



Comprehensive Annual Financial Report

For the Year Ended December 31, 2016



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City of Thornton, Colorado
Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2016

Prepared by the Finance Department

City of Thornton, Colorado

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Civic Center
9500 Civic Center Drive
Thornton, Colorado 80229-4326

City Manager's Office
303-538-7200
FAX 303-538-7562
www.cityofthornton.net

May 25, 2017

To the Honorable Mayor, City Council and Citizens of the City of Thornton:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Thornton (the City) for the year ended December 31, 2016. This report was prepared by the City's Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information contained in this report.

To provide a reasonable basis for these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2016, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit evidence obtained, that there was a sufficient and appropriate basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2016, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal agencies that provide significant grant funds to the City. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls especially as they relate to the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

Incorporated in 1956, the City has operated since 1961 under a council-manager form of government and became a Home-Rule City in 1967. The City Manager, the City Attorney and the Municipal Judge are appointed by the City Council. The City employs approximately 937 full-time employees. The City is a full-service municipality providing police and fire protection, ambulance services, infrastructure construction and maintenance, city planning and development, recreational facilities and services and operates the Thorncreek Golf Course. In addition, the City provides water, sanitary sewer, and solid waste collection all of which are reported as enterprise operations.

Profile of the Government (Continued)

The City, encompassing 37 square miles, is located in Adams County in the northeast Denver Metropolitan area. The City is a suburban community of 134,149 residents with a retail-oriented business sector and some light industrial businesses.

Major Initiatives

In response to the growing needs of the community, City Council initiated and continued multiple projects and programs during 2016 including the following:

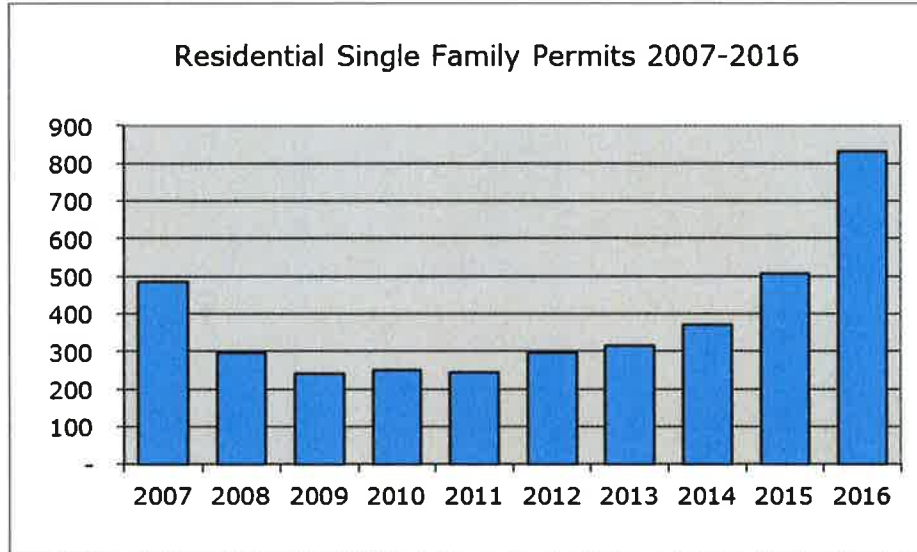
- Continued to work with the Regional Transportation District (RTD) on the North Metro Rail Line, or N Line, which will provide commuter rail service from Union Station north through Denver, Commerce City, Thornton, and Northglenn. Four stations will serve Thornton residents, including Original Thornton (88th Avenue), Thornton Crossroads (104th Avenue), Northglenn (112th Avenue), and Eastlake (124th Avenue). The line will open in 2018.
- Completed construction on transportation improvements related to the N Line, including the relocation of Welby Road and Claude Court. Moving forward, work will continue on other transportation improvements and trail connections to ensure that Thornton residents can access the commuter rail line stations.
- Continued work on the City's long-term water supply project, the Thornton Water Project. The project, when completed, will bring water from northern Colorado into Thornton in order to provide a reliable supply of water for current and future residents and businesses. In 2016, the City continued working to select the final alignment and began the land acquisition process.
- Made significant progress on the replacement of the Thornton Water Treatment Plant near Thornton Parkway and Washington Street. The existing facility is nearing the end of its useful life, and the project constructs a new \$75,000,000 plant on land immediately east of the existing treatment plant. Design and land acquisition began in 2016.
- Continued to invest in new park and recreational amenities for residents. Design continued on the future Trail Winds Recreation Center. Once completed, the recreation center will be the City's second full-service recreation center, and will include an indoor aquatics area, gymnasium, and fitness area, among other amenities. Work also continued on the Thorncreek Golf Course renovation, and a new four-plex baseball complex at 98th Avenue and Riverdale Road.
- Received \$633,486 in Community Development Block Grant (CDBG) funding, which funds a minor home repair program, a major home repair loan program, support for victims of domestic violence, drainage improvements in a low-income neighborhood in southeast Thornton, infrastructure improvements for a future affordable housing complex near the Thornton Crossroads commuter rail station, and accessibility improvements at an affordable apartment complex.
- Began work on the Public Safety Building at 132nd Avenue and Quebec Street. The building will house Fire Station #6 and a police substation. Design and initial site preparation began in 2016; construction will begin in 2017 and continue in 2018.
- Approved hiring 50 Police Officers in order to maintain a ratio of 1.7 Sworn Police positions per 1,000 residents.

Factors Affecting Financial Condition

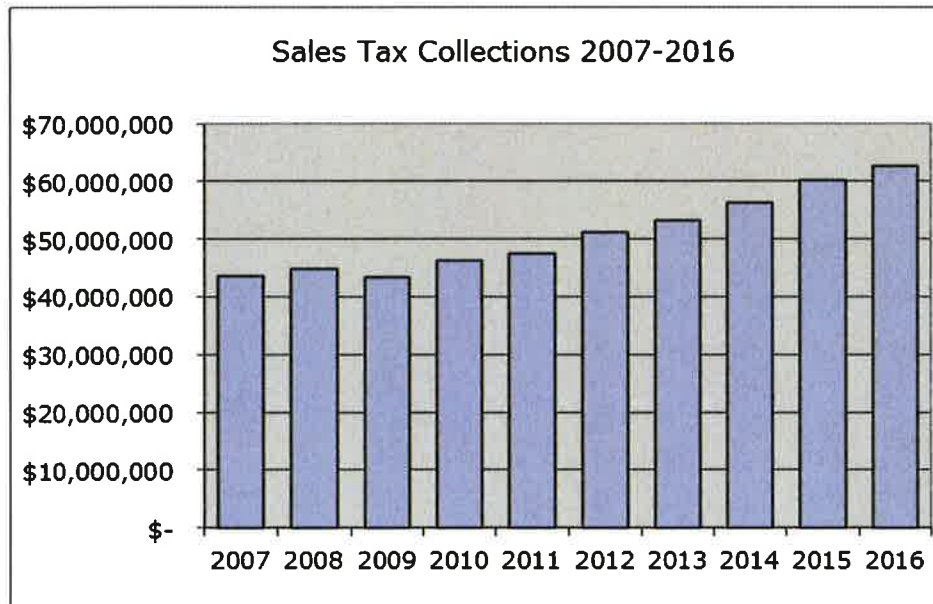
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

Commercial and residential construction within the City accelerated in 2016. The City issued 832 new single family permits (attached and detached) for residential construction with an estimated value of \$258,244,042 and 19 permits for new commercial construction with an estimated value of \$17,693,946.

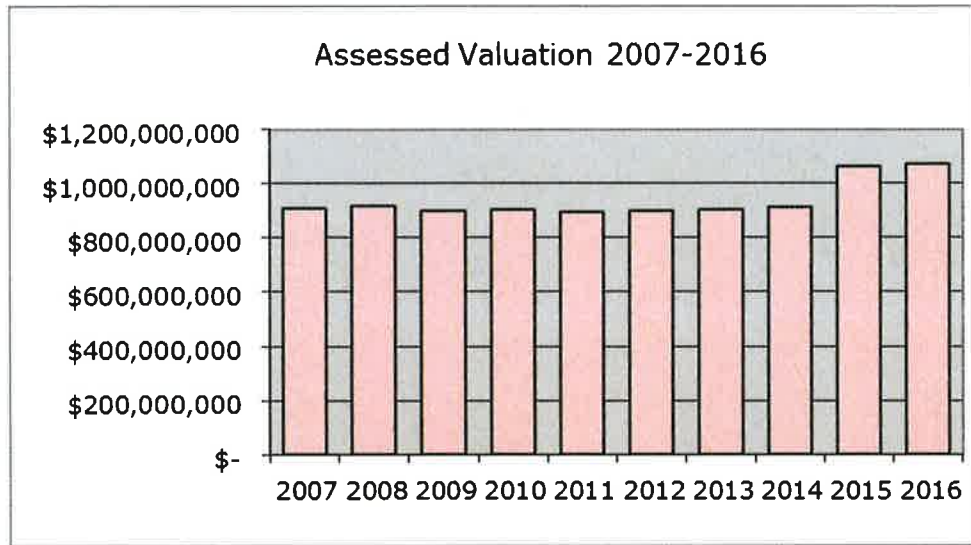


Sales tax collections in 2016 (including retail and audit assessments), the largest single revenue stream received by the general government, totaled \$62,651,717. Sales tax collections increased 4.1% over 2015.



Local Economy (Continued)

Property values increased 0.9% from 2015, totaling \$1,071,508,430 in assessed value for 2016. The property taxes associated with this assessed valuation will be collected in 2017. The assessed value is 16.7% above the pre-housing crash 2008 valuation of \$918,468,770.



Long Term Financial Planning

The City’s financial policies related to fund balances and cash reserves are set by Council. The Council conducts periodic reviews of the fund balance policy and revises as needed to ensure Thornton is financially sustainable and able to meet established service levels, and to ensure the City is following recommended best practices in the government finance industry. The General Fund reserve is 17% of the current year budget. Utilization of this reserve requires a two-thirds affirmative vote of Council. In the event that a cash reserve is utilized or the level falls below the amount set forth by policy, the City Council will approve a plan within two years of such event to restore levels to the required amount. In addition to the General Fund, the City maintains financial policies (related to fund balances and cash reserves) for the Governmental Capital Fund, the utility enterprise funds (including Water, Sewer, and Sanitation), and the Risk Fund (self-insurance fund).

Credit Ratings

To achieve the lowest possible interest rates and to be sure it has the widest markets for its bonds, the City often obtains credit ratings from two of the major rating services (Moody’s and Standard & Poor’s). Stronger ratings result in lower interest rates and reduce the cost to taxpayers and users of City services. The City’s underlying bond ratings for all outstanding issues are as follows:

Issue	Moody's	Standard & Poor's
Sales and Use Tax Bonds	Aa3	AA+
Certificates of Participation	Aa3	AA-
Water Revenue Refunding Bonds	Aa2	AA
North Washington Urban Renewal Refunding Bonds	NR	A
Thornton Development Authority 144th and I-25 Urban Renewal Bonds	NR	A

Credit Ratings (Continued)

Credit rating agencies base their ratings of the City's general government debt on a combination of factors. These key factors include debt burden, economic characteristics, government organization, and financial performance. The agencies do not view any one factor as most important. They weigh strengths and weaknesses in each area within the context of potential impact on the issuer's ability and willingness to repay the debt.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2015. This is the thirty-first consecutive year the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and we would like to express our sincere appreciation to them for the contributions made in the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Sincerely,



Jeffrey B. Coder
Acting City Manager



Maria Ostrom, CPA
Finance Director

Thornton City Officials

As of December 31, 2016

Mayor and City Council

Mayor Heidi K. Williams

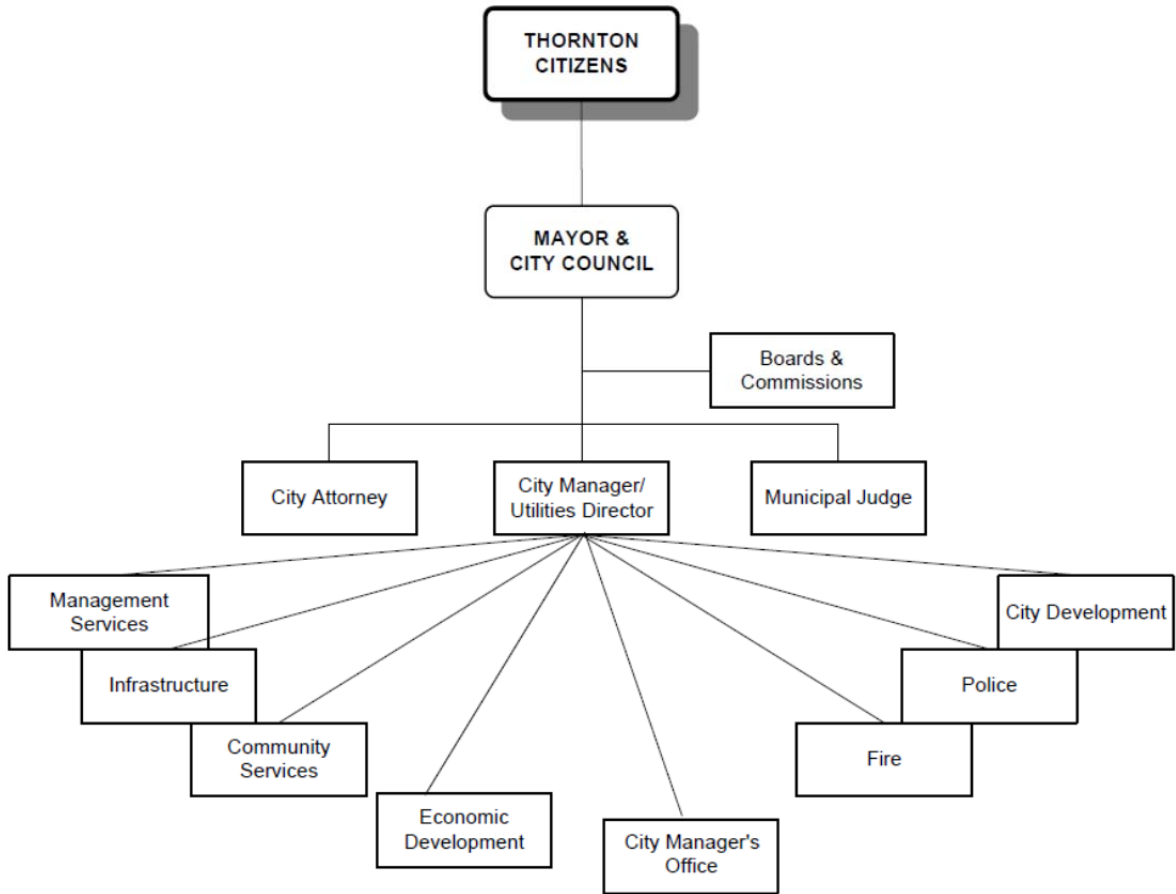
Council Members

Ward 1	Mack Goodman
Ward 1	Jacque Phillips
Ward 2	Eric Montoya
Ward 2	Val Vigil
Ward 3	Sam Nizam
Ward 3	Josh Zygielbaum
Ward 4	Janifer Kulmann
Ward 4	Adam Matkowsky

