	(353,048)	146,952	146,952	-
Net Change in Fund Balance	(1,671,419)	(4,744,066)	(1,089,029)	3,655,037
FUND BALANCE, Beginning of Year	3,877,940	7,388,089	7,388,089	-
FUND BALANCE, End of Year	<u>\$ 2,206,521</u>	<u>\$ 2,644,023</u>	<u>\$ 6,299,060</u>	<u>\$ 3,655,037</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
LAKEWOOD PUBLIC BUILDING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Income	\$ 135,824	\$ 137,000	\$ 139,130	\$ 2,130
Total Revenues	135,824	137,000	139,130	2,130
EXPENDITURES				
General Government				
Services and Supplies	5,000	5,000	2,201	2,799
Total General Government	5,000	5,000	2,201	2,799
Debt Service				
Principal	3,700,000	3,855,000	3,855,000	-
Interest and Fiscal Charges	1,424,595	1,266,350	1,266,513	(163)
Total Debt Service	5,124,595	5,121,350	5,121,513	(163)
Total Expenditures	5,129,595	5,126,350	5,123,714	2,636
Deficiency of Revenues Over Expenditures	(4,993,771)	(4,989,350)	(4,984,584)	4,766
OTHER FINANCING SOURCES				
Transfers In	5,168,270	4,978,025	5,110,910	132,885
Net Change in Fund Balance	174,499	(11,325)	126,326	137,651
FUND BALANCE, Beginning of Year	2,917,780	2,669,125	2,669,125	-
FUND BALANCE, End of Year	\$ 3,092,279	\$ 2,657,800	\$ 2,795,451	\$ 137,651

See the accompanying Independent Auditors' Report.

CITY OF LAKEWOOD, COLORADO
EQUIPMENT REPLACEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 1,937,975	\$ 1,937,975	\$ 2,065,035	\$ 127,060
Miscellaneous	200,000	200,000	105,123	(94,877)
Total Revenues	2,137,975	2,137,975	2,170,158	32,183
EXPENDITURES				
General Government				
Services and Supplies	25,000	431,000	176,564	254,436
Capital Outlay	1,855,000	2,780,000	2,195,959	584,041
Total Expenditures	1,880,000	3,211,000	2,372,523	838,477
Excess (Deficiency) of Revenues Over Expenditures	257,975	(1,073,025)	(202,365)	870,660
OTHER FINANCING SOURCES (USES)				
Transfers In	-	100,000	100,000	-
Transfers Out	(80,000)	(80,000)	(80,000)	-
Total Other Financing Sources (Uses)	(80,000)	20,000	20,000	-
Net Change in Fund Balance	177,975	(1,053,025)	(182,365)	870,660
FUND BALANCE, Beginning of Year	3,616,073	4,471,574	4,471,574	-
FUND BALANCE, End of Year	<u>\$ 3,794,048</u>	<u>\$ 3,418,549</u>	<u>\$ 4,289,209</u>	<u>\$ 870,660</u>

See the accompanying Independent Auditor's Report.



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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

MAJOR FUNDS

GOLF COURSE ENTERPRISE FUND

The Golf Course Fund was established in 1990 to develop Fox Hollow at Lakewood Golf Course, which opened in August 1993. An additional golf course, Homestead Golf Course, was completed in summer 2002.

SEWER ENTERPRISE FUND

The Lakewood Board of Water and Sewer Enterprise Fund was established as required by Chapter 13.04, Section 080 of the City of Lakewood Municipal Code, 1974 supplement, to account for sewer services provided to Lakewood residents on a user charge basis.

STORMWATER ENTERPRISE FUND

The Stormwater Enterprise Fund was created by City Council adopting Ordinance O-98-28 to account for user fees collected from property owners to maintain existing storm water facilities, meet federal requirements for storm water quality, and to build new drainage facilities. All activities necessary to provide such services are accounted for in this fund.

NON-MAJOR FUNDS

WATER ENTERPRISE FUND

The Lakewood Board of Water and Sewer Enterprise Fund was established as required by Chapter 13.04, Section 080 of the City of Lakewood Municipal Code, 1974 supplement, to account for water services provided to Lakewood residents on a user charge basis.

CITY OF LAKEWOOD, COLORADO
GOLF COURSE ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 4,969,366	\$ 4,969,366	\$ 4,836,356	\$ (133,010)
Investment Income	-	-	2,272	2,272
Miscellaneous	-	-	3,078	3,078
Total Revenues	4,969,366	4,969,366	4,841,706	(127,660)
EXPENDITURES				
Cost of Goods Sold	286,151	286,151	315,839	(29,688)
Personnel Services	2,594,385	2,547,049	2,436,882	110,167
Services and Supplies	961,014	961,014	1,164,855	(203,841)
Capital Outlay	125,000	125,000	75,482	49,518
Depreciation	342,632	342,632	221,611	121,021
Transfers Out	814,724	814,724	675,630	139,094
Total Expenditures	5,123,906	5,076,570	4,890,299	186,271
Change in Net Position, Budgetary Basis	<u>\$ (154,540)</u>	<u>\$ (107,204)</u>	(48,593)	<u>\$ 58,611</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			65,561	
Loss on Disposal of Capital Assets			(6,578)	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 10,390</u>	

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
SEWER ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 3,932,035	\$ 3,962,334	\$ 3,927,807	\$ (34,527)
Investment Income	41,700	41,700	71,715	30,015
System Investment Fees	50,000	300,000	490,580	190,580
Total Revenues	4,023,735	4,304,034	4,490,102	186,068
EXPENDITURES				
Personnel Services	680,694	676,458	553,160	123,298
Services and Supplies	434,281	479,281	396,571	82,710
Sanitation Treatment	2,809,438	2,492,144	2,490,040	2,104
Capital Outlay	1,025,000	2,175,000	189,955	1,985,045
Depreciation	408,896	408,896	392,532	16,364
Total Expenditures	5,358,309	6,231,779	4,022,258	2,209,521
Change in Net Position, Budgetary Basis	<u>\$ (1,334,574)</u>	<u>\$ (1,927,745)</u>	467,844	<u>\$ 2,395,589</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			143,144	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 610,988</u>	

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
STORMWATER ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 4,602,070	\$ 4,572,150	\$ 4,570,573	\$ (1,577)
Investment Income	24,500	24,500	39,616	15,116
Miscellaneous	35,530	15,000	36,375	21,375
Total Revenues	4,662,100	4,611,650	4,646,564	34,914
EXPENDITURES				
Personnel Services	1,305,242	1,338,879	1,213,369	125,510
Services and Supplies	921,347	853,347	702,880	150,467
Capital Outlay	3,325,000	1,825,000	740,501	1,084,499
Depreciation	379,562	379,562	457,267	(77,705)
Total Expenditures	5,931,151	4,396,788	3,114,017	1,282,771
Change in Net Position, Budgetary Basis	<u>\$ (1,269,051)</u>	<u>\$ 214,862</u>	1,532,547	<u>\$ 1,317,685</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			<u>726,735</u>	
CHANGE IN NET POSITION, GAAP BASIS			<u>\$ 2,259,282</u>	

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
WATER ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 1,146,570	\$ 1,135,200	\$ 1,113,591	\$ (21,609)
Investment Income	14,000	14,000	22,216	8,216
System Investment Fees	20,000	100,000	37,650	(62,350)
Total Revenues	1,180,570	1,249,200	1,173,457	(75,743)
EXPENDITURES				
Personnel Services	109,500	108,981	92,460	16,521
Services and Supplies	59,602	62,202	61,231	971
Water Purchased	818,948	815,000	809,321	5,679
Capital Outlay	943,800	715,000	3,285	711,715
Depreciation	48,732	48,732	46,817	1,915
Total Expenditures	1,980,582	1,749,915	1,013,114	736,801
CHANGE IN NET POSITION, GAAP BASIS	\$ (800,012)	\$ (500,715)	\$ 160,343	\$ 661,058

See the accompanying Independent Auditor's Report.



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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

PROPERTY AND CASUALTY SELF-INSURANCE FUND

This fund was established by Ordinance for the purpose of paying premiums, claims, judgments, settlements, legal fees, and any other self-insurance related program expenses. The City has chosen to use large self-insured retentions/deductibles for its property and casualty insurance program through the municipal insurance pool.

WORKERS' COMPENSATION SELF-INSURANCE FUND

This fund was established by Ordinance for worker's compensation self-insurance purposes which include the payment of claims, administrative expenses, employee compensation, and funding a loss control program.

MEDICAL AND DENTAL SELF-INSURANCE FUND

This fund was established by Ordinance for employee medical and/or dental self-insurance purposes which include the payment of claims, administrative expenses, legal expenses and payment for prevention efforts. On April 1, 2010, the self-insurance program for medical claims was discontinued.

RETIREES' HEALTH PROGRAM FUND

The Retirees' Health Program Fund was established to account for all of the necessary activities of two benefit plans--the Benefit Trust Plan, a defined contribution retirement plan that distributes a lump sum amount to eligible employees upon retirement, and the Pre-Funded Health Care Plan which distributes a monthly payment to eligible employees upon retirement to supplement insurance premiums.

CITY OF LAKEWOOD, COLORADO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2016

	Property and Casualty	Workers' Compensation	Medical and Dental	Retirees' Health	Total
ASSETS					
Cash and Investments	\$ 2,487,945	\$ 2,662,570	\$ 5,686,952	\$ 3,375,397	\$ 14,212,864
Total Assets	<u>\$ 2,487,945</u>	<u>\$ 2,662,570</u>	<u>\$ 5,686,952</u>	<u>\$ 3,375,397</u>	<u>\$ 14,212,864</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Accounts Payable	\$ 343	\$ 2,975	\$ 9,958	\$ -	\$ 13,276
Accrued Liabilities	4,423	3,260	5,369	2,987	16,039
Claims Payable	845,697	1,669,030	445,695	-	2,960,422
Total Liabilities	<u>850,463</u>	<u>1,675,265</u>	<u>461,022</u>	<u>2,987</u>	<u>2,989,737</u>
NET POSITION					
Unrestricted	<u>1,637,482</u>	<u>987,305</u>	<u>5,225,930</u>	<u>3,372,410</u>	<u>11,223,127</u>
Total Liabilities and Net Position	<u>\$ 2,487,945</u>	<u>\$ 2,662,570</u>	<u>\$ 5,686,952</u>	<u>\$ 3,375,397</u>	<u>\$ 14,212,864</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2016

	Property and Casualty	Workers' Compensation	Medical and Dental	Retirees' Health	Total
OPERATING REVENUES					
Charges for Services	\$ 5,250,000	\$ 750,000	\$ 10,178,402	\$ 320,000	\$ 16,498,402
Miscellaneous	-	-	105,469	-	105,469
Total Revenues	5,250,000	750,000	10,283,871	320,000	16,603,871
OPERATING EXPENSES					
Personnel Services	158,880	119,993	159,846	-	438,719
Other Expenses	56,945	50,073	470,614	-	577,632
Claims	535,833	883,537	6,793,002	-	8,212,372
Premiums	435,359	112,843	1,240,735	42,974	1,831,911
Total Expenses	1,187,017	1,166,446	8,664,197	42,974	11,060,634
Operating Income (Loss)	4,062,983	(416,446)	1,619,674	277,026	5,543,237
NONOPERATING REVENUES					
Investment Income	14,553	32,430	57,744	38,701	143,428
Total Nonoperating Revenues	14,553	32,430	57,744	38,701	143,428
Change in Net Position	4,077,536	(384,016)	1,677,418	315,727	5,686,665
NET POSITION, Beginning of Year	(2,440,054)	1,371,321	3,548,512	3,056,683	5,536,462
NET POSITION, End of Year	\$ 1,637,482	\$ 987,305	\$ 5,225,930	\$ 3,372,410	\$ 11,223,127

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2016

	Property and Casualty	Workers' Compensation	Medical and Dental	Retirees' Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 5,250,000	\$ 758,781	\$ 10,178,402	\$ 320,000	\$ 16,507,183
Other Receipts	-	-	105,469	-	105,469
Cash Paid to Suppliers	(4,518,853)	(1,045,115)	(8,498,008)	(39,987)	(14,101,963)
Cash Paid to Employees	(157,772)	(118,719)	(158,893)	-	(435,384)
Net Cash Provided (Used) by Operating Activities	573,375	(405,053)	1,626,970	280,013	2,075,305
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	14,553	32,430	57,744	38,701	143,428
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	587,928	(372,623)	1,684,714	318,714	2,218,733
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,900,017</u>	<u>3,035,193</u>	<u>4,002,238</u>	<u>3,056,683</u>	<u>11,994,131</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 2,487,945</u>	<u>\$ 2,662,570</u>	<u>\$ 5,686,952</u>	<u>\$ 3,375,397</u>	<u>\$ 14,212,864</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 4,062,983	\$ (416,446)	\$ 1,619,674	\$ 277,026	\$ 5,543,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Accounts Receivable	-	8,781	-	-	8,781
Accounts Payable	(3,732)	(4,272)	5,642	-	(2,362)
Accrued Liabilities	(1,108)	(1,274)	953	2,987	1,558
Claims Payable	(3,484,768)	8,158	701	-	(3,475,909)
Net Cash Provided (Used) by Operating Activities	<u>\$ 573,375</u>	<u>\$ (405,053)</u>	<u>\$ 1,626,970</u>	<u>\$ 280,013</u>	<u>\$ 2,075,305</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
PROPERTY AND CASUALTY SELF-INSURANCE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 500,000	\$ 5,250,000	\$ 5,250,000	\$ -
Investment Income	50,000	25,000	14,553	(10,447)
Total Revenues	550,000	5,275,000	5,264,553	(10,447)
EXPENDITURES				
Personnel Services	170,377	175,949	158,880	17,069
Other Expenses	227,500	227,500	56,945	170,555
Claims	800,000	5,000,000	535,833	4,464,167
Premiums	650,000	525,000	435,359	89,641
Total Expenditures	1,847,877	5,928,449	1,187,017	4,741,432
Change in Net Position	(1,297,877)	(653,449)	4,077,536	4,730,985
NET POSITION, Beginning of Year	1,395,687	(2,440,054)	(2,440,054)	-
NET POSITION, End of Year	\$ 97,810	\$ (3,093,503)	\$ 1,637,482	\$ 4,730,985

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
WORKERS' COMPENSATION SELF-INSURANCE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 500,000	\$ 750,000	\$ 750,000	\$ -
Investment Income	74,000	33,000	32,430	(570)
Total Revenues	574,000	783,000	782,430	(570)
EXPENDITURES				
Personnel Services	130,589	137,021	119,993	17,028
Other Expenses	116,500	116,500	50,073	66,427
Claims	1,200,000	1,500,000	883,537	616,463
Premiums	200,000	150,000	112,843	37,157
Capital Outlay	5,000	5,000	-	5,000
Total Expenditures	1,652,089	1,908,521	1,166,446	742,075
Change in Net Position	(1,078,089)	(1,125,521)	(384,016)	741,505
NET POSITION, Beginning of Year	1,636,293	1,371,321	1,371,321	-
NET POSITION, End of Year	<u>\$ 558,204</u>	<u>\$ 245,800</u>	<u>\$ 987,305</u>	<u>\$ 741,505</u>

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
MEDICAL AND DENTAL SELF-INSURANCE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Postive (Negative)
REVENUES				
Charges for Services	\$ 10,287,859	\$ 10,386,568	\$ 10,178,402	\$ (208,166)
Investment Income	20,000	20,000	57,744	37,744
Miscellaneous Revenue	50,000	50,000	105,469	55,469
Total Revenues	10,357,859	10,456,568	10,341,615	(114,953)
EXPENDITURES				
Personnel Services	146,701	159,873	159,846	27
Other Expenses	610,793	640,793	470,614	170,179
Claims	9,820,535	9,820,535	6,793,002	3,027,533
Premiums	1,100,000	1,200,000	1,240,735	(40,735)
Total Expenditures	11,678,029	11,821,201	8,664,197	3,157,004
Change in Net Position	(1,320,170)	(1,364,633)	1,677,418	3,042,051
NET POSITION, Beginning of Year	1,172,947	3,548,512	3,548,512	-
NET POSITION, End of Year	\$ (147,223)	\$ 2,183,879	\$ 5,225,930	\$ 3,042,051

See the accompanying Independent Auditor's Report.

CITY OF LAKEWOOD, COLORADO
RETIREES' HEALTH PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Investment Income	25,000	25,000	38,701	13,701
Total Revenues	345,000	345,000	358,701	13,701
EXPENDITURES				
Premiums	220,000	220,000	42,974	177,026
Total Expenditures	220,000	220,000	42,974	177,026
Change in Net Position	125,000	125,000	315,727	190,727
NET POSITION, Beginning of Year	2,907,262	3,056,683	3,056,683	-
NET POSITION, End of Year	<u>\$ 3,032,262</u>	<u>\$ 3,181,683</u>	<u>\$ 3,372,410</u>	<u>\$ 190,727</u>

See the accompanying Independent Auditor's Report.

STATISTICAL SECTION

Statistical tables are used to provide a historical financial review. The various tables provide information, which is useful in analyzing the existing financial position of the City and identifying potential trends.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's significant local revenue sources which are sales and use tax and property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF LAKEWOOD, COLORADO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 325,726,727	\$ 335,683,929	\$ 343,557,286	\$ 355,370,344
Restricted	11,020,727	7,485,564	7,360,195	27,618,110
Unrestricted	38,581,052	47,539,872	50,470,895	34,969,687
Total governmental activities net position	<u>\$ 375,328,506</u>	<u>\$ 390,709,365</u>	<u>\$ 401,388,376</u>	<u>\$ 417,958,141</u>
Business-type activities				
Net investment in capital assets	\$ 21,945,137	\$ 22,923,935	\$ 22,289,522	\$ 22,207,556
Unrestricted	8,933,362	7,941,025	7,260,304	7,138,873
Total business-type activities net position	<u>\$ 30,878,499</u>	<u>\$ 30,864,960</u>	<u>\$ 29,549,826</u>	<u>\$ 29,346,429</u>
Primary government				
Net investment in capital assets	\$ 347,671,864	\$ 358,607,864	\$ 365,846,808	\$ 377,577,900
Restricted	11,020,727	7,485,564	7,360,195	27,618,110
Unrestricted	47,514,414	55,480,897	57,731,199	42,108,560
Total primary government net position	<u>\$ 406,207,005</u>	<u>\$ 421,574,325</u>	<u>\$ 430,938,202</u>	<u>\$ 447,304,570</u>

⁽¹⁾ 2014 Government activities net position reflects a prior period adjustment of \$2,009,337 for the implementation of GASB 68, Accounting and Financial Reporting for Pensions

Source: City's Comprehensive Annual Financial Report

Schedule 1

2011	2012	2013	2014	2015	2016
\$ 374,822,394	\$ 377,969,428	\$ 381,609,040	\$ 384,728,358	\$ 389,207,761	\$ 401,018,598
27,439,596	31,757,394	37,533,053	41,479,996	49,133,274	53,564,615
37,949,511	38,708,259	39,259,813	39,214,362	37,736,590	37,663,933
<u>\$ 440,211,501</u>	<u>\$ 448,435,081</u>	<u>\$ 458,401,906</u>	<u>\$ 465,422,716</u> ⁽¹⁾	<u>\$ 476,077,625</u>	<u>\$ 492,247,146</u>
\$ 21,604,850	\$ 21,221,070	\$ 21,462,965	\$ 22,356,764	\$ 21,781,809	\$ 21,592,444
7,478,723	7,890,750	7,933,903	8,710,594	9,969,049	13,199,417
<u>\$ 29,083,573</u>	<u>\$ 29,111,820</u>	<u>\$ 29,396,868</u>	<u>\$ 31,067,358</u>	<u>\$ 31,750,858</u>	<u>\$ 34,791,861</u>
\$ 396,427,244	\$ 399,190,498	\$ 403,072,005	\$ 407,085,122	\$ 410,989,570	\$ 422,611,042
27,439,596	31,757,394	37,533,053	41,479,996	49,133,274	53,564,615
45,428,234	46,599,009	47,193,716	47,924,956	47,705,639	50,863,350
<u>\$ 469,295,074</u>	<u>\$ 477,546,901</u>	<u>\$ 487,798,774</u>	<u>\$ 496,490,074</u>	<u>\$ 507,828,483</u>	<u>\$ 527,039,007</u>