Administrative

City Manager	Jack Ethredge
City Attorney	Luis Corchado
Municipal Judge	Charles Rose
Assistant City Manager	Joyce Hunt
Deputy City Manager – City Development	Jeff Coder
Executive Director – Infrastructure	Brett Henry
Deputy City Manager – Management Services	Charlie Long
Assistant Executive Director – Management Services	Chris Molison
Executive Director – Community Services	Mike Soderberg
Executive Director – Police Chief	Randy Nelson
Fire Chief	Gordie Olson
Director – Economic Development	John Cody
Director – Finance	Maria Ostrom
Director – Management and Budget	Robb Kolstad
City Clerk	Nancy Vincent
Director – Communications	Todd Barnes
Controller	Kim Newhart

City Government Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Thornton
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



Independent Auditor's Report

To the Mayor and City Council
City of Thornton, 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 Thornton, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 Thornton, 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 comparisons and pension information on pages 5 through 11 and 58 through 63, 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 Thornton, Colorado's financial statements. The introductory section, combining nonmajor fund financial statements, individual budget schedules, schedule of investments, Local Highway Finance Report, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budget schedules, schedule of investments and Local Highway Finance Report on pages 68 through 109 were derived from and relate 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 combining and individual nonmajor fund financial statements are 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 *Government Auditing Standards*, we have also issued our report dated May 25, 2017 on our consideration of the City of Thornton, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Thornton's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
May 25, 2017

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City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2016

As management of the City of Thornton ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report, and the City's financial statements which follow this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,096,139,234. This total is divided between Governmental Activities of \$392,951,483 and Business-type Activities of \$703,187,751.
- The City's total net position increased by \$56,606,582. This total is divided between an increase in Governmental Activities of \$13,393,020 and an increase in Business-type Activities of \$43,213,562.
- The City's Governmental Activities show revenues of \$165,896,432. The largest revenue source is sales and use taxes (\$96,446,874) followed by capital grants and contributions (\$20,359,352) and charges for services (\$18,033,942). Charges for services consists of license, permits and inspection fees (\$4,959,615, 27.5%), recreation and related charges (\$4,618,089, 25.6%), the administrative fee charged to the enterprise funds (\$4,344,500, 24.1%), ambulance charges (\$2,128,364, 11.8%), fines and forfeitures (\$1,249,962, 6.9%), and other miscellaneous charges (\$733,412, 4.1%). The Governmental expenses were \$152,503,412. More details are provided in the Government-wide Financial Analysis section.
- The City's Business-type Activities show revenues of \$97,839,678. The largest revenue source is charges for services (\$62,108,439) followed by capital grants and contributions (\$29,850,742). Capital grants and contributions consists of payments for connections to the City's water and sewer systems (\$24,273,523, 81.3%), and infrastructure donated to the City by developers (\$5,061,182, 17.0%), and grants (\$516,037, 1.7%). The Business-type expenses were \$54,626,116. More details are provided in the Government-wide Financial Analysis section.
- The total fund balance for the General Fund increased by \$2,527,497, (10.2%) from prior year. City Council policy requires the General Fund to maintain a total fund balance at an amount equal to 17% of the current year budget, and TABOR reserve per State Statute. At the end of the current fiscal year, total fund balance was \$27,335,567, or 24.2% of General Fund budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, city development, streets traffic and engineering, and community services. The business-type activities of the City include water, sewer, and sanitation.

The government-wide financial statements can be found on pages 14-15 of this report.

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2016

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Governmental Capital Fund which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, which can be found on page 58 of this report.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City maintains two different types of proprietary funds; enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, and sanitation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses five internal service funds: Risk Management to account for the costs related to a comprehensive program to manage the City's property, liability, work related injury risk, dental and vision; Information Technology to account for computer support and maintenance; Reprographics to account for copying and mailing; the Consolidated Service Center to account for fuel purchased and utilized by Adams County School District 12; and Maintenance Services to account for custodial and building maintenance service costs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Sanitation Funds. Only the Water and Sewer Funds are considered to be major funds of the City. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the basic financial statements. Combining statements and budgetary schedules can be found on pages 68-104 of this report. The Schedule of Investments and Local Highway Finance Report can be found in other schedules on pages 107-109 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$1,096,139,234 at the close of the most recent fiscal year (see Table 1).

City of Thornton, Colorado
Management's Discussion and Analysis
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Government-wide Financial Analysis (Continued)

By far the largest portion of the City's net position (74.8%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (1.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$265,457,846) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances of net position; both for the government as a whole, as well as for its separate governmental and business-type activities.

Table 1
 Net Position
 As of December 31,

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 192,088,584	\$ 184,541,550	\$ 151,471,040	\$ 124,308,814	\$ 343,559,624	\$ 308,850,364
Capital assets	323,795,676	318,681,697	598,733,650	583,514,756	922,529,326	902,196,453
Total assets	515,884,260	503,223,247	750,204,690	707,823,570	1,266,088,950	1,211,046,817
Deferred outflows of resources	705,415	642,818	2,065,595	2,180,884	2,771,010	2,823,702
Long-term liabilities outstanding	63,546,481	71,877,708	42,989,576	44,541,555	106,536,057	116,419,263
Other liabilities	45,262,116	37,842,976	6,092,958	5,488,710	51,355,074	43,331,686
Total liabilities	108,808,597	109,720,684	49,082,534	50,030,265	157,891,131	159,750,949
Deferred inflows of resources	14,829,595	14,586,918	-	-	14,829,595	14,586,918
Net position:						
Net investment in capital assets	259,179,659	247,691,323	560,279,776	543,600,154	819,459,435	791,291,477
Restricted	8,241,309	8,062,689	2,980,644	2,976,894	11,221,953	11,039,583
Unrestricted	125,530,515	123,804,451	139,927,331	113,397,141	265,457,846	237,201,592
Total net position	\$ 392,951,483	\$ 379,558,463	\$ 703,187,751	\$ 659,974,189	\$ 1,096,139,234	\$ 1,039,532,652

The government's net position increased by \$56,606,582 during the current fiscal year. This increase is primarily due to revenues exceeding expenses (179.1%) for business-type activities which are explained below.

Governmental activities. Below is information regarding Governmental activities (see Table 2).

- Governmental activities increased the City's net position by \$13,393,020.
- Sales and use taxes (\$96,446,874, 58.1% of total revenues), capital grants and contributions (\$20,359,352, 12.3% of total revenues) and charges for services (\$18,033,942, 10.9% of total revenues) represent the three largest inflows.
- Governmental revenues increased by \$9,085,294 (5.8%) from 2015. Population growth, a sustained increase in residential development and market improvement in real property values are the primary reasons for this increase. Sales and use taxes (\$4,471,383), capital grants and contributions (\$3,991,038), and property taxes (\$1,931,728), represent the largest increases for a total of \$10,394,149 which was offset by a decline in earnings on investments (\$1,457,234) primarily due to a loss on the sale of land held for resale.
- Governmental expenses increased by \$9,074,679 (6.3%) from 2015. Fire protection and ambulance services expenditures increased \$4,394,611 primarily related to a pension plan liability increase and eight new positions to staff an additional medic unit at Fire Station #1. General Government expenditures increased \$2,955,100, which included cost to complete soil mitigation work at the Justice Center.

City of Thornton, Colorado
Management's Discussion and Analysis
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Table 2
Changes in Net Position
For Years Ended December 31,

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 18,033,942	\$ 17,472,604	\$ 62,108,439	\$ 53,563,660	\$ 80,142,381	\$ 71,036,264
Operating grants and contributions	5,941,237	5,958,882	-	-	5,941,237	5,958,882
Capital grants and contributions	20,359,352	16,368,314	29,850,742	15,915,139	50,210,094	32,283,453
General revenues:						
Sales and use taxes	96,446,874	91,975,491	-	-	96,446,874	91,975,491
Property taxes	14,503,019	12,571,291	-	-	14,503,019	12,571,291
Franchise taxes	5,387,163	5,308,812	-	-	5,387,163	5,308,812
E911 taxes	1,072,485	1,038,442	-	-	1,072,485	1,038,442
Other taxes	2,414,341	2,264,872	-	-	2,414,341	2,264,872
Earnings on investments	56,183	1,513,417	948,963	1,553,374	1,005,146	3,066,791
Gain on sale of assets	188,110	152,381	722,012	5,038,541	910,122	5,190,922
Miscellaneous	1,493,726	2,186,632	4,209,522	3,845,011	5,703,248	6,031,643
Total revenues	<u>165,896,432</u>	<u>156,811,138</u>	<u>97,839,678</u>	<u>79,915,725</u>	<u>263,736,110</u>	<u>236,726,863</u>
Expenses:						
General government	21,317,628	18,362,528	-	-	21,317,628	18,362,528
Police	32,573,830	30,700,874	-	-	32,573,830	30,700,874
Fire	18,718,470	14,323,859	-	-	18,718,470	14,323,859
City development	16,511,773	15,937,319	-	-	16,511,773	15,937,319
Streets, traffic, and engineering	33,737,170	33,558,931	-	-	33,737,170	33,558,931
Community services	26,938,495	27,788,576	-	-	26,938,495	27,788,576
Interest on long-term debt	2,706,046	2,756,646	-	-	2,706,046	2,756,646
Water	-	-	34,885,132	35,912,922	34,885,132	35,912,922
Sewer	-	-	15,011,361	13,721,652	15,011,361	13,721,652
Sanitation	-	-	4,729,623	4,801,905	4,729,623	4,801,905
Total expenses	<u>152,503,412</u>	<u>143,428,733</u>	<u>54,626,116</u>	<u>54,436,479</u>	<u>207,129,528</u>	<u>197,865,212</u>
Increase (decrease) in net position before transfers	<u>13,393,020</u>	<u>13,382,405</u>	<u>43,213,562</u>	<u>25,479,246</u>	<u>56,606,582</u>	<u>38,861,651</u>
Transfers	-	1,766,411	-	(1,766,411)	-	-
Increase (decrease) in net position	<u>13,393,020</u>	<u>15,148,816</u>	<u>43,213,562</u>	<u>23,712,835</u>	<u>56,606,582</u>	<u>38,861,651</u>
Net position, Jan 1	<u>379,558,463</u>	<u>364,409,647</u>	<u>659,974,189</u>	<u>636,261,354</u>	<u>1,039,532,652</u>	<u>1,000,671,001</u>
Net position, Dec 31	<u>\$ 392,951,483</u>	<u>\$379,558,463</u>	<u>\$ 703,187,751</u>	<u>\$659,974,189</u>	<u>\$ 1,096,139,234</u>	<u>\$ 1,039,532,652</u>

City of Thornton, Colorado
Management's Discussion and Analysis
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Business-type activities. Below is information regarding Business-type activities (see Table 2).

- Business-type activities increased the City's net position by \$43,213,562, accounting for 76.3% of the total growth in the government's net position.
- Charges for services (\$62,108,439, 63.5% of total revenues), tap fees (\$24,273,523, 24.8% of total revenues) and contributed capital (\$5,061,182, 5.2% of total revenues), the latter two of which are included in grants and contributions, represent the three largest inflows to business-type activities.
- Revenues increased by \$17,923,953 (22.4%) in 2016 compared to 2015. The primary increases in revenue was in grants and contributions (\$13,935,603).
- Expenses increased \$189,637 (0.3%) from 2015. The single largest increase (\$1,289,709) was in the Sewer Fund, primarily due to the increase in Metro Wastewater fees. The Sewer Fund increase in expenses was offset by the decrease in both the Water Fund and Sanitation Fund.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following details are contained in the fund financial statements.

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

As of the end of the current fiscal year, the City governmental funds reported combined ending fund balances of \$146,325,503, an increase of \$4,681,532 in comparison with the prior year as a result of revenues exceeding expenses. The reasons for increases in revenues and expenses are outlined above under the Governmental Activities section. Approximately 79.4% of year end fund balance (\$116,165,102) is available for spending at the government's discretion.

The remainder of fund balance (\$30,160,401) is nonspendable, restricted or committed to indicate that it is not available for new spending. The largest component is commitments made by Council (\$20,990,233, 69.6%).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was 3.4% (\$922,130) of total fund balance (\$27,335,567). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents less than 1.0% of total actual General Fund expenditures, while total fund balance represents 25.0% of that same amount.

The Governmental Capital Projects Fund is funded primarily with sales and use taxes and provides for the repair, replacement and planned growth of infrastructure and other capital assets of the City government. At the end of the current fiscal year, assigned fund balance was 99.9% (\$50,611,866) of total fund balance (\$50,612,276).

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

Unrestricted net position of the Water, Sewer, and Sanitation Funds at the end of the year amounted to \$116,113,838, \$17,048,545, \$6,764,948 respectively. The change in net position for the funds was an increase in Water of \$38,698,865, an increase in Sewer of \$4,059,868, and an increase in Sanitation of \$454,829.

General Fund Budgetary Highlights

Combined revenues (General Fund and Governmental Capital Fund) were greater than budgetary estimates and General Fund expenditures were less than appropriations. Governmental sales and use taxes were up 4.9% in 2016 compared to 2015. The majority of governmental sales and use tax, approximately 80.5% (\$77,676,451) is available for general fund operations and governmental capital projects. In 2016, the City utilized sales and use tax revenue

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General Fund Budgetary Highlights (Continued)

as needed in the general fund. The remainder of the available sales and use tax revenue was accumulated in the governmental capital fund to prepare for planned improvements and expansion of infrastructure and community facilities in order to keep pace with the current and projected growth in the City.

General Fund expenditures were under budget by \$3,316,379 in 2016. Vacancy savings (\$2,325,727) along with lower than projected fuel prices (\$492,630) accounted for the majority of the savings.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$922,529,326 (net of accumulated depreciation). This investment in capital assets includes land and water rights, building and improvements, leisure areas and improvements, general equipment, and infrastructure (see Table 3).

Major capital asset events during the current fiscal year included the following:

- Governmental capital assets increased in the current year by \$5,113,979 net of accumulated depreciation. The City's capital spending increased 4.4% from 2015. Of the \$38,277,166 spent on capital outlay in 2016, \$16,158,338 (42.2%) was capitalized or carried in construction in progress with the remaining \$22,118,828 of capital outlay being directly expensed, as the projects were ineligible for capitalization under the City's policies and procedures. The largest portion of spending that was capitalized in 2016 was related to the Washington Street Widening project (\$4,200,845), fleet replacement of (\$3,486,416), Welby Road realignment (\$1,489,584) and the 88th and Colorado intersection improvements (\$1,063,965).
- Proprietary capital assets increased by \$15,218,894 net of accumulated depreciation, with the largest increase occurring in construction in progress (\$8,485,341). The majority of the increase was related to cost associated with the Thornton Water Treatment Plant replacement project. The second largest increase was in land, water and land rights (\$8,279,353). In 2016, the City purchased the Cooley East reservoir on the east side of the South Platte River near 104th Avenue to be used as an exchange reservoir. Once operational this reservoir will add an additional 3,000 acre feet of raw water storage to the City's water utility.

Additional information on the City's capital assets can be found in note E on pages 37-38 of this report.

Table 3
 Capital Assets (net of depreciation)
 As of December 31,

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land, water and land rights	\$ 48,839,244	\$ 47,958,358	\$ 198,383,808	\$ 190,104,455	\$ 247,223,052	\$ 238,062,813
Source of supply	-	-	118,596,142	118,596,142	118,596,142	118,596,142
Water treatment plant	-	-	58,859,228	60,501,185	58,859,228	60,501,185
Collection, transmission, & distribution	-	-	183,113,227	182,845,449	183,113,227	182,845,449
Streets, traffic, and engineering	166,005,011	161,452,525	-	-	166,005,011	161,452,525
Buildings, structures and improvements	45,613,582	46,208,147	12,324,292	12,667,759	57,937,874	58,875,906
Leisure areas and improvements	40,218,151	37,748,038	-	-	40,218,151	37,748,038
General equipment	17,672,907	16,088,478	6,856,789	6,684,943	24,529,696	22,773,421
Construction in progress	5,446,781	9,226,151	20,600,164	12,114,823	26,046,945	21,340,974
Total	\$ 323,795,676	\$ 318,681,697	\$ 598,733,650	\$ 583,514,756	\$ 922,529,326	\$ 902,196,453

City of Thornton, Colorado
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Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$99,175,000 (see Table 4). The City's debt represents certificates of participation of \$18,220,000 and revenue bonds of \$80,955,000. The revenue bonds outstanding are comprised of four issues: \$3,395,000 related to the 2010 Open Space and Parks Sales and Use Tax Revenue Refunding Bonds serviced by parks and open space sales tax, \$13,050,000 related to the Thornton Development Authority Tax Increment Revenue Refunding Bonds, Series 2015, serviced by 50% of the property tax increment and 50% of the general sales tax collected within the boundaries of that urban renewal plan area, \$26,965,000 related to the Thornton Development Authority Tax Increment Revenue Bonds, Series 2015B, serviced by 100% of the property tax increment and 100% of the general sales tax collected, net of other obligations, within the boundaries of that plan area, and \$37,545,000 related to Water Revenue Refunding Bonds supported by a pledge of charges for services of the Water Fund.

The City's total debt decreased by \$7,620,000 (7.1%) during the current fiscal year due to debt service payments throughout the year.

In 2016, the Standard & Poor's rating on the Sales and Use Tax Bonds, Series 2010 was AA+; the Water Enterprise Revenue Refunding Bonds, Series 2013, was AA; on the Certificates of Participation was AA-, and on the Tax Increment Bonds, Series 2015 and 2015B, was A. In 2016, Moody's rated the Water Revenue Refunding Bonds Series 2013, Aa2; the Sales and Use Tax, Series 2010, and the Certificates of Participation, Aa3. The Tax Increment Bonds, Series 2015 and 2015B were not rated by Moody's.

Table 4
 Outstanding Debt (Revenue Bonds and Certificates of Participation)
 As of December 31,

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue bonds	\$ 43,410,000	\$ 46,480,000	\$ 37,545,000	\$ 38,955,000	\$ 80,955,000	\$ 85,435,000
Certificates of participation	18,220,000	21,360,000	-	-	18,220,000	21,360,000
Total	\$ 61,630,000	\$ 67,840,000	\$ 37,545,000	\$ 38,955,000	\$ 99,175,000	\$ 106,795,000

Additional information on the City's long-term debt activity can be found on pages 39-42 of this report.

Economic Factors and Next Year's Budgets and Rates

- The December 31, 2016 unemployment rate for the City was 2.7%, which is lower than last year. The City is lower than the county's (Adams) rate of 3.0%, lower than the state's annual unemployment rate of 3.0%, and lower than the national rate of 4.7%.
- The national inflation rate increased in 2016 to 1.3% from 0.1% in 2015. The Consumer Price Index for the Denver-Boulder-Greeley also increased in 2016 to 2.8% from 1.25% in 2015.
- In 2016, the City's occupancy rate is approximately 92.1% for retail space, 86.9% for office space and 85.7% for industrial space.
- The City's population has increased by 2,388 people.
- To maintain and improve infrastructure as well as plan for future growth in the water system, rates increased in January 2017 by 12.5% across all customer classes. Sewer rates increased 1.4% in January 2017.
- The City's yield on cash and investments remained stable at 1.15% in 2016. The current projection for 2017's rate is 1.25%. The City invests available funds with safety as the primary goal.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

Ending unassigned fund balance in the General Fund was \$922,130. Anticipated revenues and the use of this fund balance are expected to be adequate to fund necessary governmental operations and to keep the fund balance in harmony with the City Council's fund balance policy.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Thornton, 9500 Civic Center Drive, Thornton, CO 80229 or visit the City's website at www.cityofthornton.net.

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BASIC FINANCIAL STATEMENTS

City of Thornton, Colorado

Statement of Net Position December 31, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and investments	\$ 158,800,348	\$ 141,334,956	\$ 300,135,304
Receivables, net			
Taxes	25,583,299	-	25,583,299
Accounts	2,825,778	5,925,820	8,751,598
Interest and other	677,718	756,845	1,434,563
Internal balances	(213,705)	213,705	-
Inventory of supplies	83,601	-	83,601
Prepays and other assets	69,140	-	69,140
Land held for resale	543,098	142,379	685,477
Restricted assets			
Equity in pooled cash and investments	3,716,829	3,097,335	6,814,164
Capital assets			
Land, water rights, and construction in progress	54,286,025	337,580,114	391,866,139
Depreciable buildings, property, and equipment, net	269,509,651	261,153,536	530,663,187
Net pension asset	2,478	-	2,478
Total assets	<u>515,884,260</u>	<u>750,204,690</u>	<u>1,266,088,950</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	133,233	2,065,595	2,198,828
Deferred outflows related to pension	572,182	-	572,182
Total deferred outflows of resources	<u>705,415</u>	<u>2,065,595</u>	<u>2,771,010</u>
LIABILITIES			
Accounts payable	11,833,624	3,604,821	15,438,445
Retainage payable	334,764	185,726	520,490
Accrued interest payable	248,613	116,691	365,304
Third party development advances	9,565,608	-	9,565,608
Unearned revenue	252,626	152,049	404,675
Other	4,315,091	154,343	4,469,434
Noncurrent liabilities			
Due within one year	11,252,759	1,879,328	13,132,087
Due in more than one year	63,546,481	42,989,576	106,536,057
OPEB Liability	2,595,000	-	2,595,000
Net pension liability	4,864,031	-	4,864,031
Total liabilities	<u>108,808,597</u>	<u>49,082,534</u>	<u>157,891,131</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	14,780,754	-	14,780,754
Deferred gain on refunding	45,913	-	45,913
Deferred inflows related to pensions	2,928	-	2,928
Total deferred inflows of resources	<u>14,829,595</u>	<u>-</u>	<u>14,829,595</u>
NET POSITION			
Net investment in capital assets	259,179,659	560,279,776	819,459,435
Restricted for			
Debt service	3,715,739	2,980,644	6,696,383
Emergencies	4,525,570	-	4,525,570
Unrestricted	125,530,515	139,927,331	265,457,846
Total net position	<u>\$ 392,951,483</u>	<u>\$ 703,187,751</u>	<u>\$ 1,096,139,234</u>

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

City of Thornton, Colorado

Statement of Activities For the year ended December 31, 2016

Functions/Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 21,317,628	\$ 4,879,909	\$ (186)	\$ 46,952	\$ (16,390,953)		\$ (16,390,953)
Police	32,573,830	1,284,687	682,042	75,893	(30,531,208)		(30,531,208)
Fire	18,718,470	2,350,600	127,987	-	(16,239,883)		(16,239,883)
City development	16,511,773	4,899,797	359,130	74,314	(11,178,532)		(11,178,532)
Streets, traffic & engineering	33,737,170	-	4,594,506	13,397,692	(15,744,972)		(15,744,972)
Community services	26,938,495	4,618,949	177,758	6,764,501	(15,377,287)		(15,377,287)
Interest on long-term debt	2,706,046	-	-	-	(2,706,046)		(2,706,046)
Total governmental activities	<u>152,503,412</u>	<u>18,033,942</u>	<u>5,941,237</u>	<u>20,359,352</u>	<u>(108,168,881)</u>		<u>(108,168,881)</u>
Business-type:							
Water	34,885,132	42,610,157	-	25,310,739		33,035,764	33,035,764
Sewer	15,011,361	14,388,579	-	4,540,003		3,917,221	3,917,221
Sanitation	4,729,623	5,109,703	-	-		380,080	380,080
Total business-type activities	<u>54,626,116</u>	<u>62,108,439</u>	<u>-</u>	<u>29,850,742</u>		<u>37,333,065</u>	<u>37,333,065</u>
Total City of Thornton	<u>\$ 207,129,528</u>	<u>\$ 80,142,381</u>	<u>\$ 5,941,237</u>	<u>\$ 50,210,094</u>	<u>(108,168,881)</u>	<u>37,333,065</u>	<u>(70,835,816)</u>
General revenues:							
Sales and use taxes					96,446,874	-	96,446,874
Property taxes					14,503,019	-	14,503,019
Franchise taxes					5,387,163	-	5,387,163
E911 taxes					1,072,485	-	1,072,485
Other taxes					2,414,341	-	2,414,341
Earnings on investments					56,183	948,963	1,005,146
Gain on sale of assets					188,110	722,012	910,122
Miscellaneous					1,493,726	4,209,522	5,703,248
Total general revenues					<u>121,561,901</u>	<u>5,880,497</u>	<u>127,442,398</u>
Change in net position					13,393,020	43,213,562	56,606,582
Net position, January 1					<u>379,558,463</u>	<u>659,974,189</u>	<u>1,039,532,652</u>
Net position, December 31					<u>\$ 392,951,483</u>	<u>\$ 703,187,751</u>	<u>\$ 1,096,139,234</u>

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

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FUND FINANCIAL STATEMENTS

City of Thornton, Colorado

**Balance Sheet
Governmental Funds
December 31, 2016**

	General Fund	Governmental Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments				
Unrestricted	\$ 31,722,804	\$ 52,753,998	\$ 68,044,519	\$ 152,521,321
Restricted	-	410	3,716,419	3,716,829
Receivables, net				
Taxes	15,109,517	3,987,108	6,486,674	25,583,299
Accounts	1,660,594	962,245	-	2,622,839
Interest and other	116,937	236,712	296,793	650,442
Due from other funds	-	1,666,450	-	1,666,450
Inventory of supplies	83,601	-	-	83,601
Prepaid items and other assets	69,140	-	-	69,140
Advance to other funds	100,000	1,699,775	-	1,799,775
Land held for resale	-	-	543,098	543,098
Total assets	\$ 48,862,593	\$ 61,306,698	\$ 79,087,503	\$ 189,256,794
LIABILITIES				
Accounts payable	\$ 8,866,608	\$ 728,932	\$ 506,978	\$ 10,102,518
Retainage payable	5,168	220,981	108,615	334,764
Due to other funds	105,795	-	1,666,450	1,772,245
Third party development advances	-	8,969,280	596,328	9,565,608
Unearned revenue	234,668	-	17,958	252,626
Advance from other funds	107,910	-	1,699,775	1,807,685
Other	1,413,001	775,229	2,126,861	4,315,091
Total liabilities	10,733,150	10,694,422	6,722,965	28,150,537
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	10,793,876	-	3,986,878	14,780,754
Total deferred inflows	10,793,876	-	3,986,878	14,780,754
FUND BALANCES				
Nonspendable				
Advances	100,000	-	-	100,000
Inventories	83,601	-	-	83,601
Prepays	69,140	-	-	69,140
Restricted				
Capital projects	-	-	5,621,403	5,621,403
Communications	643,655	-	-	643,655
Debt service	-	410	3,715,329	3,715,739
Emergencies - TABOR	4,525,570	-	-	4,525,570
Parks and open space	-	-	29,556,730	29,556,730
Public safety	1,238	-	458,330	459,568
Other purposes	-	-	31,225	31,225
Committed				
Capital projects	-	-	2,659	2,659
Emergencies	20,755,000	-	-	20,755,000
Other purposes	235,233	-	-	235,233
Assigned				
Capital projects	-	50,611,866	27,649,777	78,261,643
Debt service	-	-	156,145	156,145
Land held for resale	-	-	543,098	543,098
Parks and open space	-	-	347,437	347,437
Other purposes	-	-	295,527	295,527
Unassigned	922,130	-	-	922,130
Total fund balances	27,335,567	50,612,276	68,377,660	146,325,503
Total liabilities, deferred inflows of resources and fund balances	\$ 48,862,593	\$ 61,306,698	\$ 79,087,503	\$ 189,256,794

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

City of Thornton, Colorado

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2016

Total fund balances for governmental funds (page 18)		\$ 146,325,503
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:</p>		
Land and land rights	48,839,244	
Construction in progress	5,442,546	
Streets, Traffic & Engineering, net of \$216,934,830 accumulated depreciation	166,005,011	
Buildings and improvements, net of \$27,861,443 accumulated depreciation	45,598,886	
Leisure areas & improvements, net of \$39,701,523 accumulated depreciation	40,218,151	
General equipment, net of \$23,826,340 accumulated depreciation	<u>16,355,521</u>	
Total capital assets		322,459,359
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are not included in the funds.</p>		
Net pension asset		2,478
<p>Internal service funds are used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.</p>		
		1,780,472
<p>Governmental funds report the effect of deferred charges on debt when it is first issued, whereas these amounts are amortized over the life of the bonds.</p>		
		87,320
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.</p>		
Balances at December 31, 2016 are:		
Accrued interest on bonds and certificates of participation	(248,613)	
Bonds payable, net of unamortized premium	(46,625,268)	
Obligation under certificates of participation	(18,123,982)	
Post employment benefits	(2,595,000)	
Compensated absences	(5,816,009)	
Net pension liability	<u>(4,864,031)</u>	
Total long-term liabilities		(78,272,903)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:</p>		
Deferred outflows relating to pensions	572,182	
Deferred inflows relating to pensions	<u>(2,928)</u>	
Total deferred items		<u>569,254</u>
Total net position governmental activities (page 14)		<u>\$ 392,951,483</u>

City of Thornton, Colorado

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2016**

	<u>General Fund</u>	<u>Governmental Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Sales and use	\$ 64,831,976	\$ 12,844,475	\$ 18,770,423	\$ 96,446,874
Property	10,676,230	-	3,826,789	14,503,019
Franchise	5,387,163	-	-	5,387,163
E911	-	-	1,072,485	1,072,485
Other	2,414,341	-	-	2,414,341
Licenses and permits	4,959,615	-	-	4,959,615
Intergovernmental	5,987,012	3,469,060	5,248,124	14,704,196
Governmental grants	493,615	2,734,230	1,425,732	4,653,577
Charges for services	11,295,406	-	-	11,295,406
Fines and forfeitures	1,249,962	-	-	1,249,962
Lease	-	207,792	-	207,792
Investment earnings	222,350	483,210	(649,377)	56,183
Miscellaneous	576,674	19,752	278,168	874,594
	<u>108,094,344</u>	<u>19,758,519</u>	<u>29,972,344</u>	<u>157,825,207</u>
EXPENDITURES				
Current				
General government	17,574,494	-	-	17,574,494
Police	30,733,098	-	-	30,733,098
Fire and ambulance	15,123,637	-	-	15,123,637
City development	8,456,322	-	-	8,456,322
Streets, traffic and engineering	12,060,309	-	669,901	12,730,210
Community services	21,321,639	-	57,025	21,378,664
Capital outlay	4,172,542	16,399,898	17,704,726	38,277,166
Debt service				
Principal retirement	-	3,140,000	3,070,000	6,210,000
Interest and bond fees	-	834,585	2,056,159	2,890,744
	<u>109,442,041</u>	<u>20,374,483</u>	<u>23,557,811</u>	<u>153,374,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,347,697)</u>	<u>(615,964)</u>	<u>6,414,533</u>	<u>4,450,872</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,835,352	-	1,837,413	5,672,765
Transfers out	(32,410)	-	(5,640,355)	(5,672,765)
Sale of general capital assets	72,252	158,408	-	230,660
	<u>3,875,194</u>	<u>158,408</u>	<u>(3,802,942)</u>	<u>230,660</u>
Net change in fund balances	2,527,497	(457,556)	2,611,591	4,681,532
Fund balances, January 1	<u>24,808,070</u>	<u>51,069,832</u>	<u>65,766,069</u>	<u>141,643,971</u>
Fund balances, December 31	<u>\$ 27,335,567</u>	<u>\$ 50,612,276</u>	<u>\$ 68,377,660</u>	<u>\$ 146,325,503</u>