CITY OF LAKEWOOD, COLORADO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

Expenses	2007	2008	2009	2010	2011
Governmental activities:					
General government	\$ 30,586,932	\$ 33,219,490	\$ 26,271,208	\$ 27,521,624	\$ 28,984,951
Public safety	44,782,919	43,292,095	47,399,393	48,255,341	49,551,448
Public works	13,974,839	12,564,574	16,469,884	17,757,345	17,576,101
Culture and recreation	17,147,447	17,075,010	18,568,035	18,956,880	18,470,341
Urban development and housing	9,373,994	14,062,779	12,222,887	12,132,169	13,439,978
Economic opportunity	1,974,192	1,788,320	2,030,004	1,618,911	2,000,883
Interest and fees on long-term debt	3,186,882	3,263,809	3,148,917	3,293,702	2,653,845
Total governmental activities expenses	121,027,205	125,266,077	126,110,328	129,535,972	132,677,547
Business-type activities:					
Golf course	3,783,458	3,949,318	3,876,949	3,767,166	3,698,979
Sewer	2,981,580	3,184,497	3,484,607	3,586,602	3,644,660
Stormwater	1,776,798	1,865,588	1,934,566	1,996,190	1,980,805
Water	774,530	822,456	802,559	858,582	936,057
Total business-type activities	9,316,366	9,821,859	10,098,681	10,208,540	10,260,501
Total primary government expenses	\$ 130,343,571	\$ 135,087,936	\$ 136,209,009	\$ 139,744,512	\$ 142,938,048
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 7,402,054	\$ 9,829,152	\$ 8,421,072	\$ 8,511,221	\$ 8,899,658
Public safety	3,965,180	4,266,880	3,950,696	4,341,434	4,059,494
Public works	540,101	1,482,726	526,284	516,036	519,188
Culture and recreation	4,548,295	4,445,338	4,504,693	4,641,418	4,871,635
Urban development and housing	--	--	--	1,043,989	1,012,283
Economic opportunity	2,154,543	2,590,270	1,910,102	1,003,175	880,778
Operating grants and contributions	12,976,886	9,841,298	12,764,092	13,590,239	12,563,105
Capital grants and contributions	6,934,522	7,361,818	8,848,584	16,801,801	24,134,258
Total governmental activities program revenues	38,521,581	39,817,482	40,925,523	50,449,313	56,940,399
Business-type activities:					
Charges for services:					
Golf course	4,580,751	4,726,715	4,245,555	4,247,555	4,112,309
Sewer	2,243,071	2,261,692	2,193,322	2,452,125	2,772,278
Stormwater	2,349,510	2,487,637	2,284,152	2,464,436	2,411,079
Water	780,218	853,999	850,730	971,854	1,027,047
Operating grants and contributions	--	--	--	660,205	112,321
Capital grants and contributions	--	--	--	--	--
Total business-type activities program revenues	9,953,550	10,330,043	9,573,759	10,796,175	10,435,034
Total primary government program revenues	\$ 48,475,131	\$ 50,147,525	\$ 50,499,282	\$ 61,245,488	\$ 67,375,433
Net (Expense)/Revenue					
Governmental activities	\$ (82,505,624)	\$ (85,448,595)	\$ (85,184,805)	\$ (79,086,659)	\$ (75,737,148)
Business-type activities	637,184	508,184	(524,922)	587,635	174,533
Total primary government net expense	\$ (81,868,440)	\$ (84,940,411)	\$ (85,709,727)	\$ (78,499,024)	\$ (75,562,615)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property	\$ 13,889,739	\$ 15,246,760	\$ 16,126,726	\$ 16,254,126	\$ 15,767,447
Sales and use	68,066,620	70,814,487	65,994,458	66,963,692	69,498,098
Franchise & other	9,106,031	9,741,759	9,217,521	9,498,254	10,131,203
Grants and contributions not restricted to specific programs	--	--	--	373,052	552,273
Investment earnings	2,608,891	2,993,259	1,801,742	1,321,255	1,233,115
Miscellaneous	1,129,371	103,468	1,645,640	179,566	199,804
Transfers	799,353	894,157	1,077,729	1,066,479	608,568
TABOR Refund	--	--	--	--	--
Total governmental activities	95,600,005	99,793,890	95,863,816	95,656,424	97,990,508
Business-type activities:					
Investment earnings	370,521	366,394	278,307	214,837	136,869
Miscellaneous	21,203	6,040	9,210	60,610	34,310
Transfers	(799,353)	(894,157)	(1,077,729)	(1,066,479)	(608,568)
Total business-type activities	(407,629)	(521,723)	(790,212)	(791,032)	(437,389)
Total primary government	\$ 95,192,376	\$ 99,272,167	\$ 95,073,604	\$ 94,865,392	\$ 97,553,119
Change in Net Position					
Governmental activities	\$ 13,094,381	\$ 14,345,295	\$ 10,679,011	\$ 16,569,765	\$ 22,253,360
Business-type activities	229,555	(13,539)	(1,315,134)	(203,397)	(262,856)
Total primary government	\$ 13,323,936	\$ 14,331,756	\$ 9,363,877	\$ 16,366,368	\$ 21,990,504

Source: City's Comprehensive Annual Financial Report

Schedule 2

2012	2013	2014	2015	2016
\$ 33,613,178	\$ 30,085,415	\$ 40,054,077	\$ 38,309,285	\$ 33,523,638
49,079,213	50,635,595	52,596,221	53,441,033	58,281,345
14,035,937	18,528,117	12,744,230	13,573,693	12,204,246
18,124,914	18,724,863	18,829,506	21,017,674	21,389,068
12,714,594	12,811,514	11,923,053	10,616,107	11,528,561
1,893,704	1,886,174	2,066,087	2,228,416	2,374,391
2,440,277	2,194,969	2,005,119	1,879,178	1,614,934
131,901,817	134,866,647	140,218,293	141,065,386	140,916,183
3,743,788	3,747,277	4,036,918	4,099,274	4,149,108
3,534,954	3,854,381	3,622,591	3,972,398	3,879,114
2,445,596	2,075,559	2,274,398	2,219,674	2,387,282
959,538	951,787	963,402	1,008,011	1,013,114
10,683,876	10,629,004	10,897,309	11,299,357	11,428,618
\$ 142,585,693	\$ 145,495,651	\$ 151,115,602	\$ 152,364,743	\$ 152,344,801
\$ 8,486,130	\$ 8,406,938	\$ 8,189,453	\$ 7,414,938	\$ 7,275,623
4,453,197	4,867,400	6,150,066	6,113,323	6,214,784
522,223	523,838	527,951	536,287	510,462
5,078,856	5,342,330	5,529,773	5,984,015	6,388,691
1,019,828	1,458,204	1,502,026	984,407	1,025,298
829,573	856,895	982,199	1,111,309	1,166,022
13,124,320	11,210,485	12,285,903	12,693,115	13,961,253
7,710,450	8,404,044	7,205,953	6,348,540	6,880,770
41,224,577	41,070,134	42,373,324	41,185,934	43,422,903
4,450,040	4,339,298	4,648,585	4,728,997	4,836,356
3,078,441	3,566,999	3,750,838	4,046,357	3,927,807
2,448,746	2,481,899	2,456,281	2,553,599	4,570,573
1,100,546	1,102,484	1,131,155	1,135,710	1,113,591
--	--	--	--	--
--	--	1,157,091	89,300	528,230
11,077,773	11,490,680	13,143,950	12,553,963	14,976,557
\$ 52,302,350	\$ 52,560,814	\$ 55,517,274	\$ 53,739,897	\$ 58,399,460
\$ (90,677,240)	\$ (93,796,513)	\$ (97,844,969)	\$ (99,879,452)	\$ (97,493,280)
393,897	861,676	2,246,641	1,254,606	3,547,939
\$ (90,283,343)	\$ (92,934,837)	\$ (95,598,328)	\$ (98,624,846)	\$ (93,945,341)
\$ 14,825,086	\$ 15,516,166	\$ 15,715,606	\$ 15,413,513	\$ 16,630,365
72,476,177	77,387,186	83,208,721	87,251,437	90,146,096
9,644,791	10,293,898	10,749,372	10,228,753	11,128,813
364,123	357,990	349,592	343,229	354,755
819,405	456,169	1,114,230	1,007,841	436,653
94,693	274,809	260,786	148,591	114,423
676,545	754,485	676,928	676,647	675,630
--	(1,277,365)	(5,200,119)	(4,535,650)	(5,823,934)
98,900,820	103,763,338	106,875,116	110,534,361	113,662,801
99,831	84,841	81,317	98,058	135,819
211,064	93,016	19,460	7,483	32,875
(676,545)	(754,485)	(676,928)	(676,647)	(675,630)
(365,650)	(576,628)	(576,151)	(571,106)	(506,936)
\$ 98,535,170	\$ 103,186,710	\$ 106,298,965	\$ 109,963,255	\$ 113,155,865
\$ 8,223,580	\$ 9,966,825	\$ 9,030,147	\$ 10,654,909	\$ 16,169,521
28,247	285,048	1,670,490	683,500	3,041,003
\$ 8,251,827	\$ 10,251,873	\$ 10,700,637	\$ 11,338,409	\$ 19,210,524

CITY OF LAKEWOOD, COLORADO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ 130,771	\$ 131,934
Restricted ⁽¹⁾	2,500,552	2,613,670	2,438,682	2,909,251	2,947,096
Assigned	-	-	-	-	-
Unassigned ⁽²⁾	19,084,119	21,685,744	22,258,568	25,708,340	28,457,402
Total General Fund	21,584,671	24,299,414	24,697,250	28,748,362	31,536,432
All Other Governmental Funds					
Nonspendable	-	-	-	37,930	43,167
Restricted ⁽¹⁾	8,683,517	5,061,448	5,100,815	24,708,859	24,492,500
Assigned	-	-	-	5,421,171	4,990,085
Unassigned ⁽²⁾	17,423,836	21,208,235	24,455,813	(1,222,802)	(97,252)
Total all other governmental funds	26,107,353	26,269,683	29,556,628	28,945,158	29,428,500
Total all governmental funds	\$ 47,692,024	\$ 50,569,097	\$ 54,253,878	\$ 57,693,520	\$ 60,964,932

⁽¹⁾ For years prior to the implementation of Governmental Accounting Board Statement No. 54 in 2010, this portion of Fund Balance was classified as "Reserved"

⁽²⁾ For years prior to the implementation of Governmental Accounting Board Statement No. 54 in 2010, this portion of Fund Balance was classified as "Unreserved"

Source: City's Comprehensive Annual Financial Report

Schedule 3

2012	2013	2014	2015	2016
\$ 132,870	\$ 128,247	\$ 132,354	\$ 196,504	\$ 266,562
2,758,085	2,858,903	4,222,206	4,353,215	4,487,234
-	-	-	-	-
30,569,397	32,363,563	35,598,763	37,423,037	31,302,115
33,460,352	35,350,713	39,953,323	41,972,756	36,055,911
92,926	40,865	34,536	29,640	39,912
28,999,309	34,674,150	37,257,790	44,780,059	49,077,381
4,098,451	4,233,647	4,528,092	4,975,337	4,936,870
--	(647,381)	(316,733)	(605,812)	(779,253)
33,190,686	38,301,281	41,503,685	49,179,224	53,274,910
\$ 66,651,038	\$ 73,651,994	\$ 81,457,008	\$ 91,151,980	\$ 89,330,821

CITY OF LAKEWOOD, COLORADO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 91,062,390	\$ 95,803,007	\$ 91,338,705	\$ 92,716,072	\$ 95,396,748
Licenses and permits	1,997,828	2,254,964	3,520,572	2,928,913	2,739,114
Intergovernmental	19,708,679	18,874,989	19,822,060	24,440,825	24,253,693
Charges for services	12,393,014	14,151,198	12,101,845	13,291,495	13,790,489
Fines and forfeitures	1,469,790	1,491,636	1,483,425	1,434,598	1,520,956
Investment income	2,302,875	2,601,205	1,392,534	980,571	1,183,228
Other revenues	3,180,057	3,153,015	3,406,978	1,749,388	1,687,758
TABOR Refund	--	--	--	--	--
Total revenues	132,114,633	138,330,014	133,066,119	137,541,862	140,571,986
Expenditures					
General government	28,336,296	27,910,751	25,987,154	25,979,970	27,260,239
Public safety	40,582,675	42,858,952	44,754,419	46,265,464	46,813,867
Public works	11,694,463	7,049,390	7,827,009	8,432,446	8,429,542
Culture and recreation	16,426,816	15,257,748	16,169,447	16,193,360	16,001,967
Urban development and housing	9,808,700	2,644,392	2,504,282	1,807,275	1,693,439
Economic opportunity	1,974,192	1,788,320	2,030,664	1,940,597	1,954,508
Capital outlay	9,315,956	33,982,648	25,443,092	26,170,866	27,421,343
Debt service:					
Principal	4,010,753	4,658,032	4,968,944	5,460,559	5,700,059
Interest and fiscal charges	3,144,521	3,171,865	3,134,056	2,918,162	2,634,178
Total expenditures	125,294,372	139,322,098	132,819,067	135,168,699	137,909,142
Excess of revenues over (under) expenditures	6,820,261	(992,084)	247,052	2,373,163	2,662,844
Other Financing Sources (Uses)					
Proceeds from borrowing	3,742,000	2,975,000	6,130,000	--	--
Proceeds from capital lease	--	--	--	--	--
Payments to escrow agent	--	--	(3,770,000)	--	--
Operating transfers in	15,742,284	14,469,326	10,928,554	8,472,578	8,574,090
Operating transfers out	(14,942,931)	(13,575,169)	(9,850,825)	(7,406,099)	(7,965,522)
Total other financing sources (uses)	4,541,353	3,869,157	3,437,729	1,066,479	608,568
Net change in fund balances	\$ 11,361,614	\$ 2,877,073	\$ 3,684,781	\$ 3,439,642	\$ 3,271,412
Debt service as a percentage of noncapital expenditures	6.1%	6.4%	6.6%	6.7%	6.5%

Source: City's Comprehensive Annual Financial Report

Schedule 4

2012	2013	2014	2015	2016
\$ 96,946,054	\$ 102,303,258	\$ 109,666,669	\$ 112,889,810	\$ 117,905,274
2,730,120	2,983,251	3,963,589	3,770,885	4,173,666
21,581,104	18,394,300	20,421,087	19,803,064	21,641,837
13,931,232	14,545,071	14,679,323	14,331,781	14,611,126
1,421,983	1,279,097	1,451,120	1,599,055	1,348,190
643,893	313,481	990,636	885,195	293,225
1,732,361	3,197,967	2,352,414	1,916,126	1,854,572
--	(1,277,365)	(5,200,119)	(4,535,650)	(5,823,934)
138,986,747	141,739,060	148,324,719	150,660,266	156,003,956
26,344,967	27,214,581	28,585,442	29,536,810	36,699,831
46,978,050	48,328,891	50,594,496	51,622,011	55,370,581
7,734,198	7,939,452	8,495,828	8,672,155	8,505,714
16,611,826	16,360,324	17,188,004	17,983,812	18,750,071
2,231,645	2,336,376	2,265,819	2,057,475	1,675,377
1,845,956	1,841,430	2,021,343	2,189,740	2,337,470
24,047,903	24,609,459	26,906,966	23,253,012	28,908,414
5,753,704	4,685,816	4,142,565	4,446,045	4,647,620
2,428,937	2,176,260	1,953,170	1,880,881	1,605,667
133,977,186	135,492,589	142,153,633	141,641,941	158,500,745
5,009,561	6,246,471	6,171,086	9,018,325	(2,496,789)
--	--	--	--	--
--	--	957,000	--	--
--	--	--	--	--
10,781,107	13,326,455	10,267,501	11,075,437	11,122,500
(10,104,562)	(12,571,970)	(9,590,573)	(10,398,790)	(10,446,870)
676,545	754,485	1,633,928	676,647	675,630
\$ 5,686,106	\$ 7,000,956	\$ 7,805,014	\$ 9,694,972	\$ (1,821,159)
6.4%	5.4%	4.6%	4.8%	4.5%

CITY OF LAKEWOOD, COLORADO
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Accommodation & Food Services	\$ 343,056,204	\$ 345,100,265	\$ 320,289,448	\$ 323,762,289
Ag, Forestry, Fishing, Hunting	43,555	23,839	117,048	62,337
Art, Entertainment, Recreation	24,461,703	26,979,696	26,708,686	25,395,341
Construction	7,698,792	8,287,469	9,541,011	10,296,417
Educational Services	1,613,269	1,815,890	1,547,490	1,387,456
Finance and Insurance	4,016,957	3,244,055	3,009,452	2,486,313
Health Care, Social Assistance	2,002,124	2,979,213	2,599,499	3,035,827
Information	151,806,729	156,344,604	162,143,261	165,939,044
Manufacturing	22,798,003	22,806,330	21,350,766	24,391,638
Mgmt of Companies, Enterprises	660,767	2,070	22,001	38,922
Mining	314,864	510,219	316,181	383,415
Miscellaneous/Random Filers	2,090,361	2,242,544	2,834,053	1,424,547
Other Services	39,942,343	38,656,964	40,476,981	44,779,044
Professional, Scientific, & Technical Svcs	10,525,117	7,850,444	7,655,528	8,488,654
Public Administration	146,049	155,475	153,217	161,980
Real Estate, Rental, Leasing	49,328,321	49,161,961	43,606,095	39,521,475
Retail Trade	1,432,258,374	1,371,500,627	1,075,287,861	1,104,655,929
Transportation & Warehousing	753,317	700,737	589,948	533,707
Utilities	132,876,970	155,090,726	134,905,580	148,519,760
Waste Mgmt & Remediation Services	9,374,884	9,280,213	8,489,981	8,042,171
Wholesale Trade	32,419,176	34,007,632	37,721,541	35,642,067
Total all categories	<u>\$ 2,268,187,879</u>	<u>\$ 2,236,740,973</u>	<u>\$ 1,899,365,628</u>	<u>\$ 1,948,948,333</u>
City direct sales tax rate ⁽¹⁾	3.0%	3.0%	3.0%	3.0%

⁽¹⁾ The City's sales tax rate may be increased only by a majority vote of the City's residents. Effective September 1, 2003, the City Council temporarily reduced the sales tax rate for the Belmar redevelopment area to 1%.