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

City of Thornton, Colorado

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended December 31, 2016

Net change in fund balances - total governmental funds (page 20)		\$ 4,681,532
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlays (\$16,158,338) less work in progress deletions (\$0), did not exceed depreciation (\$19,329,763) in the current period.		(3,171,425)
The net effect of various miscellaneous transactions involving capital assets is to increase net position (contributions of \$7,840,565 plus the gain of \$188,110 less the revenue recognized at the fund level of \$230,660 on the sale of capital assets.		7,798,015
Repayment of bond and lease principal is reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities on the Statement of Net Position, so this transaction has no effect on net position.		
Repayments:		
To bond holders	3,070,000	
To Capital Asset Finance Corporation for certificates of participation	<u>3,140,000</u>	
Net adjustment		6,210,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		168,264
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes:		
Adjustment to post employment benefit obligation	(159,000)	
Adjustment to compensated absences	(65,514)	
Accrued interest on bonds	<u>16,434</u>	
Combined adjustment		(208,080)
City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is a change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.		(2,292,137)
Internal service funds are used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies. The net revenues of the internal service funds are reported with governmental activities.		<u>206,851</u>
Change in net position governmental activities (page 15)		<u><u>\$ 13,393,020</u></u>

City of Thornton, Colorado

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets					
Equity in pooled cash and investments - unrestricted	\$ 117,810,972	\$ 17,178,952	\$ 6,345,032	\$ 141,334,956	\$ 6,279,027
Equity in pooled cash and investments - restricted	3,097,335	-	-	3,097,335	-
Receivables, net					
Accounts	3,963,799	1,515,925	446,096	5,925,820	202,939
Interest and other	469,519	79,517	26,578	575,614	27,276
Due from other funds	-	-	105,795	105,795	-
Land held for resale	142,379	-	-	142,379	-
Total current assets	125,484,004	18,774,394	6,923,501	151,181,899	6,509,242
Noncurrent assets					
Advances receivable	-	-	107,910	107,910	-
Loan receivable, net of current portion	181,231	-	-	181,231	-
Capital assets					
Land and water rights	198,327,878	55,930	-	198,383,808	-
Source of supply	118,596,142	-	-	118,596,142	-
Water treatment plant	83,708,473	-	-	83,708,473	-
Collection, transmission, and distribution	211,323,989	78,449,747	-	289,773,736	-
Transportation equipment	1,858,648	1,156,281	4,216,224	7,231,153	198,340
General equipment	8,502,402	1,385,810	634,639	10,522,851	2,485,332
Buildings and improvements	19,176,961	2,095,443	359,559	21,631,963	18,471
Less accumulated depreciation	(108,470,686)	(40,826,958)	(2,416,996)	(151,714,640)	(1,370,061)
Construction in progress	15,344,189	5,255,975	-	20,600,164	4,235
Total noncurrent assets	548,549,227	47,572,228	2,901,336	599,022,791	1,336,317
Total assets	674,033,231	66,346,622	9,824,837	750,204,690	7,845,559
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	2,065,595	-	-	2,065,595	-
Total deferred outflows of resources	2,065,595	-	-	2,065,595	-

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

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES					
Current liabilities					
Accounts payable	\$ 1,900,085	\$ 1,524,179	\$ 180,557	\$ 3,604,821	\$ 1,731,106
Retainage payable	23,620	162,106	-	185,726	-
Other	154,343	-	-	154,343	-
Unearned revenue	152,049	-	-	152,049	-
Payable from restricted assets					
Accrued bond interest payable	116,691	-	-	116,691	-
Revenue bonds payable	1,455,000	-	-	1,455,000	-
Compensated absences	385,312	22,641	16,375	424,328	58,828
Outstanding reserves and incurred but not reported claims	-	-	-	-	1,792,683
Total current liabilities	4,187,100	1,708,926	196,932	6,092,958	3,582,617
Long-term liabilities					
Revenue bonds payable, excluding current portion, net of other unamortized costs	39,064,469	-	-	39,064,469	-
Compensated absences	317,551	16,923	69,531	404,005	281,023
Advances from other funds	-	-	-	-	100,000
Other obligations	3,521,102	-	-	3,521,102	-
Outstanding reserves and incurred but not reported claims	-	-	-	-	2,101,447
Total long-term liabilities	42,903,122	16,923	69,531	42,989,576	2,482,470
Total liabilities	47,090,222	1,725,849	266,463	49,082,534	6,065,087
NET POSITION					
Net investment in capital assets	509,914,122	47,572,228	2,793,426	560,279,776	1,336,317
Restricted for debt service	2,980,644	-	-	2,980,644	-
Unrestricted	116,113,838	17,048,545	6,764,948	139,927,331	444,155
Total net position	\$ 629,008,604	\$ 64,620,773	\$ 9,558,374	\$ 703,187,751	\$ 1,780,472

City of Thornton, Colorado

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the year ended December 31, 2016

	Business-type Activities Enterprise Funds			Total	Governmental Activities
	Water	Sewer	Other Enterprise Funds		Internal Service Funds
OPERATING REVENUES					
Charges for services pledged for debt	\$ 42,610,157	\$ -	\$ -	\$ 42,610,157	\$ -
Charges for services	-	14,388,579	5,109,703	19,498,282	-
Miscellaneous revenue	110,375	4,711	12,764	127,850	-
Interfund services	-	-	-	-	16,775,896
Total operating revenues	42,720,532	14,393,290	5,122,467	62,236,289	16,775,896
OPERATING EXPENSES					
Source of supply	5,921,872	-	-	5,921,872	-
Water treatment	9,032,392	-	-	9,032,392	-
Collection, transmission distribution, and trash removal	4,099,665	1,938,824	2,543,886	8,582,375	-
Sewage treatment-Metro Wastewater	-	9,573,144	-	9,573,144	-
Insurance premiums	-	-	-	-	680,887
Claims and reserves for claims	-	-	-	-	3,798,093
Other operating expenses	1,344,774	142,220	784,720	2,271,714	6,209,873
Administration	6,158,894	1,334,733	981,032	8,474,659	5,633,135
Depreciation	6,938,944	2,022,440	419,985	9,381,369	317,769
Total operating expenses	33,496,541	15,011,361	4,729,623	53,237,525	16,639,757
Operating income (loss)	9,223,991	(618,071)	392,844	8,998,764	136,139
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale (disposal) of capital assets	712,945	657	8,410	722,012	(265)
Interest income	758,109	137,279	53,575	948,963	49,283
Interest and bond amortization expense	(1,388,591)	-	-	(1,388,591)	-
Miscellaneous, net	4,081,672	-	-	4,081,672	21,694
Total nonoperating revenues	4,164,135	137,936	61,985	4,364,056	70,712
Income (loss) before capital contributions and transfers	13,388,126	(480,135)	454,829	13,362,820	206,851
Grants and capital contributions	25,310,739	4,540,003	-	29,850,742	-
Change in net position	38,698,865	4,059,868	454,829	43,213,562	206,851
Net position, January 1	590,309,739	60,560,905	9,103,545	659,974,189	1,573,621
Net position, December 31	<u>\$ 629,008,604</u>	<u>\$ 64,620,773</u>	<u>\$ 9,558,374</u>	<u>\$ 703,187,751</u>	<u>\$ 1,780,472</u>

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

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City of Thornton, Colorado

**Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2016**

	Business-type Activities Enterprise Funds			Governmental Activities
	Water	Sewer	Other Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and others	\$ 42,877,134	\$ 14,566,231	\$ 5,182,174	\$ 62,625,539
Receipts from interfund services	-	-	-	16,803,610
Payments to suppliers	(18,082,667)	(11,519,524)	(2,519,377)	(9,826,791)
Payments to employees	(8,050,886)	(964,868)	(1,822,437)	(5,490,208)
Net cash provided by operating activities	16,743,581	2,081,839	840,360	1,486,611
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant	763,155	-	-	763,155
Repayment from other funds	-	-	110,069	110,069
Receipts from nonoperating leases	3,479,566	-	-	3,479,566
Net cash provided by noncapital financing activities	4,242,721	-	110,069	4,352,790
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases and construction of capital assets	(14,098,123)	(4,668,360)	(778,616)	(19,545,099)
Proceeds from sale of capital assets	718,963	657	8,410	728,030
Principal paid on bonds and other obligations	(1,410,000)	-	-	(1,410,000)
Interest and fees paid on capital debt	(1,442,844)	-	-	(1,442,844)
Capital contributions	22,366,813	1,983,917	-	24,350,730
Net cash provided by (used in) capital and related financing activities	6,134,809	(2,683,786)	(770,206)	2,680,817
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	67,538,509	12,230,686	4,521,273	84,290,468
Purchases of investments	(90,621,002)	(11,378,966)	(4,582,563)	(106,582,531)
Interest on investments	517,081	114,248	40,880	672,209
Net cash provided by (used in) investing activities	(22,565,412)	965,968	(20,410)	(21,619,854)
Net increase in cash and cash equivalents	4,555,699	364,021	159,813	5,079,533
Cash and cash equivalents, Jan. 1	5,962,009	1,129,199	391,583	7,482,791
Cash and cash equivalents, Dec. 31	\$ 10,517,708	\$ 1,493,220	\$ 551,396	\$ 12,562,324
Cash and cash equivalents	\$ 10,517,708	\$ 1,493,220	\$ 551,396	\$ 12,562,324
Investments	110,390,599	15,685,732	5,793,636	131,869,967
Total cash and investments	\$ 120,908,307	\$ 17,178,952	\$ 6,345,032	\$ 144,432,291
Equity in pooled cash and investments	\$ 117,810,972	\$ 17,178,952	\$ 6,345,032	\$ 141,334,956
Restricted cash and investments	3,097,335	-	-	3,097,335
Total cash and investments	\$ 120,908,307	\$ 17,178,952	\$ 6,345,032	\$ 144,432,291

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

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 9,223,991	\$ (618,071)	\$ 392,844	\$ 8,998,764	\$ 136,139
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	6,938,944	2,022,440	419,985	9,381,369	317,769
Miscellaneous receipts	441,413	-	-	441,413	21,694
(Increase) decrease in accounts receivable, net	(299,988)	172,941	59,708	(67,339)	26,962
Decrease in notes receivable	36,706	-	-	36,706	-
Decrease in other assets	12,288	3,090	-	15,378	9,225
Increase (decrease) in accounts payable	286,257	503,306	(38,686)	750,877	237,428
Increase (decrease) in other liabilities	125,499	(1,867)	6,509	130,141	737,394
Decrease in unearned revenue	(21,529)	-	-	(21,529)	-
Net cash provided by operating activities	<u>\$ 16,743,581</u>	<u>\$ 2,081,839</u>	<u>\$ 840,360</u>	<u>\$ 19,665,780</u>	<u>\$ 1,486,611</u>

NON-CASH TRANSACTIONS:

Water and sewer lines contributed by developers	\$ 2,505,096	\$ 2,556,086	\$ -	\$ 5,061,182	\$ -
Decrease in the fair value of investments	(483,467)	(73,663)	(23,261)	(580,391)	(23,174)
Bond amortization premiums	50,728	-	-	50,728	-
Loss on disposal of capital assets	(6,018)	-	-	(6,018)	(990)

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Thornton, Colorado ("the City") was incorporated May 26, 1956. The citizenry voted to become a home rule city in 1967 under the provisions of Article XX of the Constitution of the State of Colorado. The City operates under a Council-Manager form of government and provides the following services, as authorized by its charter: public safety (police, fire, and ambulance), highways and streets, public improvements, water, sewer, and sanitation, culture and recreation, debt service and general administrative services, including financial, planning and zoning, and municipal court services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

1. Reporting Entity

The accompanying financial statements present the activities of the City and its four component units; organizations for which the City is financially accountable. These component units are so intertwined with the City that they are, in substance, the same as the City and, therefore, are blended and reported as if they were part of the City. None of the component units listed below report their financial statements independent from the City.

The management of the City has operational responsibility for each of the following component units, and therefore, they are included within the reporting entity (in blended presentation):

Thornton Development Authority (TDA) - The TDA, an Urban Renewal Authority organized pursuant to Part 1, Article 25, Title 31 of the Colorado Revised Statutes, was established to finance the design and construction of the Thornton Parkway highway interchange, as well as various other improvements within the TDA's boundaries. The City Council is the TDA's governing board. The debt of the TDA is disclosed as tax increment bonds, but is neither a general nor a limited obligation of the City. There are three urban renewal areas within the City, the South Capital Fund, the North Capital Fund, and the 144th Capital Fund. For ease of financial management, separate funds were established for the improvements in each geographical area.

Thornton Arts, Sciences, and Humanities Council, Inc. (TASHCO) - TASHCO, a legally separate, nonprofit corporation, was established to expand the Cultural Arts and Scientific program offerings within the City of Thornton. TASHCO is funded by a local grant, donations, ticket sales, and contribution from the General Fund. In 2007, the City Council appointed an advisory board consisting of citizens to serve as liaison for the City Council to the community at large to ensure programming services are meeting the needs and desires of the public. The City Council is the governing board of the TASHCO and approves the annual budget, making all substantive decisions regarding the operations of the TASHCO.

136th Avenue General Improvement District (GID) - 136th Avenue GID was established to account for the collection of assessment revenues to be used exclusively for the purpose of constructing an interchange at 136th Avenue and Interstate 25. The City Council is the GID's governing board.

E911 Authority Fund - This fund was established to account for E911 surcharges received from telecommunications companies doing business within the City to pay for a portion of the costs authorized by State statute for the City to provide emergency telephone service. The City Council is the E911's governing board.

2. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents comparisons between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its blended component units. Separate statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The City reports the following major governmental funds:

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

Governmental Capital Fund. This fund accounts for capital improvement projects financed by current resources (investment income, sales and use tax), as well as by restricted grant and intergovernmental revenues, developer contributions, and bond proceeds.

The City reports the following major enterprise funds:

Water Utility Fund. This fund accounts for the provision of water services to residents of the City and some residents of unincorporated Adams County.

Sewer Utility Fund. This fund accounts for the provision of sewer services to residents of the City and some residents of unincorporated Adams County.

Fund types that do not meet the criteria of major funds have been summarized and presented as other governmental funds and other enterprise funds within the fund financial statements as appropriate.

Additionally, the City reports the following fund type:

Internal Service Funds. These funds account for the costs related to providing the departments of the City with a comprehensive program to manage its property, liability, and work-related injury risk; computer support of all information technology; copying and mailing; fuel purchased and utilized by Adams County School District 12; and building maintenance, repairs and custodial services; all on a cost-reimbursement basis.

3. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and grants. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end, with the exception of sales tax, for which revenues collected and held by vendors at year end on behalf of the City is recognized as revenue if collected within thirty days after year end, and property taxes, for which revenues collected within thirty days after year end are recognized.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting (Continued)

Those revenues susceptible to accrual are property, franchise, cigarette, sales and some use taxes, interest revenue, and charges for services. Fines and forfeitures, licenses and permits, and building use tax revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are the charges between the City's utility functions and various other functions, as well as an administrative fee charged by the General government activity to the other activities. Elimination of these charges would distort the costs and program revenues reported for the various functions.