Source: City of Lakewood's Revenue System

Schedule 5

2011	2012	2013	2014	2015	2016
\$ 340,463,306	\$ 364,439,074	\$ 381,037,346	\$ 408,245,016	\$ 449,554,901	\$ 461,970,873
74,539	46,562	93,382	366,409	451,474	402,716
25,246,985	25,898,217	27,101,908	24,825,731	32,528,279	35,017,932
9,073,635	9,314,144	11,315,064	16,011,073	17,482,459	16,701,330
1,296,435	1,181,081	985,425	1,011,783	1,129,499	1,032,450
2,423,563	4,035,689	7,014,801	8,493,511	10,039,666	12,118,581
3,665,007	4,081,882	3,123,409	4,950,405	5,288,410	6,055,882
163,375,015	173,416,615	180,179,637	191,725,253	163,724,094	152,945,713
24,118,142	25,453,139	27,018,793	33,858,565	32,904,890	38,840,453
122,769	1,970	585	550,531	1,295	4,686
320,482	258,177	205,050	236,226	166,562	116,042
3,697,594	1,845,694	1,156,862	16,765	--	--
46,330,263	53,935,536	62,713,986	79,363,921	56,544,781	57,562,361
8,835,276	10,586,606	11,243,515	17,033,686	15,051,591	14,563,441
185,719	148,100	112,297	101,359	260,699	197,571
39,724,566	38,661,926	41,004,757	39,806,823	50,043,806	54,206,742
1,165,383,682	1,221,944,170	1,286,882,574	1,339,502,528	1,470,089,651	1,530,521,070
520,013	543,240	1,116,069	5,542,408	2,149,265	2,493,054
148,584,305	140,996,599	152,930,446	154,914,127	147,677,320	141,101,743
9,344,269	7,918,685	8,269,879	9,186,620	11,316,000	13,457,481
36,703,429	45,747,674	51,071,736	65,041,856	70,061,942	77,084,541
<u>\$ 2,029,488,994</u>	<u>\$ 2,130,454,780</u>	<u>\$ 2,254,577,521</u>	<u>\$ 2,400,784,596</u>	<u>\$ 2,536,466,584</u>	<u>\$ 2,616,394,662</u>
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

CITY OF LAKEWOOD, COLORADO
DIRECT AND OVERLAPPING GENERAL SALES AND USE TAX RATES
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011
City direct rate ⁽¹⁾	3.00%	3.00%	3.00%	3.00%	3.00%
Overlapping rates:					
State of Colorado	2.90%	2.90%	2.90%	2.90%	2.90%
Jefferson County	0.50%	0.50%	0.50%	0.50%	0.50%
SE Jefferson County Road Improvement District ⁽²⁾	0.43%	0.43%	0.43%	0.43%	0.43%
Football Stadium District	0.10%	0.10%	0.10%	0.10%	0.10%
Scientific & Cultural Facilities District	0.10%	0.10%	0.10%	0.10%	0.10%
Regional Transportation District	1.00%	1.00%	1.00%	1.00%	1.00%

⁽¹⁾ The City's sales tax rate may be increased only by a majority vote of the City's residents. Effective September 1, 2003, the City Council temporarily reduced the sales tax rate for the Belmar redevelopment area to 1%. For 2007 through 2008, the City Council temporarily reduced the sales tax rate to 2% for the redevelopment areas of Colorado Mills and Creekside. Effective January 1, 2009, the City Council returned the redevelopment areas of Colorado Mills and Creekside to 3%.

⁽²⁾ This tax is applicable only to businesses located in the Marston Park and Belleview Shores shopping centers in southern Lakewood.

Source: City of Lakewood, Colorado Department of Revenue

Schedule 6

2012	2013	2014	2015	2016
3.00%	3.00%	3.00%	3.00%	3.00%
2.90%	2.90%	2.90%	2.90%	2.90%
0.50%	0.50%	0.50%	0.50%	0.50%
0.43%	0.43%	0.43%	0.43%	0.43%
0.00%	0.00%	0.00%	0.00%	0.00%
0.10%	0.10%	0.10%	0.10%	0.10%
1.00%	1.00%	1.00%	1.00%	1.00%



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CITY OF LAKEWOOD, COLORADO
PRINCIPAL SALES/USE TAXPAYERS, BY CATEGORY
CURRENT YEAR AND NINE YEARS AGO

Category of Taxpayer ⁽¹⁾	2016			2007		
	Sales/Use	Rank	Percentage of	Sales/Use	Rank	Percentage of
	Taxes		Total City	Taxes		Total City
	Remitted		Sales/Use Tax	Remitted		Sales/Use Tax
			Revenues			Revenues
<u>Aggregated top ten filers</u>						
Utility	\$ 5,982,121	1	7.53%	\$ 5,304,129	1	7.42%
General merchandise	3,997,206	2	5.03%	4,534,467	2	6.34%
Building materials	3,579,001	3	4.50%	1,605,677	4	2.25%
Computers and software	1,864,390	4	2.35%	2,058,386	3	2.88%
Grocery store	1,441,748	5	1.81%			
Cellular/wireless	824,529	6	1.04%	1,021,343	5	1.43%
Car dealerships	747,850	7	0.94%			

⁽¹⁾ The City is legally prohibited from disclosing sales and use tax information for individual taxpayers. Therefore, the principal sales/use taxpayers have been identified by category to assist users in understanding the degree to which the City's primary source of revenue is concentrated.

Source: City of Lakewood's Revenue System

CITY OF LAKEWOOD, COLORADO
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In thousands of dollars)

Fiscal Year	Taxable Real and Personal Property ⁽¹⁾					Total Taxable Assessed Value
	Residential Property	Commercial Property	Industrial Property	Vacant Land	Other Property ⁽²⁾	
2007	\$ 905,503,120	\$ 663,132,320	\$ 34,845,570	\$ 29,988,190	\$ 61,220,620	\$ 1,694,689,820
2008	949,882,820	708,202,110	42,549,260	41,385,890	66,486,370	1,808,506,450
2009	959,317,300	709,262,060	41,669,900	42,478,050	66,981,210	1,819,708,520
2010	942,716,810	736,784,840	41,720,120	36,304,950	65,356,390	1,822,883,110
2011	943,892,270	706,260,650	42,205,720	35,813,160	63,982,280	1,792,154,080
2012	900,361,551	662,238,324	40,399,818	34,173,828	67,396,234	1,701,819,508
2013	924,221,737	668,484,522	38,940,473	34,295,409	64,481,737	1,730,423,878
2014	932,635,730	665,338,880	54,799,706	26,784,847	65,785,239	1,745,344,402
2015	1,161,769,824	700,450,293	41,677,085	37,091,662	66,145,873	2,007,134,737
2016	1,179,123,864	749,149,792 ⁽⁴⁾	5,846,743 ⁽⁴⁾	29,303,014	67,477,032	2,030,900,445

(1) Property in Jefferson County is reassessed every two years (odd numbered year) and is based on the market value calculated as of January 1 of the preceding year. Jefferson County combines real and personal property values and does not provide information regarding tax exempt property by category.

(2) "Other Property" includes natural resources, agricultural and state-assessed properties.

(3) All property except residential is assessed at 29% of the estimated actual value. The residential assessment rate is established by the State Legislature every two years in order to maintain the tax burden balance between residential property and all other property, in accordance with the State Constitution, and its Gallagher Amendment.

(4) The 2016 increase in commercial property and decrease in industrial property over (under) 2015 is primarily due to category coding changes by the Jefferson County Assessor, as a result of a computer (database program) replacement project at the County.

(5) The City's revenues are limited by the Colorado Constitution and its Tax Payer's Bill of Rights (TABOR). To refund the revenues in excess of the limit, the City Council has chosen to temporarily reduce the City's mill levy.

Source: Jefferson County Assessor's Office

Schedule 8

Total Direct Tax Rate	Assessment Rates		Estimated Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	All Other ⁽³⁾		
4.711	7.96%	29.00%	\$ 14,097,000,785	12.02%
4.711	7.96%	29.00%	14,893,972,394	12.14%
4.711	7.96%	29.00%	15,018,591,150	12.12%
4.711	7.96%	29.00%	14,878,232,212	12.25%
4.711	7.96%	29.00%	14,782,983,815	12.12%
4.711	7.96%	29.00%	14,084,206,499	12.08%
4.711	7.96%	29.00%	14,390,833,224	12.02%
4.711	7.96%	29.00%	14,518,972,968	12.02%
2.031 ⁽⁵⁾	7.96%	29.00%	17,510,149,716	11.46%
2.392 ⁽⁵⁾	7.96%	29.00%	17,750,274,493	11.44%