4. Budgets and Budgetary Accounting

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

- a. The City Manager submits to the Mayor and the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures of all funds and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to the end of the fiscal year, the budget for the next fiscal year is legally adopted through passage of a resolution. An appropriation ordinance, based on the adopted budget, is enacted on or before the last day of December.
- d. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- e. The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for each fund in total. All appropriations for operating budgets lapse at year end.
- f. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are legally adopted for most governmental funds. In any given year, an individual fund may not be budgeted if expenditures for the year are not anticipated. In 2016, all governmental funds had legally adopted annual budgets except Cash in Lieu. Notes 4g. and 4h. explain funds with budgets that are on a non-GAAP basis. Note 4i. explains budgetary practices for capital project funds/accounts.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets and Budgetary Accounting (Continued)

- g. Budgets for governmental capital projects funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that the City includes the capital outlay costs for purchases of land intended for resale and excludes subsequent gains or losses on the resale of the land. In addition, any balances transferred due to closure of a fund and miscellaneous non-cash adjustments are not budgeted.
- h. Budgets for proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that the City excludes depreciation, amortization, gain or loss on disposal of fixed assets, and incurred but not reported claims and includes debt service principal and interest payments and capital outlay. In addition, any balances transferred due to closure of a fund and miscellaneous non-cash adjustments are not budgeted. Budget to Actual schedules for each proprietary fund can be found in the Combining & Individual Statements & Schedules section.
- i. The City adopts a multi-year appropriation for certain capital projects, identified as long term in nature, where unexpended funds will not automatically lapse at year end, but remain appropriated until project completion. Unspent and unencumbered appropriations for those projects that are short term in nature (annual) will continue to lapse at year end.
- j. The City Council may legally amend the budget by ordinance or resolution once it has been approved. Budgeted amounts, including all amendments, are shown as adopted by the City Council.

In 2016, six budget amendments were approved by ordinance or resolution. The effect of these amendments was an overall increase in appropriations of \$12,849,739, broken down by fund type as follows:

General Fund	\$ 2,333,774
Special Revenue Funds	2,554,734
Capital Projects Funds	4,772,654
Enterprise Funds	3,188,577
	\$ 12,849,739

5. Investments

Investments in securities are carried at fair value. Unrealized gains resulting from increases in fair value between January 1 and December 31 are recognized as a component of interest income; unrealized losses resulting from decreases in fair value reduce interest income. Realized gains or losses on securities included in the investment portfolio are recognized only when the related security is sold prior to the stated maturity. Certain investments are restricted for debt service, capital and pledge commitments.

6. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

7. Inventories

Inventories are valued at weighted average cost. Inventory in the General Fund consists of fuel held for consumption. In the General Fund cost of inventory is recorded as expenditures when consumed, rather than when purchased. The General Fund reserve for inventory, included in nonspendable inventories, is equal to the amount of inventory on hand to indicate that a portion of the General Fund fund balance is not available for future expenditures.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Construction Advances

Third party development advances for construction represent the non-refundable deposits made by developers for specific improvements to be made by the City. The deposits will be recognized as revenue as costs are incurred on the improvements.

9. Capital Assets

Capital assets, which include property, plant, equipment, water rights, and infrastructure assets (e.g. roads, bridges, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their fair value on the date received. General infrastructure assets are valued based on estimated original cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

GASB 51 Accounting and Financial Reporting for Intangible Assets requires that all intangible assets be classified as capital assets and recognized in the statement of net position. The term depreciation includes amortization of intangible assets.

Land, water rights, source of supply assets related to tributary water rights and permanent easements are capitalized and not depreciated. Temporary easements are capitalized and depreciated over the appropriate period. All other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated useful lives
Infrastructure	5-75 years
Buildings, structures and improvements	10-50 years
Leisure areas and improvements	5-50 years
Collection, transmission, and distribution	7-50 years
Equipment	2-30 years

10. Compensated Absences

Eligible City employees earn vacation leave at a variable rate, dependent on years of service, and sick leave at the rate of 8 hours per month. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Accumulated vacation leave cannot exceed 240 hours at the end of the year and any excess cannot be carried forward to the next year unless pre-authorized by the City Manager. For employees hired before January 1, 1995, 50% of unused sick leave over 384 hours plus accumulated vacation leave are paid upon termination, retirement or death. After 20 years of service or at age 62 and 10 years of service, 100% of the unused sick leave over 384 hours plus accumulated vacation leave are paid upon termination, retirement or death. Although sick leave hours earned after 2002 accrue, they are not compensable upon termination, retirement, or death. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances, as described above. Compensated absences are liquidated by the respective fund where the liability was originally accrued.

11. Long-Term Obligations

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

In the governmental fund financial statements, funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Long-Term Obligations (Continued)

GASB 49 addresses accounting and financial reporting for pollution remediation obligations. The Thornton Development Authority, a component unit of the City, owns property which falls under voluntary remediation and had a plan with the State to actively treat subsurface contamination. The total amount spent as of year end 2010 on remediation was \$1,437,056. In 2010, the City received approval from the State to stop remediation and move to monitoring only. The City has spent a total of \$216,310 as of year-end 2016 for monitoring.

12. Fund Equity

In the fund financial statements, fund equity of the City's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned. A governmental fund may not have all five components of fund balance. The five classifications describe the relative strength of the spending constraints.

Nonspendable fund balances indicate amounts that cannot be spent either due to form (for example inventories or prepaids) or due to legal or contractual requirements. Restricted fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the City Council to remove or change the constraints placed on the resources. Assigned fund balances indicate amounts that can be spent for specific purposes authorized by the City Manager. For the general fund, this authority is also designated to the Finance Director and Budget Director. Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, restricted amounts are deemed to be used first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then by unassigned amounts.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. In the general fund, 17% of the current year budget is committed for emergencies and utilization requires a two-thirds affirmative vote of the Council. Examples of emergencies that may lead to utilization of the reserve include economic stabilization due to an unforeseen loss of a key sales tax vendor, a catastrophic event or natural disaster.

Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, etc.).

13. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

14. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

15. Contraband Forfeitures

In accordance with the Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) and the Controlled Substances Act (21 USC 881(e)(3)), forfeitures from the seizure of contraband are used for the specific purpose of law enforcement activities. These funds are included in the City's General Fund.

16. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Sales Tax

As a home rule city, Thornton collects its own sales taxes. Within the general government, the ten largest retailers remit approximately 45% of the sales tax collected.

18. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position has a separate section for deferred outflows of resources. Deferred outflows represent a consumption of net position that applies to future period(s) and so are not recognized as an expense/expenditure in the current year, but will be in a future year. The City has items that qualify for reporting in this category relating to changes in net pension liability not included in pension expense and deferred charges on a bond refunding reported in the statement of net position.

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position that applies to a future period(s) and so are not recognized as revenue in the current year, but will be in a future year. The City has items that qualify for reporting in this category relating to property taxes, debt, and changes in net pension liability not included in pension expense reported in the statement net position.

19. Implementation of New GASB Statements

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 - this statement 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. As a result of the implementation, disclosures in the notes section have been enhanced, the City was not required to change reporting of current or past transactions.

GASB Statement No. 77, Tax Abatement Disclosures – Disclosure of information about the nature and magnitude of tax abatements will make these transactions more 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 enhanced, the City was not required to change reporting of current or past transactions.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants – this statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. As a result of the implementation, disclosures in the notes section have been enhanced, the City was not required to change reporting of current or past transactions.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments – this statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans – this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. As a result of the implementation of Statements No. 73, No. 76 and No. 78, the City was not required to change reporting of current or past transactions.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance with Finance-Related Legal and Contractual Provisions

The City believes it has no material violations of finance-related legal and contractual provisions.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

2. Excess of Expenditures Over Appropriations in Individual Funds

The City has no excess of expenditures over appropriations at the fund level within each of the individual funds. The actual to budget comparisons included may reflect immaterial excess expenditures at the program level within an individual fund.

NOTE C - DEPOSITS AND INVESTMENTS

1. Equity in Pooled Cash and Investments

Except when required by trust agreements, the operating cash in each fund is pooled and cash in excess of operating requirements is invested.

2. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2016, the City's deposits had a carrying amount of \$11,675,201 and a bank balance of \$15,222,922. Of the bank balance, \$1,250,000 was covered by federal depository insurance. The remainder of the bank balance, \$13,972,922, was uninsured and collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

3. Investments

The City's Charter allows investment in one or more of the securities permitted by the statutes of Colorado for the investment of state funds or municipal funds, bonds payable out of the revenues of any service or facility furnished by the City, or in general obligation bonds of the City. The City's internal investment policy further restricts investments to the following securities: United States Treasury, Government Sponsored Enterprises, State & Local Government taxable general or revenue obligations, Corporate Bonds and Commercial Paper, Local Government Investment Pools, Money Market Mutual Funds, Repurchase Agreements, Reverse Repurchase Agreements, Securities Lending Agreements, and Deposits in State or Nationally Chartered Depository Institutions. Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below. At December 31, 2016, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>< 1 Year</u>	<u>2-3 Years</u>	<u>4-5 Years</u>
U.S. Government Treasuries	\$ 40,156,390	\$ 10,067,520	\$ 25,108,985	\$ 4,979,885
Corp Securities	47,086,176	9,992,210	37,093,966	-
U.S. Government Agencies	184,128,161	62,556,732	54,377,967	67,193,462
Local Gov't Investment Pools	23,903,540	23,903,540	-	-
Total	<u>\$ 295,274,267</u>	<u>\$ 106,520,002</u>	<u>\$ 116,580,918</u>	<u>\$ 72,173,347</u>

Unrealized gains or losses resulting from changes in the fair value of the investment portfolio are recognized as increases to or reductions from interest income in the financial statements. The only time a realized gain or loss is recognized on investment transactions is when they are sold prior to their stated maturity. Present cash flow needs of the City are being met without premature liquidation of investments. The City generally holds investments until maturity and redeems them at par.

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

Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

3. Investments (continued)

Level 2: Inputs other than quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities

Level 3: Unobservable inputs for an asset or liability

There have been no significant changes in the valuation techniques during the years ended December 31, 2016. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2016, U.S. Government Treasuries, Corporate Securities and U.S. Government Agencies, are classified within Level 1 hierarchy. Participant balances in the Local government pools Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust) are stated at net asset value. The underlying securities in CSAFE are measured at amortized cost and are so close to fair value when measured at amortized cost that they are generally equivalent. Securities in Colotrust, other than agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities, repurchase agreements are recorded at cost, which approximates fair value.

Interest Rate Risk – The City's internal investment policy is designed to reduce interest rate risk. The maximum duration of the portfolio is limited to 4.0 years. At December 31, 2016, the weighted-average maturity of the City's portfolio was 25.7 months.

Credit Risk – The City minimizes credit risk, the risk of loss due to the failure of the security issuers or banker, by diversifying the investment portfolio so that potential losses on individual securities are minimized and by limiting investments to specified credit ratings. No security may be purchased unless the security is rated AA-/Aa3 or better by Standard & Poor's and Moody's respectively. As of December 31, 2016, the City's investment in U.S. Treasuries, FHLB, FFCB, FNMA, FHLMC, and Corporates were all rated AA- or better by Standard & Poor's and Aa3 or better by Moody's.

Custodial Credit Risk – At December 31, 2016, no investment securities were held by a counterparty, and all investment securities were registered in the City's name.

Concentration of Credit Risk – The City's internal investment policy limits the amount the City may invest in one issuer except for U.S. Treasuries. Allowed investment in U.S. Treasuries is unlimited because they are backed by the full faith and credit of the U.S. Government. As of December 31, 2016, the City's investment in U.S. Treasuries was 13.6%, FHLB was 17.0%, FFCB was 15.4%, FNMA was 19.8%, FHLMC was 8.4%, TVA was 1.8%, Corporate Securities was 15.9%, Local Government Investment Pools were 8.1%.

Local Government Investment Pools – As of December 31, 2016, the City had \$23,757,037 invested in Colotrust and \$146,503 invested in CSAFE. These investment vehicles were established for local government entities in Colorado to pool surplus resources; it is overseen by the Colorado Securities Commissioner and governed by CRS 24-75-701. A designated custodial bank provides safekeeping and depository services. The custodian's internal records identify the investments owned by the participating governments. Both pools operate similarly to a money market fund and each share is equal to \$1.00 in value. Colotrust and CSAFE are rated AAAm by Standard & Poor's.

NOTE D - PROPERTY TAXES AND RECEIVABLES

Property taxes are collected on behalf of the City by Adams County and then remitted to the City. The property tax is levied and certified in December of the year prior to the year the taxes are collected on all taxable property in the City. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments, on February 28 and June 15, and are delinquent after these dates, respectively. The entire balance may be paid on April 30 without penalty. Property taxes levied are recorded as deferred inflows in the year levied, as they are not due until the following year. Property tax revenue is recognized in the subsequent tax year.

For governmental receivables, available means when due or past due and receivable within the current period, and collected within the current period or expected to be collected soon thereafter to be used to pay liabilities of the current period, generally within thirty days.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE D - PROPERTY TAXES AND RECEIVABLES (CONTINUED)

Receivables and revenues of the Ambulance division are reported net of contractual allowances and uncollectible amounts. As of December 31, 2016, total accounts receivable were \$1,105,778 with an allowance for bad debt of \$258,132. Total contractual allowances and uncollectible amounts related to revenues of the current period are \$3,351,611.

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning balances	Additions & transfers	Deletions & transfers	Ending balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 47,958,358	\$ 880,886	\$ -	\$ 48,839,244
Construction in progress	9,226,151	2,546,090	(6,329,695)	5,442,546
Construction in progress - internal service	-	4,235	-	4,235
Total capital assets not being depreciated	57,184,509	3,431,211	(6,329,695)	54,286,025
Capital assets being depreciated:				
Streets, traffic, and engineering	366,826,781	16,113,060	-	382,939,841
Buildings and improvements	72,464,264	996,065	-	73,460,329
Leisure areas and improvements	74,462,525	5,457,149	-	79,919,674
General equipment - government	37,579,231	4,335,347	(1,732,717)	40,181,861
Buildings and improvements - internal service	18,471	-	-	18,471
General equipment - internal service	2,055,966	801,914	(174,208)	2,683,672
Total capital assets being depreciated	553,407,238	27,703,535	(1,906,925)	579,203,848
Less accumulated depreciation for:				
Streets, traffic, and engineering	205,374,256	11,560,574	-	216,934,830
Buildings and improvements	26,272,660	1,588,783	-	27,861,443
Leisure areas and improvements	36,714,487	2,987,036	-	39,701,523
General equipment - government	22,323,138	3,193,370	(1,690,168)	23,826,340
Buildings and improvements-internal service	1,928	1,847	-	3,775
General equipment - internal service	1,223,581	315,922	(173,217)	1,366,286
Total accumulated depreciation	291,910,050	19,647,532	(1,863,385)	309,694,197
Total capital assets being depreciated, net	261,497,188	8,056,003	(43,540)	269,509,651
Governmental activity capital assets, net	\$318,681,697	\$ 11,487,214	\$ (6,373,235)	\$323,795,676
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land and water rights	\$190,104,455	\$ 8,282,931	\$ (3,578)	\$198,383,808
Source of supply	118,596,142	-	-	118,596,142
Construction in progress	12,114,823	10,126,933	(1,641,592)	20,600,164
Total capital assets not being depreciated	320,815,420	18,409,864	(1,645,170)	337,580,114
Capital assets being depreciated:				
Water treatment plant	83,614,201	94,272	-	83,708,473
Collection, transmission, and distribution	283,569,782	6,410,109	(206,155)	289,773,736
Transportation equipment	6,879,704	1,222,240	(870,791)	7,231,153
General equipment	10,532,399	111,388	(120,936)	10,522,851
Buildings and improvements	21,815,961	-	(183,998)	21,631,963
Total capital assets being depreciated	406,412,047	7,838,009	(1,381,880)	412,868,176
Less accumulated depreciation for:				
Water treatment plant	23,113,016	1,736,229	-	24,849,245
Collection, transmission, and distribution	100,724,333	6,142,331	(206,155)	106,660,509
Transportation equipment	4,040,287	591,155	(870,791)	3,760,651
General equipment	6,686,873	568,187	(118,496)	7,136,564
Buildings and improvements	9,148,202	343,467	(183,998)	9,307,671
Total accumulated depreciation	143,712,711	9,381,369	(1,379,440)	151,714,640
Total capital assets being depreciated, net	262,699,336	(1,543,360)	(2,440)	261,153,536
Business-type capital assets, net	\$583,514,756	\$ 16,866,504	\$ (1,647,610)	\$598,733,650

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE E - CAPITAL ASSETS (CONTINUED)

<u>Governmental activities:</u>	
General government	\$ 1,075,976
Police	1,304,044
Fire	691,418
City development	238,865
Streets, traffic & engineering	12,345,146
Community services	3,659,201
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.	<u>317,769</u>
Total governmental activities depreciation	19,632,419
Add accumulated depreciation for transportation equipment transferred into General Fund (net)	<u>15,113</u>
Additions and transfers per Note E for accumulated depreciation for government activities	<u>\$ 19,647,532</u>
 <u>Business-type activities:</u>	
Water	\$ 6,938,944
Sewer	2,022,440
Sanitation	<u>419,985</u>
Total business-type activities depreciation	<u>\$ 9,381,369</u>

Government-type activities additions and transfers includes the transfer of an asset from business activities in the following category: transportation equipment valued at \$15,113 with accumulated depreciation of \$15,113.