CITY OF LAKEWOOD, COLORADO
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CITY DIRECT RATE:										
Property Tax Operating Mill Levy	4.711	4.711	4.711	4.711	4.711	4.711	4.711	4.711	2.031	2.392
OVERLAPPING RATES:^{(1) (2)}										
Jefferson County	24.346	24.346	24.346	24.346	24.346	24.346	25.846	25.846	24.212	24.709
School District R-1	49.028	48.118	48.284	48.145	48.210	50.616	50.369	50.165	47.487	45.941
Alameda Corridor Bus. Improve. Dist.	5.720	5.720	5.720	5.720	5.720	5.720	5.720	5.720	5.720	5.720
Alameda Water & Sanitation District	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Bancroft-Clover Water & Sanitation Dist.	1.746	1.746	1.746	1.746	1.746	1.746	1.746	1.746	1.628	1.633
Bear Creek Water & Sanitation District	4.600	4.509	4.471	4.535	4.416	4.425	4.420	4.425	3.820	3.745
Bennett Bear Creek Farms Water & San. Dist.	2.647	2.504	2.504	2.468	2.468	2.468	2.468	2.468	1.884	1.884
Bowles Metro District	40.000	40.000	40.000	40.000	40.000	42.000	42.000	42.000	42.000	42.000
Daniels Sanitation District	0.531	0.495	0.495	0.468	0.465	0.465	0.462	0.390	0.390	0.375
Denver West Metro District	35.000	35.000	35.000	36.000	35.000	35.000	35.000	35.000	35.000	35.000
Denver West Metro District Ex. 04	13.094	13.233	12.844	13.129	9.512	20.142	23.945	26.395	25.056	25.373
Denver West Metro District Ex. 14	N/A	N/A	N/A	N/A	N/A	N/A	N/A	29.431	27.931	28.068
Denver West Metro District Ex. 98	13.094	13.233	12.844	13.129	9.512	7.562	12.091	14.620	13.866	14.140
Denver West Promenade Metro District	N/A	N/A	N/A	N/A	N/A	60.000	60.000	60.000	60.000	60.000
East Jefferson County Sanitation District	1.223	1.167	1.167	1.167	1.141	1.141	1.115	1.115	0.914	0.914
East Lakewood Sanitation District	4.570	4.840	4.833	4.813	4.840	4.840	4.840	4.840	4.101	4.262
Foothills Rec & Park Sub A	7.878	7.650	7.636	7.579	7.464	7.527	7.559	7.551	7.237	7.191
Fossil Ridge Metro District No. 2	0.000	30.000	30.000	30.000	30.000	30.000	30.000	38.500	40.000	40.000
Fossil Ridge Metro District No. 3	0.000	30.000	30.000	30.000	30.000	30.000	30.000	40.000	40.000	40.000
Highview Water District	0.213	0.210	0.210	0.198	0.189	0.189	0.183	0.183	0.158	0.152
Lakewood West Colfax Business Improve.	N/A	N/A	N/A	N/A	N/A	5.000	5.000	5.000	5.000	5.000
Littleton Fire District	7.678	7.678	7.678	7.678	7.678	7.678	7.678	7.678	7.678	7.678
Lochmoor Water & Sanitation District	13.193	13.193	13.193	13.193	13.193	13.193	13.193	13.193	11.475	12.007
Mount Carbon Metro District	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000
Mount Carbon Metro District Ex. 07	0.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Mount Carbon Metro District Ex. 08	0.000	0.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000	20.000
Northwest Lakewood Sanitation District	7.696	7.738	7.802	7.525	7.747	7.571	7.285	7.703	6.878	6.522
Plaza Metro District No. 2	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000	25.000
Plaza Metro District No. 3	20.000	20.000	20.000	20.000	20.000	20.000	20.000	22.990	22.990	22.990
Pleasant View Metro District	4.984	4.984	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Pleasant View Water & Sanitation District	0.552	0.552	0.552	0.552	0.552	0.552	0.552	0.552	0.552	0.552
Prospect Recreation & Park District	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	4.000	6.600
Section 14 Metro District	26.720	23.717	23.476	21.043	21.460	23.290	23.356	23.422	23.290	23.669
Section 14 Metro District Ex. 04	10.246	9.709	9.684	17.564	17.666	16.798	18.961	19.088	18.180	18.559
South Sheridan Water & Sanitation	7.896	7.896	7.896	7.896	7.896	7.896	7.896	7.896	7.896	5.748
Urban Drainage & Flood	0.542	0.507	0.528	0.508	0.523	0.599	0.608	0.632	0.553	0.559
Urban Drainage & Flood Control South Platte	0.066	0.061	0.063	0.061	0.053	0.058	0.064	0.068	0.058	0.061
West Metro Fire Protection District	13.588	13.702	13.737	13.662	13.784	13.739	13.632	13.595	13.550	13.394
Wheat Ridge Fire District	4.400	4.400	4.400	4.257	7.500	7.500	7.500	12.586	12.527	0.000 ⁽³⁾

Note: The City's direct rate is for General Fund Operating and has no other individual components. The City's property tax rate may be increased only by a majority vote of the City's residents. The rate applies to the following year's payments. For example, the 2016 rate above applies to the property taxes levied in 2016 but paid in 2017. For 2015 and 2016, the City Council temporarily reduced the City's mill levy in order to refund revenues in excess of the limit imposed by the Colorado Constitution and the Taxpayer's Bill of Rights (TABOR).

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Lakewood. Not all overlapping rates apply to all Lakewood property owners; for example, although the county property tax rates apply to all Lakewood property owners, the Alameda Water and Sanitation District rates apply only to those Lakewood property owners whose property is located within that district's geographic boundaries.

(2) The following entities overlap with the City of Lakewood but currently do not have a mill levy: Big Sky Metro District 1-7, Bonvue Water & Sanitation District, Fossil Ridge Metro District 1, Grant Water & Sanitation District, Green Mountain Water & Sanitation District, Indiana Valley Metro District, Lakehurst Water & Sanitation District, Lena Gulch Metro District, Plaza Metro District 1, and Southwest Suburban Denver Water & Sanitation.

(3) Wheat Ridge Fire District became part of West Metro Fire Protection District at the end of 2016.

Source: Jefferson County Assessor's Office

**CITY OF LAKEWOOD, COLORADO
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Public Service Co of Colorado	\$ 31,648,672	1	1.56%	\$ 29,006,320	2	1.71%
Colorado Mills Mall Limited Partnership	31,319,797	2	1.54%	45,675,000	1	2.70%
Belmar Commercial Owner LP ⁽¹⁾	28,642,053	3	1.41%	24,636,130	3	1.45%
Qwest Corp.	25,524,400	4	1.26%	20,137,600	4	1.19%
Terumo BCT Inc ⁽²⁾	21,836,509	5	1.08%	10,311,660	7	0.61%
HB Denver West Park LLC	10,747,980	6	0.53%			
Firstbank Holding Company	10,708,872	7	0.53%			
Lakewood MOB LLC	9,077,870	8	0.45%			
Lakewood City Commons LP	8,874,348	9	0.44%	12,305,290	6	0.73%
USGP II Lakewood DOT LP	8,049,240	10	0.40%			
Denver West Village LP ⁽³⁾				12,587,140	5	0.74%
The Section 14 Development Company				9,443,730	8	0.56%
HUB Properties Trust ⁽⁴⁾				8,105,700	9	0.48%
KN Interstate Gas Transmission Co.				7,113,110	10	0.42%

⁽¹⁾ Belmar Commercial Owner LP formerly Belmar Mainstreet Holdings I LLC, formerly Belmar I, LLC

⁽²⁾ Terumo BCT was formerly known as Caridian BCT formerly known as Gambro

⁽³⁾ Denver West Village LP formerly Denver West Mills LP formerly DW Village, LLC

⁽⁴⁾ HUB Properties Trust formerly HUB Acquisition Trust

Source: Jefferson County Assessor's Office

CITY OF LAKEWOOD, COLORADO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Levy Year	Year Collected	Taxes Levied for Collection (from abstract)	Amount Collected by the City	Percentage of Levy	Mill Levy	TABOR Refund ⁽¹⁾	Total Property Tax Revenue
2006	2007	\$ 7,752,755	\$ 7,631,817	98.44%	4.711	\$ -	\$ 7,631,817
2007	2008	8,240,546	8,104,568	98.35%	4.711	-	8,104,568
2008	2009	8,248,260	8,017,422	97.20%	4.711	-	8,017,422
2009	2010	8,260,372	8,039,443	97.33%	4.711	-	8,039,443
2010	2011	8,128,249	7,986,944	98.26%	4.711	-	7,986,944
2011	2012	7,739,528	7,573,830	97.86%	4.711	-	7,573,830
2012	2013	7,713,072	7,601,278	98.55%	4.711	-	7,601,278
2013	2014	7,852,912	7,715,595	98.25%	4.711	-	7,715,595
2014	2015	7,933,999	7,737,330	97.52%	4.711	-	7,737,330
2015	2016	3,941,301 ⁽¹⁾	3,952,039 ⁽¹⁾	100.27%	2.031	5,200,119	9,152,158

Note: Includes City of Lakewood property taxes only. Jefferson County is the collection agent for the City of Lakewood and does not provide data indicating to which levy year delinquent tax collections relate. Since the tax collection data isn't provided and is not under the control of the City, statistical information can not be provided regarding collections in subsequent years and total collections to date. Typically less than 3% of the total taxes levied each year are delinquent and delinquent taxes collected each year are less than 1/2%.

⁽¹⁾ The City's revenues are limited by the Colorado Constitution and its Tax Payer's Bill of Rights (TABOR). To refund the revenues in excess of the limit, the City Council has chosen to temporarily reduce the City's mill levy.

Sources: Jefferson County Assessor's Office, City's Comprehensive Annual Financial Report

CITY OF LAKEWOOD, COLORADO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In thousands of dollars)

Fiscal Year	Governmental Activities					Business Activities	Total Primary Government Debt	Debt as a Percentage of Personal Income ⁽¹⁾	Debt Per Capita ⁽¹⁾
	Sales and Use Tax Revenue Bonds	Certificates of Participation	Capital Leases	Grant/ Program Revenue Notes	Total Governmental Activities Debt	Capital Leases			
2007	\$ 6,005,000	\$ 59,583,339	\$ 1,800,276	\$ 3,742,000	\$ 71,130,615	\$ -	\$ 71,130,615	1.82%	\$ 501
2008	4,910,000	56,332,697	1,555,244	6,519,000	69,316,941	-	69,316,941	1.71%	485
2009	3,800,000	52,822,055	3,678,543	6,276,757	66,577,355	213,271	66,790,626	1.70%	463
2010	2,565,000	49,166,413	3,418,711	5,836,030	60,986,154	167,744	61,153,898	1.51%	427
2011	1,300,000	45,275,771	3,107,563	5,472,119	55,155,453	119,191	55,274,644	1.32%	383
2012	-	41,220,129	2,905,926	5,145,052	49,271,107	67,413	49,338,520	1.17%	339
2013	-	36,999,487	2,689,857	4,765,305	44,454,649	-	44,454,649	0.98%	302
2014	-	33,323,846	3,415,224	4,399,373	41,138,443	-	41,138,443	0.85%	274
2015	-	29,493,205	3,089,320	3,979,232	36,561,757	-	36,561,757	0.73%	239
2016	-	25,507,564	2,741,723	3,534,209	31,783,496	-	31,783,496	0.60%	205

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 16 for personal income and population data.

Source: City's Comprehensive Annual Financial Report

CITY OF LAKEWOOD, COLORADO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011
General bonded debt outstanding:					
General obligation bonds ⁽¹⁾	\$ --	\$ --	\$ --	\$ --	\$ --
Percentage of estimated actual property value ⁽²⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Per capita ⁽³⁾	\$ --	\$ --	\$ --	\$ --	\$ --
Legal debt limit ⁽⁴⁾	\$ 422,910,024	\$ 446,819,172	\$ 450,557,735	\$ 446,346,966	\$ 443,489,514
Legal debt margin ⁽⁵⁾	\$ 422,910,024	\$ 446,819,172	\$ 450,557,735	\$ 446,346,966	\$ 443,489,514
Legal debt margin as a percentage of the debt limit	100.00%	100.00%	100.00%	100.00%	100.00%

⁽¹⁾ No amounts have been restricted to the repayment of the principal of these general obligation bonds.