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The outstanding interfund balance consists of a payable in the amount of \$105,795 in the General Fund due to the Sanitation Fund, to be paid in 2017, related to a long term advance recorded in 2014, and an outstanding balance in the amount of \$1,666,450 related to a long term advance in the Parks and Open Space Fund due to the Governmental Capital Fund that was recorded in 2015.

The outstanding interfund receivable and payable balances below are for long term capital loans between funds for the year ended December 31, 2016.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Consolidated Service Center	\$ 100,000
Governmental Capital	Parks & Open Space	1,699,775
Sanitation	General Fund	<u>107,910</u>
		<u>\$ 1,907,685</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) to close an existing fund, or (4) to move funds related to a prior year expense error. The composition of transfers at December 31, 2016 is as follows:

Transfers out:	Transfers in:		
	General	Government Non Major	Total
General	\$ -	\$ 32,410	\$ 32,410
Government Non-Major	<u>3,835,352</u>	<u>1,805,003</u>	<u>5,640,355</u>
	<u>\$3,835,352</u>	<u>\$1,837,413</u>	<u>\$ 5,672,765</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE G - LONG-TERM DEBT

1. Bonds Payable

Bonds payable at December 31, 2016 are comprised of:

Revenue Bonds

\$39,380,000, April 29, 2013 Water Enterprise Revenue Refunding Bonds, Series 2013, annual installments of \$1,455,000 to \$2,765,000 through December 1, 2034, interest at 3.00% to 5.00% \$ 37,545,000

Plus unamortized premium 2,974,469

\$ 40,519,469

At December 31, 2016, deferred charges were \$2,065,595 for the Water Enterprise Revenue Refunding Bonds.

Tax Increment Bonds

\$13,900,000, September 22, 2015 Thornton Development Authority (component unit) Tax Increment Revenue Refunding Bonds, Series 2015, annual installments of \$865,000 to \$1,365,000 through December 1, 2028, interest at 2.00% to 5.00% (This issue will be serviced solely by 50% of the property tax increment and 50% of the sales tax collected within the boundaries of the North Washington Street Corridor Area. Although the obligation is reported within the governmental activities funds, it is neither a general nor a limited obligation of the City). \$ 13,050,000

\$27,580,000, December 2, 2015 Thornton Development Authority (component unit) Tax Increment Revenue Refunding Bonds, Series 2015B, annual installments of \$625,000 to \$2,170,000 through December 1, 2037, interest at 2.00% to 5.00% (This issue will be serviced solely by 100% of the property tax increment and sales tax collected, net other obligations, within the boundaries of the East 144th Ave. and I-25 Area. Although the obligation is reported within the governmental activities funds, it is neither a general nor a limited obligation of the City). 26,965,000

Plus unamortized premium 2,974,472

\$ 42,989,472

At December 31, 2016, the deferred gain was \$45,913 for the Tax Increment Revenue Refunding Bonds.

Sales and Use Tax Bonds

\$12,170,000, September 1, 2010 Open Space and Parks Sales and Use Tax Revenue Refunding Bonds, Series 2010, annual installments of \$1,665,000 to \$1,730,000 through September 1, 2018, interest at 4.00% \$ 3,395,000

Plus unamortized premium 240,796

\$ 3,635,796

There are limitations and restrictions in the various bond indentures. As of December 31, 2016 the City believes it is in compliance with all significant limitations and restrictions.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE G - LONG-TERM DEBT (CONTINUED)

2. Certificates of Participation

During 2002, the City entered into a Master Lease Purchase Agreement with the Capital Asset Finance Corporation (CAFC), an independent Colorado nonprofit corporation. Under this agreement, the Thornton Finance Authority (TFA) assigned all of its rights and obligations under Certificates of Participation (COPs) issued in 1998 to the CAFC and the CAFC issued 2002 COPs totaling \$41,690,000, the proceeds of which were used to purchase the City's Civic Center and the property on which the City's Justice Center was constructed and to provide funds to construct the Justice Center. The proceeds from the sale of City assets were used by the City to construct an interchange. The Justice Center is leased back to the City by the CAFC with the lease payments matching the COP payment terms. During 2007, the City entered into an Amended and Restated Master Lease Purchase Agreement with the CAFC and the CAFC issued 2007 COPs totaling \$32,820,000, the proceeds of which were used to refund the outstanding 1998 COPs maturing on and after December 1, 2009 and the 2002 COPs maturing on and after December 1, 2013.

The 2007 Amended and Restated Master Lease Purchase Agreement totaling \$32,820,000, is due in annual installments of \$2,765,000 to \$3,255,000 through December 1, 2022 with interest at 3.80% to 4.00% and currently amounts to \$18,220,000. The 2007 Amended and Restated Lease Agreement discount was \$96,018 and deferred charges were \$133,233 at December 31, 2016.

3. Other Obligations

In 1986, the City entered into a settlement agreement with the Water Supply and Storage Company ("the Company"), a mutual ditch company. Among the terms and conditions of the settlement, the City agreed to make certain capital contributions to the Company in the form of direct payments in the years 1987, 1988, and 1989, and committed to contribute an additional \$5,000,000 toward future mutually beneficial capital projects or improvements to the system. As of December 31, 2016 the remaining amount owed under this portion of the agreement is \$3,521,102. This balance does not accrue interest and is not required to be paid before any specific date in accordance with the agreement.

4. Leases

Operating Leases

The government leases motorcycles to be used in public safety operations, golf and beverage carts for use in operation of the golf course and a milling machine used for street operations. The Information Technology Fund (an internal service fund) leases multi-function printers, copiers, scanners, and fax machines used by City departments. The Reprographics Fund (an internal service fund) leases multi-function printers and copiers to provide goods and services to other City departments. Total costs for the leases were \$260,260 for the government, \$148,644 for Information Technology, and \$29,395 for Reprographics for the year ended December 31, 2016. The table below presents the future minimum lease payments by year for each of these leases:

Year Ended December 31	Information Technology		
	Government	Fund	Reprographics Fund
2017	\$ 96,448	\$ 148,644	\$ 2,261
2018	96,448	148,644	-
2019	96,448	148,644	-
2020	-	37,161	-
	<u>\$ 289,344</u>	<u>\$ 483,093</u>	<u>\$ 2,261</u>

Capital Leases

As of December 31, 2016, the City had no capital leases.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE G - LONG-TERM DEBT (CONTINUED)

5. Long-Term Obligation Activity

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due within one year
<u>Governmental activities:</u>					
Sales and use tax bonds	\$ 5,000,000	\$ -	\$ 1,605,000	\$ 3,395,000	\$ 1,665,000
Tax increment bonds	41,480,000	-	1,465,000	40,015,000	1,490,000
Add: unamortized premium	<u>3,528,861</u>	<u>-</u>	<u>313,593</u>	<u>3,215,268</u>	<u>-</u>
Total bonds payable	50,008,861	-	3,383,593	46,625,268	3,155,000
Certificates of participation	21,360,000	-	3,140,000	18,220,000	3,255,000
Less unamortized discount	(112,021)	-	(16,003)	(96,018)	-
Compensated absences:					
Government	5,750,495	3,868,616	3,803,102	5,816,009	2,991,248
Internal service	300,862	343,471	304,482	339,851	58,828
Risk	<u>3,195,725</u>	<u>3,939,146</u>	<u>3,240,741</u>	<u>3,894,130</u>	<u>1,792,683</u>
Governmental activities:					
Total long-term liabilities	<u>\$ 80,503,922</u>	<u>\$ 8,151,233</u>	<u>\$ 13,855,915</u>	<u>\$ 74,799,240</u>	<u>\$ 11,252,759</u>
<u>Business-type activities:</u>					
Revenue bonds	\$ 38,955,000	\$ -	\$ 1,410,000	\$ 37,545,000	\$ 1,455,000
Add: unamortized premium	<u>3,140,486</u>	<u>-</u>	<u>166,017</u>	<u>2,974,469</u>	<u>-</u>
Total bonds payable	42,095,486	-	1,576,017	40,519,469	1,455,000
Compensated absences	709,392	649,028	530,087	828,333	424,328
Other	<u>3,521,102</u>	<u>-</u>	<u>-</u>	<u>3,521,102</u>	<u>-</u>
Business-type activities:					
Total long-term liabilities	<u>\$ 46,325,980</u>	<u>\$ 649,028</u>	<u>\$ 2,106,104</u>	<u>\$ 44,868,904</u>	<u>\$ 1,879,328</u>

Governmental activities, claims and judgments are generally liquidated by the general fund. Compensated absences would be liquidated by the respective fund where the liability accrued.

6. Debt Service Requirements

Debt service requirements on long-term debt at December 31, 2016 are as follows:

Year ending Dec 31,	GOVERNMENTAL ACTIVITIES						BUSINESS-TYPE ACTIVITIES	
	Sales and use tax bonds		Tax increment bonds		Certificates of participation		Revenue bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,665,000	\$ 135,800	\$ 1,490,000	\$ 1,724,906	\$ 3,255,000	\$ 715,240	\$ 1,455,000	\$ 1,400,294
2018	1,730,000	69,200	1,550,000	1,671,556	2,765,000	591,550	1,500,000	1,356,644
2019	-	-	1,590,000	1,627,656	2,875,000	484,406	1,560,000	1,296,644
2020	-	-	1,640,000	1,577,456	2,990,000	373,000	1,620,000	1,234,244
2021	-	-	1,705,000	1,511,857	3,105,000	253,400	1,700,000	1,153,244
2022-2026	-	-	10,145,000	6,387,931	3,230,000	129,200	9,815,000	4,462,820
2027-2031	-	-	10,270,000	3,832,025	-	-	11,855,000	2,417,270
2032-2036	-	-	9,455,000	1,826,126	-	-	8,040,000	524,712
2037	-	-	2,170,000	86,800	-	-	-	-
	<u>\$ 3,395,000</u>	<u>\$ 205,000</u>	<u>\$ 40,015,000</u>	<u>\$ 20,246,313</u>	<u>\$ 18,220,000</u>	<u>\$ 2,546,796</u>	<u>\$ 37,545,000</u>	<u>\$ 13,845,872</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE G - LONG-TERM DEBT (CONTINUED)

7. Revenues Pledged for Debt Service

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$39,380,000 in water revenue refunding bonds. Proceeds from the bonds were used for rejuvenation of the water treatment facilities, improving and expanding water storage, and various other projects. The bonds are payable solely from water customer net revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require less than 13 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$51.4 million.

The City has pledged revenues consisting of the Open Space Sales and Use Tax Revenues and the General Sales and Use Tax Revenues, including investment income thereon to repay \$12,170,000 in Open Space and Parks Sales and Use Tax Revenue Refunding Bonds payable through 2018. The total principal and interest remaining to be paid on the bonds is \$3.6 million.

NOTE H - UNEARNED REVENUE

The General Fund includes unearned revenue of \$234,668, which is related to funds received for the future dissolution of a metropolitan district. The Open Space Fund has \$17,958 for the Big Dry Creek recreation and restoration. The Water Fund has \$152,049 for water and farm leases.

NOTE I - PENSION PLANS

City employees are covered under one or two of five different pension plans, depending on occupation and date of hire. The various plans are the Employee Pension Plan, the Police Pension Plan, and three Fire Pension Plans. Additionally, the City Manager, the City Attorney, and the presiding Municipal Judge are covered under their own separate pension plans. All plans and plan amendments are approved by City Council as single-employer, defined contribution plans, qualified under IRS guidelines, except two of the fire pension plans, an agent multiple-employer defined benefit plan and a cost sharing multiple-employer defined benefit plan.

At December 31, 2016, the City reported the following aggregate amounts related to the fire defined benefit plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net pension liabilities	\$ (4,864,031)
Net pension asset	2,478
Deferred outflows of resources	572,182
Deferred inflows of resources	(2,928)
Pension expense	(2,292,137)

All plans are administered by outside trustees and do not meet the standards of accounting principles generally accepted in the United States of America for inclusion as part of the reporting entity.

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City Fire Pension Plans and additions to/deductions from the Fire Pension Plans fiduciary net position have been determined on the same basis as they are reported by the Fire and Police Pension Association of Colorado (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

A description of each plan and selected financial information follows.

1. Employee Pension Plan

A defined contribution pension plan is maintained for regular employees. Police officers and firefighters are excluded from the plan and are covered by separate plans, as described in I2. and I3. below. The plan requires mandatory employee pre-tax contributions to the plan of 5% of base pay. The City also contributes 5.85% of employees' base pay to the plan. Voluntary employee contributions for regular employees are made to the deferred compensation plan described in Note J. The City's match for voluntary contributions is made to the Employee Pension Plan. The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

1. Employee Pension Plan (continued)

Employer contributions are funded by the governmental and proprietary funds. The City's contributions for 2016 were \$2,661,438 or 7.2% (which includes the City's 1.4% match for voluntary contributions) calculated using the base salary amount of \$36,960,820. City employees' mandatory contributions for 2016 were \$1,848,041 or 5% calculated using the base salary amount of \$36,960,820. The City's total payroll was \$68,704,458. The fair value of assets held by the ICMA Retirement Corporation, the trustee for the Employee Pension Plan, was \$80,005,589 as of December 31, 2016.

2. Police Pension Plan

A defined contribution pension plan is maintained for all full-time, sworn police officers. The plan requires mandatory employee contributions of 9% of base pay. The City's contribution is also 9% of base pay. Vesting of employer contributions is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service.

Voluntary contributions for police officers are made to the deferred compensation plan, described in Note J below. Matching of voluntary contributions by the City is made to the Police Pension Plan.

Employer contributions are funded every pay period from the General Fund. The City's contributions for 2016 were \$1,517,168 or 10.7% (which includes the City's 1.7% match for voluntary contributions) calculated using the base salary amount of \$14,193,333. The City police employees' mandatory contributions for 2016 were \$1,277,400 or 9% calculated using the base salary amount of \$14,193,333. The City's total payroll was \$68,704,458. The fair value of assets held by ICMA Retirement Corporation, the trustee for the Police Pension Plan, was \$58,374,359 as of December 31, 2016.

3. Fire Pension Plans

a. City Fire Pension Plan

Plan Description. The City Fire Pension Plan (the Old Hire Plan), a defined benefit pension plan, established in accordance with Colorado law, covers all full-time firefighters hired prior to April 8, 1978. All plan assets held by the City were transferred in January 1986 to FPPA, an agent multiple-employer defined benefit pension plan. The City's fire department transferred out of the City, into a joint venture fire district in 1994. The fire district dissolved on December 31, 1999, and the fire department rejoined the City on January 1, 2000. The maintenance of total plan assets sufficient to pay the benefits relating to contributions prior to January 1, 1994 was the responsibility of the City while the firefighters were members of the fire district.

Participants are eligible for plan benefits at the age of 50 and after completing twenty years of active service. Plan benefits consist of a monthly pension of up to 70.0% of monthly salary as of the date of retirement. Additional surviving spouse benefits of lesser amounts are also available. In accordance with a 1976 decision by the Colorado Supreme Court, the City must return all individual employee contributions upon termination.

FPPA issues a publicly available financial report that includes financial statements for the Old Hire Plan. The FPPA Comprehensive Annual Financial report can be obtained on FPPA's website at: <http://www.fppaco.org>.

Funding Policy. The Old Hire Plan funding policy provides for periodic City and participant contributions. As required by the plan, Old Hire Plan participants are currently required to contribute 5.0% of covered payroll and the City is also required to contribute 5.0%. This contribution requirement was not actuarially determined. Firefighters covered under this plan may elect an optional account known as the "deferred retirement option plan" or "DROP" within five years prior to retirement. The purpose of DROP is to allow an eligible participant to elect, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment for a specified period of time not to exceed five years, coupled with the deferral of actual receipt of retirement benefits until the end of such specified period, at which time employment shall cease. Once a participant elects a DROP, the City is no longer required to match that participant's contribution. As of December 31, 2016, there are no active participants, one member that elected DROP, and 19 inactive employees or beneficiaries currently receiving benefits. For 2016, the participants made contributions of \$6,296.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

a. City Fire Pension Plan (Continued)

Pension Liability. At December 31, 2016, the City reported a net pension liability of \$4,864,031 for the Old Hire Plan. The net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined based upon the January 1, 2016 actuarial valuation.

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	18 Years*
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Actuarial determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	<u>100.0%</u>	

*While the expected inflation exceeds the expected rate of return for cash, a 0% real rate of return is utilized.

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15); and the resulting Single Discount Rate is 4.68%.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

a. City Fire Pension Plan (Continued)

The resulting Single Discount Rate for the prior measurement period was 7.50%. This reduction in Single Discount Rate is included in the reconciliation of the Net Pension Liability as an Assumption Change. There were other assumption changes adopted by the Board for the funding valuations which are also included in this amount.

Projected cash flows used in determining the Single Discount Rate are available from FPPA upon request.

Changes in the Net Pension Liability.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2014	\$ 7,716,181	\$ 5,095,364	\$ 2,620,817
Changes for the year:			
Service cost	-	-	-
Interest	549,907	-	549,907
Differences between expected and actual experience	(305,110)	-	(305,110)
Contributions - employer	-	239,804	(239,804)
Contributions - employee	-	-	-
Net investment income	-	90,586	(90,586)
Benefit payments, including refunds of employee contributions	(782,322)	(782,322)	-
Administrative expense	-	(9,397)	9,397
Change in assumptions	2,319,410	-	2,319,410
Net changes	<u>1,781,885</u>	<u>(461,329)</u>	<u>2,243,214</u>
Balance at December 31, 2015	<u>\$ 9,498,066</u>	<u>\$ 4,634,035</u>	<u>\$ 4,864,031</u>

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 4.68%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 3.68%	Single Discount Rate Assumption 4.68%	1% Increase 5.68%
City's net pension liability	\$ 5,834,832	\$ 4,864,031	\$ 4,041,644

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports.

Pension Expense. For the year ended December 31, 2016, the City recognized \$2,272,917 for the Old Hire Plan pension expense.

Pension Deferred Outflows/Inflows of Resources. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

a. City Fire Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual investment earnings	237,679	-
City contributions subsequent to the measurement date	-	-
Total	\$ 237,679	\$ -

There were no City contributions made subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Old Hire plan will be recognized in pension expense as follows:

Year ending December 31	
2017	\$ 61,143
2018	61,143
2019	61,143
2020	54,250
2021	-
Thereafter	-
Total	\$ 237,679

b. Fire and Police Pension Association Statewide Defined Benefit Plan

Plan Description. The Fire and Police Pension Association Statewide Defined Benefit Plan (the New Hire Plan), a cost sharing multiple-employer public employee retirement system administered by the Fire and Police Pension Association of Colorado (FPPA), covers all full-time firefighters of the City who were hired on or after April 8, 1978, and before January 1, 1994. Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by FPPA. Firefighters hired before April 8, 1978 may voluntarily associate with the New Hire Plan under certain circumstances, while those hired on or after April 8, 1978, and before January 1, 1994 are automatically associated with it. The New Hire Plan provides retirement and death benefits to its members. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

The City's fire department transferred out of the City, into a joint venture fire district in 1994. The fire district dissolved on December 31, 1999, and the fire department rejoined the City on January 1, 2000. The New Hire Plan was not the responsibility of the City while the firefighters were members of the fire district.

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

b. Fire and Police Pension Association Statewide Defined Benefit Plan (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Funding Policy. The Statewide Defined Benefit Plan (SWDB) sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. The current contribution rate for members of the SWDB is 9% of base salary. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Firefighters covered under this plan may elect an optional account known as the "deferred retirement option plan" or "DROP" within five years prior to retirement. The purpose of DROP is to allow an eligible participant to elect, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment for a specified period of time not to exceed five years, coupled with the deferral of actual receipt of retirement benefits until the end of such specified period, at which time employment shall cease. Once a participant elects a DROP, the City is no longer required to match that participant's contribution. As of December 31, 2016, three out of eight participants in this plan had elected a DROP.

The City's contributions to the New Hire Plan for the years ending December 31, 2016, 2015, and 2014 were \$31,646, \$54,522, and \$79,516 respectively, equal to the required contribution for each year.

Pension Liability. At December 31, 2016, the City reported an asset of \$2,478 for its proportionate share of the SWDB net pension asset. The net pension asset was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined based upon the January 1, 2016 actuarial valuation.

The City's reported asset at December 31, 2016, decreased to \$2,478 from the City's prior year asset of \$249,441 because of changes in the SWDB net pension asset and the City's proportionate share of that asset. The SWDB publicly available financial report provides details on the change in the net pension asset.

The City's proportion of the net pension asset was based on contributions received and processed by employers that were members of the SWDB plan within the year ended December 31, 2015. The City's proportion measured as of December 31, 2015, was 0.140685%, which was a decrease of 0.080338% from its proportion measured as of December 31, 2014.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended December 31, 2016, the City recognized pension expense for the SWDB plan of \$19,220. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

b. Fire and Police Pension Association Statewide Defined Benefit Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,058	\$ 2,928
Changes of assumptions	38,955	-
Difference between projected and actual investment earnings	126,223	-
Changes in proportion and differences between City contributions and proportionate share of contributions	117,621	-
City contributions subsequent to the measurement date	31,646	-
Total	\$ 334,503	\$ 2,928

The \$31,646 reported as deferred outflows of resources related to SWDB plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDB plan will be recognized in pension expense as follows:

Year ending December 31	
2017	\$ 51,440
2018	51,440
2019	51,440
2020	48,310
2021	19,102
Thereafter	78,197
Total	\$ 299,929

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term Investment Rate of Return*	7.5%	7.5%
Projected Salary Increases	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.00
*Includes Inflation at	2.5%	3.0%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

b. Fire and Police Pension Association Statewide Defined Benefit Plan (Continued)

The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	<u>100.0%</u>	

*While the expected inflation exceeds the expected rate of return for cash, a 0% real rate of return is utilized.

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I - PENSION PLANS (CONTINUED)

3. Fire Pension Plans (Continued)

b. Fire and Police Pension Association Statewide Defined Benefit Plan (Continued)

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.5%	Single Discount Rate Assumption 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability (asset)	\$ 347,420	\$ (2,478)	\$ (292,710)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued SWDB financial report.

c. City of Thornton Firefighters Pension Plan – 401(a) Plan

A defined contribution pension plan is maintained for all full-time firefighters hired on or after January 1, 1994. The plan requires mandatory employee contributions of 8% of base pay. The City's contribution is also 8.0% of base pay. Vesting of employees is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service. Voluntary, after-tax contributions are allowed to be made to this plan by the firefighters.

Voluntary contributions for all fire employees are made to the deferred compensation plan, described in Note J. Matching of voluntary contributions by the City is made to the City of Thornton Firefighters Pension Plan – 401(a).

Employer contributions are funded every pay period from the General Fund. The City's contributions for 2016 were \$780,878 or 9.8% (which included the City's 1.8% match for voluntary contributions) calculated using the base salary amount of \$7,964,738. The City firefighters' mandatory contributions for 2016 were \$637,179 or 8.0% calculated using the base salary amount of \$7,964,738. The City's total payroll was \$68,704,458. Fair value of assets held by ICMA Retirement Corporation, the trustee for the City of Thornton Firefighters Pension Plan, was \$15,929,866 as of December 31, 2016.

4. City Manager/City Attorney/Municipal Judge Pension Plans

The City Manager, City Attorney, and presiding Municipal Judge are covered under individual pension plans. The terms of each plan are negotiated every year as a part of their employment contract. The City's contributions for 2016 were \$83,225. The employees' contributions for 2016 were \$46,216. As of December 31, 2016, fair value of assets for the combined plans was \$3,098,926.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE J - DEFERRED COMPENSATION

The City offers all regular City employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years.

The general employees', police, and fire voluntary contributions are made to the 457 plan. Employees can contribute a maximum of \$18,000 per year (\$24,000 if age 50 or more). The City matches 50% of employee contributions up to a maximum of 2% of base pay. The contributions for the City's match are made to either the Employee Pension Plan, the Police Pension Plan or the Fire Pension Plan described in Notes I1., I2., or I3., respectively. For 2016, the general employees' voluntary contributions were \$1,753,987, the police employees' voluntary contributions were \$694,554 and the fire employees' voluntary contributions were \$398,464 for a total of \$2,867,005 or 4.2% of base salary amount of \$68,704,458. Fair value of assets held by the trustee as of December 31, 2016 was \$52,628,922. Deferred compensation is available for withdrawal any time after the participant reaches age 59½, and must begin at age 70½. Withdrawals can also be made upon termination of employment, death, or unforeseeable emergency. Such withdrawals may be subject to IRS penalties for early withdrawal. Withdrawals can also be made upon termination of the plan.

Additionally, the City offers employees a retirement health savings plan. Participation in the plan is mandatory and contributions are currently made by the City. The annual contribution is determined each year by City Council, for 2016 the annual amount was \$350. On January 1, 2014, the City Council approved a resolution adopting a second retirement health savings plan to be in compliance with certain provisions of the Patient Protection and Affordable Care Act. As of December 31, 2016, the fair value of the assets held by the trustee in the combined plans was \$5,697,811.

An independent trustee administers funds for these plans. The City maintains accounting records. The trustee provides participants with quarterly statements of contributions, withdrawals and earnings.

NOTE K – HEALTH CARE PLAN

Plan Description. The Retiree Health Care Plan (Plan) is a single employer defined benefit OPEB plan administered by the City of Thornton. The Plan provides healthcare benefits for eligible employees, eligible retirees, and employees designated as permanently disabled. Employees must be a minimum of age 62 with 10 or more years of continuous service or have at least 20 years of continuous service at any age to be eligible for retiree benefits. The City provides a direct contribution subsidy to disabled retirees only.

There are five fully-insured medical plans, including prescription drugs, used by the City: Cigna Open Access Plus In-Network, Cigna High Deductible Health Plan with Health Reimbursement Arrangement (HRA), Kaiser HMO, Kaiser High Deductible Health Plan with a Health Reimbursement Arrangement (HRA) and Kaiser Senior Advantage. Retirees over 65 may participate in either the Senior Advantage or either of the Cigna plans without the HRA benefit. The medical providers do not issue a publicly available financial report for the City of Thornton.

Funding Policy. The City negotiates its rates annually with each of the healthcare providers (Kaiser and Cigna). In addition to the premium, other factors, such as co-payments, deductibles, etc. are reviewed and may be changed. Premiums vary depending on the number of family members covered and the healthcare provider chosen but are identical for all three classes of employees.

The City Council approves the healthcare providers and plans annually. City Council established benefits to the permanently disabled through a personnel code ordinance adopted June 25, 1990.

In 2016, eligible employees who were enrolled in single coverage paid 10% and eligible retirees paid 100% of the individual premium. Disabled retirees receive a contribution subsidy equal to 90% of the retiree individual premium.

The healthcare plans are funded on a pay as you go basis with the City paying premiums monthly. Expected premiums for permanently disabled and retired employees for all medical plans totaled \$688,395 in 2016. Retired and permanently disabled employees paid \$287,395 in actual premiums. The City's pay as you go funding totaled \$401,000 during the year.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45).

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE K – HEALTH CARE PLAN (CONTINUED)

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover current year costs plus amortization for a portion of the unfunded accrued actuarial liability for health benefits. The City implemented GASB 45, prospectively on January 1, 2008, and reports the net OPEB obligation at transition as zero in accordance with the provisions of the statement. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed, and changes in the City's net OPEB obligation.

	2016
Annual Required Contribution	\$ 550,000
Interest on net OPEB obligation	97,000
Adjustments to ARC	(87,000)
Annual OPEB cost (expense)	560,000
Contributions Made	(401,000)
Increase in net OPEB obligation	159,000
Net OPEB obligation - beginning of year	2,436,000
Net OPEB obligation - end of year	\$ 2,595,000

The city's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
12/31/2016	\$ 560,000	71.61%	\$ 2,595,000
12/31/2015	540,000	65.74%	2,436,000
12/31/2014	452,000	65.71%	2,251,000

Funded Status and Funding Progress. As of January 1, 2016, the most recent actuarial valuation date, the Plan was not funded. The unfunded actuarial accrued liability (UAAL) was \$6,907,000. The covered payroll in 2016 (annual payroll of eligible employees covered by the Plan) was \$66,337,085. The ratio of the UAAL to covered payroll was 10.4 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality, and the healthcare cost trend. 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 information about the actuarial accrued liability or benefits relative to the covered payroll of employees covered by the Plan.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits 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, consistent with the long term perspective of the calculations.

In the January 1, 2016, actuarial valuation, the projected unit credit attribution method was used. The actuarial assumptions included a 4.0 percent discount rate to calculate the ARC on a pay-as-you-go basis. The Unfunded Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years. The health CPI is assumed to increase at a rate of 3% each year. It is calculated assuming a level percentage of projected payroll on an open basis. Payroll is assumed to increase 3.5% per year. The annual trend rates for health care costs applied on a select and ultimate basis are 8% and 4.5%, respectively. Select trends are reduced 0.5% each year until reaching the ultimate trend.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE L - RISK MANAGEMENT

1. General Liability Insurance Pool

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a separate and independent governmental and legal entity. The purposes of CIRSA are to provide members defined liability and property coverage through joint self-insurance, insurance, reinsurance, or any combination thereof, and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, or their employees or officers.