⁽²⁾ Property value data can be found in Schedule 8, Assessed Value and Actual Value of Taxable Property.

⁽³⁾ Population data can be found in Schedule 16, Economic and Demographic Indicators.

⁽⁴⁾ State statutes limit the City's outstanding general debt to no more than 3% of the estimated actual property value.

⁽⁵⁾ The legal debt margin is the City's available borrowing authority under state statutes and is calculated by subtracting the net debt applicable to the legal debt limit (general obligation debt) from the legal debt limit.

Source: City's Comprehensive Annual Financial Report

Schedule 13

2012		2013		2014		2015		2016	
\$	--	\$	--	\$	--	\$	--	\$	--
	0.00%		0.00%		0.00%		0.00%		0.00%
\$	--	\$	--	\$	--	\$	--	\$	--
\$	422,526,195	\$	431,724,997	\$	435,569,189	\$	525,304,491	\$	532,508,235
\$	422,526,195	\$	431,724,997	\$	435,569,189	\$	525,304,491	\$	532,508,235
	100.00%		100.00%		100.00%		100.00%		100.00%

CITY OF LAKEWOOD, COLORADO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Bowles Metropolitan District	\$ 20,925,000	42.29%	\$ 8,849,183
Denver West Metropolitan District	49,176,527	82.47%	40,555,882
Denver West Metropolitan District EX 04	1,122,374	88.47%	992,964
Denver West Metropolitan District EX 14	889,925	100.00%	889,925
Denver West Metropolitan District EX 98	656,174	0.01%	66
Denver West Promenade Metro District	4,975,000	100.00%	4,975,000
Foothills Recreation & Park District Sub A	7,547,600	1.57%	118,497
Fossil Ridge Metropolitan District 1	8,190,000	100.00%	8,190,000
Fossil Ridge Metropolitan District 3	20,955,000	99.51%	20,852,321
Jefferson County R-1 School District	386,225,000	23.67%	91,419,458
Mount Carbon Metropolitan District	16,000,000	100.00%	16,000,000
Prospect Recreation and Park District	9,000,000	18.70%	1,683,000
Section 14 Metropolitan District	2,820,000	32.38%	913,116
West Colfax Avenue Corridor - Lakewood Reinvestment Authority (LRA)	1,936,209	100.00%	1,936,209
West Metro Fire Protection District	28,255,000	55.29%	15,622,190
Other debt:			
Foothills Recreation & Park District Sub A	19,125,000	1.57%	300,263
Fossil Ridge Metropolitan District 1	49,134,153	100.00%	49,134,153
Indiana Valley Metropolitan District	41,450,000	99.63%	41,296,635
Jefferson County	130,619,905	23.67%	30,917,732
Jefferson County R-1 School District	71,250,000	23.67%	16,864,875
Plaza Metropolitan District 1	83,079,662	100.00%	83,079,662
Pleasant View Metropolitan District	46,640	57.75%	26,935
Pleasant View Water & Sanitation District	790,000	54.80%	432,920
South Sheridan Water, Sanitary Sewer and Storm Drainage District	3,593,567	97.34%	3,497,978
West Metro Fire Protection District	1,457,063	55.29%	805,610
Subtotal, overlapping debt	959,219,799		439,354,574
City direct debt	29,847,287	100.00%	29,847,287
Total direct and overlapping debt	\$ 989,067,086		\$ 469,201,861

Note: Overlapping governments are those that impose property taxes that coincide, at least in part, with geographic boundaries of the City of Lakewood (the City). This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. The estimated percentage applicable is calculated using an estimated assessed value located within the City divided by the total Assessed Valuation of each area as provided by Jefferson County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

Sources: Debt outstanding provided by each governmental unit

Assessed values used to determine percentage provided by Jefferson County Assessor's Office

CITY OF LAKEWOOD, COLORADO
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Lakewood Reinvestment Authority (LRA)						
LRA Station Betterments Loan						
Fiscal Year	LRA Property Tax Revenues		Required Debt Service		Total	Coverage
			Principal ⁽¹⁾	Interest		
2010	\$	408,069	\$ 72,729	\$ 177,805	\$ 250,534	1.63
2011		298,136	85,911	164,050	249,961	1.19
2012		296,813	70,510	169,661	240,171	1.24
2013		396,576	88,079	124,769	212,848	1.86
2014		398,791	95,390	117,458	212,848	1.87
2015		240,726	101,141	111,707	212,848	1.13
2016		271,840	133,127	79,721	212,848	1.28

⁽¹⁾ The principal payments above are the required principal payments per year. However, the Authority Board chose to make additional principal payments as outlined below:

2010	\$ 150,000
2011	50,000
2012	18,557
2013	43,668
2014	12,542
2015	50,000
2016	32,896

Source: City's Comprehensive Annual Financial Report

CITY OF LAKEWOOD, COLORADO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	Education Level in Years of Schooling ⁽⁴⁾	K-12 School Enrollment ⁽⁵⁾	Unemployment Rate (%) ⁽⁶⁾
2007	141,919	\$ 3,901,495,229	27,491	40	13.6	20,759	4.0
2008	143,055	4,045,881,510	28,282	39	13.8	20,406	5.2
2009	144,116	3,927,161,000	27,250	40	14.0	21,229	7.6
2010	143,209	4,040,069,099	28,211	40	13.8	21,191	8.4
2011	144,331	4,193,970,198	29,058	39	13.9	21,170	8.7
2012	145,681	4,229,847,835	29,035	39	14.0	20,812	7.9
2013	147,228	4,522,844,160	30,720	39	14.0	21,266	6.7
2014	149,924	4,815,259,032	32,118	39	14.0	21,083	5.1
2015	153,024	5,010,923,904	32,746	38	14.0	20,944	3.9
2016	154,796	5,267,398,288	34,028	38	14.1	20,768	3.2

Sources for the data are listed below:

⁽¹⁾ Colorado Department of Local Government, State Demography Office - latest fiscal year is always an estimate

⁽²⁾ Lakewood Finance Department estimate using data from the U.S. Census Bureau and Bureau of Economic Analysis

⁽³⁾ U.S. Census Bureau, American Fact Finder, American Community Survey 5 year - for 2016 used 2011-2015

⁽⁴⁾ Lakewood Finance Department estimate using data from the U.S. Census Bureau, American Fact Finder, American Community Survey 5 year - for 2016 used 2011-2015

⁽⁵⁾ Colorado Department of Education

⁽⁶⁾ U.S. Department of Labor, Bureau of Labor Statistics

CITY OF LAKEWOOD, COLORADO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Denver Federal Center	8,000	1	9.61%	6,200	1	8.07%
Jefferson County R-1 School District	3,020	2	3.63%	4,257	2	5.54%
St. Anthony Medical Campus	2,600	3	3.12%			
Terumo BCT ⁽¹⁾	2,275	4	2.73%	1,555	3	2.02%
First Bank	1,135	5	1.36%	703	7	0.92%
Home Advisor ⁽²⁾	1,070	6	1.29%	732	6	0.95%
State of Colorado (various departments)	1,050	7	1.26%			
City of Lakewood	898	8	1.08%	966	4	1.26%
Developmentally Disabled Resource Center	500	9	0.60%			
Red Rocks Community College	425	10	0.51%			
MoneyGram International				900	5	1.17%
National Renewable Energy Laboratory ⁽³⁾				600	8	0.78%
The Integer Group				573	9	0.75%
AON Innovative Solutions ⁽⁴⁾				490	10	0.64%
Kaiser Permanente						
Lockheed Martin-Orion Project Offices ⁽³⁾						
West Metro Fire Protection and Rescue						

⁽¹⁾ Terumo BCT was formerly known as Caridian BCT formerly known as Gambro

⁽²⁾ Home Advisor was formerly known as Service Magic

⁽³⁾ Offices in Lakewood

⁽⁴⁾ AON Innovative Solutions was formerly known as The Warranty Group

Sources: City of Lakewood Economic Development Division
American Fact Finder (U.S. Census Bureau) for total employed

CITY OF LAKEWOOD, COLORADO
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT
LAST TEN FISCAL YEARS

Department	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
Mayor and City Council	0.05	1.00	1.00	0.54	--
City Manager's Office ⁽¹⁾	18.07	17.80	16.64	15.85	16.37
City Attorney's Office	11.18	10.87	10.80	10.56	10.70
City Clerk's Office	7.56	7.73	7.74	7.68	8.73
Lakewood Reinvestment Authority	0.77	1.25	1.28	0.94	1.07
Community Resources ⁽¹⁾	175.68	179.06	180.58	175.36	174.48
Employee Relations	12.59	12.76	13.74	13.49	13.67
Finance	30.53	32.74	34.00	32.73	29.57
Information Technology	19.14	25.82	27.04	27.17	26.60
Municipal Court	28.49	27.56	27.91	26.98	26.38
Planning	16.20	13.00	13.00	12.67	14.15
Police ⁽¹⁾	402.88	428.45	420.25	412.59	411.11
Public Works	115.87	117.33	115.12	112.34	112.24
Total	839.01	875.37	869.10	848.90	845.07

⁽¹⁾ Numbers have been restated due to reorganization completed in 2009.

Note: The numbers above reflect actual hours worked from the City's financial payroll data. They do not reflect the City's authorized or vacant positions.

Source: The City of Lakewood's Payroll System

Schedule 18

December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
--	--	--	--	--
15.65	19.12	18.46	17.68	19.22
10.75	10.80	10.07	10.68	10.77
7.78	8.91	8.99	8.11	8.11
1.13	1.13	1.13	0.43	0.10
170.99	167.44	192.58	191.87	191.67
13.71	13.29	14.36	13.29	12.68
27.87	28.74	32.09	32.75	32.40
26.09	25.52	26.25	27.37	28.60
29.81	30.00	30.27	30.57	30.34
14.79	15.44	15.91	16.99	17.21
390.93	403.87	409.38	406.10	407.00
113.87	110.96	113.40	113.23	114.08
823.37	835.22	872.89	869.07	872.18

CITY OF LAKEWOOD, COLORADO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
Building Department					
Permits ⁽¹⁾ issued:					
Building	1,253	1,178	1,155	1,447	1,434
Other (electrical, plumbing, (mechanical, sign, miscellaneous)	6,032	5,907	17,270	10,687	10,914
Municipal Court					
Cases received	20,554	20,902	19,159	19,336	20,780
Public Safety					
Physical arrests	7,092	6,782	5,979	5,738	5,557
Parking violations	3,033	2,077	2,295	2,297	1,952
Traffic violations	22,364	23,301	19,163	18,288	19,797
Public Works					
Highways and Streets					
Street resurfacing (miles)	27.82	24.43	30.70	43.00	47.00
Potholes repaired	1,000-1,200	1,000-1,200	1,000-1,200	800-1,000	800-1,000
Water					
New connections	3	0	0	0	1
Average daily consumption (gallons)	664,030	635,474	578,203	610,989	585,800
Sewer					
New connections	9	2	2	6	4
Average daily treatment (gallons)	3,410,904	3,097,479	3,466,110	3,188,329	2,827,589
Culture and Recreation					
Rounds of golf (two courses)	107,654	104,256	96,971	96,533	93,157
Cultural admissions (paid and unpaid)	129,551	124,860	124,752	127,888	138,587

Note: Indicators are not available for the general government function except as indicated above for the Building Department and Municipal Court.

⁽¹⁾ The increase in permits for 2009 through 2011 was due to a large number of re-roofing and re-siding permits after major hailstorms in 2009 and 2010.

Source: City of Lakewood Public Works Department, Municipal Court, Police Department, and Community Resources Department

Schedule 19

December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
1,610	1,915	2,175	2,322	2,303
7,943	7,141	9,131	9,621	9,891
17,849	18,228	19,519	19,811	17,609
5,129	5,262	5,625	5,560	5,688
1,916	2,260	2,093	2,942	3,420
15,805	16,446	14,382	12,882	11,874
46.00	54.60	55.04	62.30	60.00
800-1,000	800-1,000	900-1,000	1,800-2,000	2,186
0	8	0	25	12
586,795	547,351	540,556	534,833	534,833
5	12	13	10	8
2,496,685	2,536,493	2,691,397	3,094,274	2,823,890
102,126	98,205	102,553	103,979	104,791
130,716	139,655	171,093	177,043	186,072

CITY OF LAKEWOOD, COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
General Government					
Area (square miles)	44.022	44.022	44.022	44.022	44.022
Public Safety					
Number of police stations	2	2	2	2	2
Public Works					
Highways and Streets					
Streets (miles)	546	546	547	547	540
Streetlights	7,859	7,865	7,901	7,899	7,869
Traffic signals	193	195	196	199	199
Water					
Number of taps	728	728	730	730	731
Water mains (miles)	14	14	14	14	14
Sewer					
Number of taps	6,711	6,713	6,850	6,864	6,868
Sewer mains (miles)	106	106	106	106	106
Stormwater					
Stormwater mains (miles)	227	228	228	228	228
Culture and Recreation					
Number of parks	98	99	99	99	98
Park acreage	7,127	7,146	7,146	7,162	7,152
Playgrounds	46	46	46	53	53
Athletic fields ⁽¹⁾	56	56	57	57	57
Tennis courts	39	39	39	37	36
Basketball courts (outdoor)	32	32	32	32	32
Recreation centers	4	4	4	4	4
Outdoor swimming pools	3	3	3	3	3
Cultural centers	3	3	3	3	3
Golf courses	2	2	2	2	2

⁽¹⁾ Athletic fields include baseball/softball diamonds and football/soccer fields. Some of the fields are multi-use depending on the season.

Source: City of Lakewood Property Management Division, Public Works Department, and Community Resources Department

Schedule 20

December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
44.022	44.210	44.210	44.210	44.210
2	2	2	2	2
542	543	543	543	543
7,827	7,823	7,812	7,868	7,878
200	200	201	201	201
731	739	739	764	791
14	14	14	23	23
6,873	6,870	6,890	6,900	6,879
106	106	106	133	133
228	228	228	325	325
99	99	99	99	99
7,163	7,163	7,163	7,163	7,163
57	58	58	58	58
57	56	56	56	56
36	34	34	34	34
32	32	32	32	32
4	4	4	4	4
3	3	3	3	3
3	3	3	3	3
2	2	2	2	2



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COMPLIANCE SECTION

SINGLE AUDIT

Schedule of Expenditures of Federal Awards, which is required for all state and local governments with more than \$500,000 of federal expenditures.

OTHER REPORTS

Local Highway Finance Report, which is an annual statement of receipts and expenditures required to be submitted annually to the Colorado Department of Transportation as part of the mileage certification process.



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

Honorable Mayor and Members of City Council
City of Lakewood
Lakewood, 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, each major fund, and the aggregate remaining fund information of the City of Lakewood, Colorado (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 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (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 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 entity'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 or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anton Collins Mitchell LLP

Denver, Colorado
June 29, 2017



Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lakewood, Colorado'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 each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are 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, 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 each of the City's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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.

Anton Collins Mitchell LLP

Denver, Colorado
June 29, 2017

CITY OF LAKEWOOD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
93.600	Head Start

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

CITY OF LAKEWOOD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2016

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – Prior Year Findings

There were no findings in the prior year that were required to be reported.

CITY OF LAKEWOOD, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.218		\$ 687,801	\$ 88,004
Home Investment Partnerships Program	14.239		2,955	2,000
Total U.S. Department of Housing and Urban Development			<u>690,756</u>	<u>90,004</u>
U.S. Department of the Interior				
Historic Preservation Fund Grants-In-Aid	15.904		<u>3,652</u>	
U.S. Department of Justice				
Edward Byrne Memorial Justice Assistance Grant	16.738		81,486	
Colorado Internet Crimes Against Children	16.543		9,065	
Passed through City and County of Denver				
Project Safe Neighborhoods	16.609	2014-GP-BX-0013	<u>4,552</u>	
Total U.S. Department of Justice			<u>95,103</u>	
U.S. Department of Health and Human Services				
Head Start	93.600		<u>1,002,974</u>	
U.S. Department of Agriculture				
Passed through Colorado Department of Public Health and Environment				
Child and Adult Care Food Program	10.558	10-03080	<u>85,849</u>	
U.S. Department of Transportation				
Passed through Colorado Department of Transportation				
		SHE M760-040		
Highway Planning and Construction	20.205	STA M760-042	1,297,187	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	17-HTR-ZL-00150	22,673	
		15NHTSA405B.6102		
State and Community Highway Safety	20.600	16NHTSA405B.6102	8,683	
		16NHTSA405D1105		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	ST438-438	<u>75,825</u>	
Total U.S. Department of Transportation			<u>1,404,368</u>	
U.S. Department of Homeland Security				
Passed through Colorado Department of Local Affairs				
Emergency Management Performance Grants	97.042	16EM-17-90	<u>45,000</u>	
U.S. Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>25,096</u>	
Executive Office of the President				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001		<u>244,880</u>	
Total Expenditures of Federal Awards			<u>\$ 3,597,678</u>	<u>\$ 90,004</u>

See the accompanying Independent Auditor's Report.



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CITY OF LAKEWOOD, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

NOTE 2– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance, because the City does not use an indirect cost allocation.

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		CITY OF LAKEWOOD, COLORADO
		YEAR ENDING : December 31, 2016
This Information From The Records Of City of Lakewood, Colorado	Prepared By:	Peggy Starr
	Phone:	303-987-7664

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	9,239,435
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,812,875
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,531,256
2. General fund appropriations	2,058,300	b. Snow and ice removal	1,119,955
3. Other local imposts (from page 2)	14,009,249	c. Other	2,609,557
4. Miscellaneous local receipts (from page 2)	1,602,952	d. Total (a. through c.)	6,260,768
5. Transfers from toll facilities		4. General administration & miscellaneous	612,703
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,810,500
a. Bonds - Original Issues		6. Total (1 through 5)	24,736,281
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	17,670,501	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	5,825,486	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,240,294	a. Interest	
E. Total receipts (A.7 + B + C + D)	24,736,281	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)	24,736,281

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		24,736,281	24,736,281		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		CITY OF LAKEWOOD, COLORADO	
		YEAR ENDING (mm/yy): December 31, 2016	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	316,819
b. Other local imposts:		b. Traffic Fines & Penalties	1,037,794
1. Sales Taxes	12,127,462	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	960
3. Liens		e. Sale of Surplus Property	
4. Licenses	398,770	f. Charges for Services	
5. Specific Ownership &/or Other	1,483,017	g. Other Misc. Receipts	247,379
6. Total (1. through 5.)	14,009,249	h. Other	
c. Total (a. + b.)	14,009,249	i. Total (a. through h.)	1,602,952
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,895,724	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	496,646	d. Federal Transit Admin	
d. Other (Specify) - Grants	98,428	e. U.S. Corps of Engineers	
e. Other (Specify) - FASTER/Signal Ma	1,334,688	f. Other Federal	1,240,294
f. Total (a. through e.)	1,929,762	g. Total (a. through f.)	1,240,294
4. Total (1. + 2. + 3.f)	5,825,486	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		265,354	265,354
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		127,214	127,214
(3). System Preservation		7,100,498	7,100,498
(4). System Enhancement & Operation		1,746,369	1,746,369
(5). Total Construction (1) + (2) + (3) + (4)	0	8,974,081	8,974,081
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	9,239,435	9,239,435
		(Carry forward to page 1)	
Notes and Comments:			



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