All operating funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay current-year claims and to establish a reserve for catastrophe losses. The City pays claims up to the self-insured retention. In 2016, the self-insured retention (deductible amount) set by the City was \$250,000 per claim. Through CIRSA, the City purchases commercial excess insurance for claims in excess of \$250,000. Every year the City hires an independent actuary to calculate incurred but not reported claims (IBNR). The City reserves a liability for property/casualty claims of \$1,302,829. There has been no significant reduction in insurance coverage from the prior year. Settlements have not exceeded coverage in the past three years.

	<u>2016</u>	<u>2015</u>
Reserve for unpaid claims, January 1,	\$ 1,394,841	\$ 1,128,874
Incurred claims (including IBNRs)	643,707	840,572
Claim payments	<u>(735,719)</u>	<u>(574,605)</u>
Reserve for unpaid claims, December 31,	<u>\$ 1,302,829</u>	<u>\$ 1,394,841</u>
 Unpaid claims to be paid in 1 year	 <u>\$ 468,068</u>	 <u>\$ 606,503</u>

The City's respective share of CIRSA's member fund balances for the most recently available statements are as follows:

Year*	Fund	PC Pool surplus (deficit) December 31, 2015 **	City of Thornton's contribution ratio	City of Thornton's share of surplus as of December 31, 2015
1996	Loss Fund	\$ 48,136	0.000%	\$ -
1997	Loss Fund	-	0.000%	-
1998	Loss Fund	-	0.000%	-
1999	Loss Fund	-	0.000%	-
2000	Loss Fund	-	0.000%	-
2001	Loss Fund	-	0.000%	-
2002	Loss Fund	-	0.000%	-
2003	Loss Fund	431,851	0.000%	-
2004	Loss Fund	1,328,933	0.768%	10,201
2005	Loss Fund	416,609	0.000%	-
2006	Loss Fund	2,616,980	0.349%	9,140
2007	Loss Fund	3,537,321	0.000%	16
2008	Loss Fund	2,388,480	0.000%	-
2009	Loss Fund	2,201,802	0.000%	-
2010	Loss Fund	1,530,676	0.000%	-
2011	Loss Fund	125,026	0.000%	-
2012	Loss Fund	1,318,747	0.000%	-
2013	Loss Fund	414,499	0.000%	-
2014	Loss Fund	54,238	0.000%	-
2015	Loss Fund	(3,306,562)	0.000%	-
ALL	Operating fund	6,053,801	4.116%	249,173
ALL	Excess fund	3,182,661	-2.924%	(93,060)
ALL	Reserve fund	8,606,784	0.763%	65,668
		<u>\$ 30,949,982</u>		<u>\$ 241,138</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE L - RISK MANAGEMENT (CONTINUED)

1. General Liability Insurance Pool (Continued)

Summary of the most recently available financial information for CIRSA (December 31, 2015) is as follows:

Assets	\$ 55,770,127
Liabilities, including incurred but not reported claims	\$ 24,820,145
Members' fund balance	
Accumulated members' equity	30,949,982
Total liabilities and fund balance	\$ 55,770,127
Revenues	\$ 18,933,613
Expenses	23,674,447
Net decrease in members' fund balance	\$ (4,740,834)

2. Workers' Compensation

In 1991, an insurance risk management consultant conducted a feasibility study to determine if a limited risk program was a viable option for workers' compensation coverage. The study indicated that the City would benefit from such a program. City Council voted to proceed with the new program based on this information. The City established a limited risk management program for workers' compensation on January 1, 1992. Prior to that date, workers' compensation coverage was through the Colorado Intergovernmental Risk Sharing Agency (CIRSA). All past deductible plans with CIRSA are now complete and closed, with no further exposure to the City.

The City's program was tailored to meet an annual exposure predicted from ten years of claims history. A risk retention of \$550,000 per accident is maintained and funded through the Risk Management Fund, based on an annual estimated claims cost. The City purchases commercial excess insurance for claims in excess of \$550,000. Claims administration and medical services are provided through contract and the City's Risk Management Administrator is responsible for overall program management. The State of Colorado has a strict application and annual renewal process that includes funding verification, excess insurance coverage verification, claims data review and provision of a comprehensive loss prevention and control program. The application includes a required surety bond of \$801,000 to cover the City's risk retention portion.

All operating funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay current year claims and to establish a reserve for catastrophe losses. Every year the City hires an independent actuary to calculate incurred but not reported claims (IBNR). The City reserves a liability for workers' compensation of \$2,493,301. There have been no significant reductions in insurance coverage from the prior year. There have been no settlements of claims exceeding the ceiling of the City's insurance coverage for the last ten years.

	2016	2015
Reserve for unpaid claims, January 1,	\$ 1,708,884	\$ 1,766,108
Incurred claims (including IBNRs)	2,523,637	1,310,375
Claim payments	(1,739,220)	(1,367,599)
Reserve for unpaid claims, December 31,	\$ 2,493,301	\$ 1,708,884
Unpaid claims to be paid in 1 year	\$ 1,226,615	\$ 873,231

3. Self-Funded Dental Insurance

The City established two self-funded dental programs effective January 1, 2007: Delta EPO and Delta Premier. The purpose of these programs is to pay the dental claims of eligible City employees and their covered dependents. As of January 1, 2007 the City entered into an administrative services only arrangement with Delta Dental of Colorado, whereby the City pays Delta Dental a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City has recorded a liability in this fund totaling \$83,000 for open and estimated claims not yet reported at December 31, 2016.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE L - RISK MANAGEMENT (CONTINUED)

3. Self-Funded Dental Insurance (Continued)

	2016	2015
Reserve for unpaid claims, January 1,	\$ 78,000	\$ 81,000
Incurred claims (including IBNRs)	655,962	614,513
Claim payments	(650,962)	(617,513)
Reserve for unpaid claims, December 31,	\$ 83,000	\$ 78,000
Unpaid claims to be paid in 1 year	\$ 83,000	\$ 78,000

4. Self-Funded Vision Insurance

The City established a self-funded vision program effective January 1, 2009: Vision Service Plan. The purpose of this program is to pay the vision claims of eligible City employees and their covered dependents. As of January 1, 2009 the City entered into an administrative services only arrangement with Vision Service Plan, whereby the City pays Vision Service Plan a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City has a recorded liability in this fund totaling \$15,000 for open and estimated claims not yet reported at December 31, 2016.

	2016	2015
Reserve for unpaid claims, January 1,	\$ 14,000	\$ 14,000
Incurred claims (including IBNRs)	115,840	105,073
Claim payments	(114,840)	(105,073)
Reserve for unpaid claims, December 31,	\$ 15,000	\$ 14,000
Unpaid claims to be paid in 1 year	\$ 15,000	\$ 14,000

NOTE M - LEGAL RESTRICTION

At the November 3, 1992 general election, Colorado voters approved an amendment to the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR was effective December 31, 1992, and its provisions limit government taxes, spending revenues and debt without electoral approval. On November 6, 2001, the City's voters chose to permit the City to collect, retain and spend the full amount of the City's past and future taxes and other revenue above the TABOR amendment limitations.

TABOR by its terms applies to local governments such as the City but excludes "enterprises," which are defined as (1) a government owned business, (2) authorized to issue its own debt and (3) receives less than 10% of its annual revenue in grants from all state and local governments. The City considers its Water, Sewer, and Sanitation to be "enterprise" funds, and therefore considers them excluded from the terms of TABOR. All other government activities are presumably covered under the limitations of TABOR.

TABOR also requires the City to set aside a portion of its spending for an emergency reserve. In 2016, the required reserve of 3% of current year spending, excluding voter approved amounts, federal revenues, bond proceeds, and other restrictions under TABOR, totaled \$ 4,525,570. The City is not allowed to use the emergency reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE N - COMMITMENTS AND CONTINGENT LIABILITIES

1. Litigation

The City is a defendant in various lawsuits, including claims related to activities or employees of the City. The City maintains a self-funded reserve in the Risk Management fund of \$1,302,829 for general liability and \$2,493,301 for worker's compensation claims. The City believes that final disposition of matters not covered by insurance will not have a material adverse effect on the City's financial condition.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE N - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

2. Contracts

The City has \$2,726,144 and \$1,602,362, in outstanding contracts with various contractors for the Governmental Capital Fund and all other governmental funds respectively. The City has \$3,698,909, \$4,785,230, and \$13,746 in outstanding contracts with various contractors for the Water Fund, Sewer Fund, and all other proprietary funds respectively.

The City has a collective bargaining agreement between the City of Thornton and the Thornton Firefighters Local Number 2376, International Association of Firefighters for the line firefighters. The current agreement is for 2 years and expires January 1, 2019.

Certain City employees have contracts through the fiscal year 2017. Some contracts include severance packages, not exceeding nine months, if the employee is involuntarily terminated.

NOTE O – TAX ABATEMENTS

The economic development division offers individual business incentive packages to attract new businesses to the City, to grow the local economy and to provide quality job opportunities for Thornton residents. Incentive agreements are entirely discretionary and are considered on a case-by-case basis by the City Council. A written agreement is required and no agreement is final without formal action by City Council.

All incentive agreements are performance based. Performance based means that before any monies are disbursed; the business shall meet or exceed the specific performance measures identified in the Incentive Agreement. Specific performance measures may include: (a) meeting the requirements of the eligibility threshold for jobs and wages; (b) requiring new revenues generated by the business to equal or exceed the total dollar amount of the incentive provided during the period of the incentive agreement by rebate or refund; (c) requiring any rebate or refund to come from the revenues actually generated by that business; or (d) requiring the completion of significant development review process milestones such as successful completion and issuance of a development permit, building permit or certificate of occupancy.

Incentive packages vary and may include a direct subsidy for public infrastructure costs or a rebate of permit fees, use taxes, property taxes, or sales taxes. Rebate of sales and use taxes will only be considered for new taxes generated by the business. Unless special circumstances dictate, such rebate will be limited to 50% of the new sales and use taxes generated. The City does not rebate existing sales and uses taxes generated by a business. All Incentive Agreements are subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter. Some of the agreements have provisions for recapturing the abated taxes if specific performance measures are not maintained. As of December 31, 2016, the City has nine active incentive agreements in place. In 2016, the City's expenditures include \$6,746,108 in tax abatements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Thornton, Colorado

**General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Positive (negative) variance - actual from final</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Sales and use	\$ 64,876,400	\$ 64,876,400	\$ 64,831,976	\$ (44,424)
Property	10,724,000	10,724,000	10,676,230	(47,770)
Franchise	5,572,200	5,572,200	5,387,163	(185,037)
Other	2,510,000	2,510,000	2,414,341	(95,659)
Licenses and permits	3,513,000	3,513,000	4,959,615	1,446,615
Intergovernmental	5,757,000	5,757,000	5,987,012	230,012
Governmental grants	534,600	696,600	493,615	(202,985)
Charges for services	11,306,500	11,306,500	11,295,406	(11,094)
Fines and forfeitures	2,613,000	2,613,000	1,249,962	(1,363,038)
Investment earnings	333,000	333,000	222,350	(110,650)
Miscellaneous	764,000	764,000	576,674	(187,326)
Total revenues	<u>108,503,700</u>	<u>108,665,700</u>	<u>108,094,344</u>	<u>(571,356)</u>
EXPENDITURES				
Current				
General government				
Legislative	2,191,373	2,216,736	2,119,740	96,996
City manager	3,211,370	3,212,294	3,409,363	(197,069)
Management services	8,179,430	8,276,450	8,697,265	(420,815)
Miscellaneous	4,189,793	4,189,793	3,347,447	842,346
Police	30,963,197	32,626,821	30,705,411	1,921,410
Fire and ambulance	14,731,030	14,789,089	15,125,520	(336,431)
City development	8,929,947	9,066,349	8,455,663	610,686
Streets, traffic and engineering	12,485,489	12,492,589	12,061,768	430,821
Community services	21,735,064	21,742,998	21,424,092	318,906
Capital outlay	3,884,723	4,222,071	4,172,542	49,529
Total expenditures	<u>110,501,416</u>	<u>112,835,190</u>	<u>109,518,811</u>	<u>3,316,379</u>
Deficiency of revenues under expenditures	(1,997,716)	(4,169,490)	(1,424,467)	2,745,023
OTHER FINANCING SOURCES (USES)				
Transfers in	2,248,117	3,848,117	3,835,352	(12,765)
Transfers out	(32,410)	(32,410)	(32,410)	-
Sales of general capital assets	-	-	72,252	72,252
Total other financing sources	<u>2,215,707</u>	<u>3,815,707</u>	<u>3,875,194</u>	<u>59,487</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses) before reconciling items	<u>\$ 217,991</u>	<u>\$ (353,783)</u>	2,450,727	<u>\$ 2,804,510</u>
RECONCILIATION TO US GAAP BASIS				
Advance payment to Sanitation fund			103,720	
RHS & sick payout			(26,950)	
Total reconciling items			<u>76,770</u>	
Net change in fund balances			2,527,497	
Fund balances, January 1			<u>24,808,070</u>	
Fund balances, December 31			<u>\$ 27,335,567</u>	

City of Thornton, Colorado

Schedule of Proportionate Share of the Net Pension Asset/Liability Cost-Sharing Pension Plan

	2015	2016
City's proportion of the net pension liability (asset)	0.221023%	0.140685%
City's proportionate share of the net pension liability (asset)	\$ (249,441)	\$ (2,478)
City's covered-employee payroll	\$ 993,945	\$ 681,525
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-25.10%	-0.36%
Plan fiduciary net position as a percentage of the total pension liability	106.80%	100.10%
Presented as of the measurement date, December 31,	2014	2015

Information for Fiscal Year 2007 through 2014 is not available.

City of Thornton, Colorado

Schedule of Pension Contributions Cost-Sharing Pension Plan

	<u>2015</u>	<u>2016</u>
Statutorily required contribution	\$ 54,522	\$ 31,646
Contributions in relation to the statutorily required contribution	<u>54,522</u>	<u>31,646</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 681,525	\$ 395,575
City's covered-employee payroll Contributions as a percentage of covered- employee payroll	8.00%	8.00%

Information for Fiscal Year 2007 through 2014 is not available.

City of Thornton, Colorado

**Schedule of Proportionate Share of the Net Pension Liability
Old Hire Plan (Thornton Fire Department)**

	<u>2015</u>	<u>2016</u>
Total Pension Liability		
Service cost	\$ -	\$ -
Interest	566,974	549,907
Benefit changes	-	-
Differences between expected and actual experience	-	(305,110)
Assumption changes	-	2,319,410
Benefit payments, including refunds of employee contributions	(806,304)	(782,322)
Net change in total pension liability	<u>(239,330)</u>	<u>1,781,885</u>
Total pension liability - beginning	<u>7,955,511</u>	<u>7,716,181</u>
Total pension liability - ending	<u><u>\$ 7,716,181</u></u>	<u><u>\$ 9,498,066</u></u>
Plan fiduciary net position		
Contributions - employer	\$ -	\$ 239,804
Contributions - employee	-	-
Net investment income	352,452	90,586
Benefit payments, including refunds of employee contributions	(806,304)	(782,322)
Administrative expense	(11,060)	(9,397)
Other changes	-	-
Net change in plan fiduciary net position	<u>(464,912)</u>	<u>(461,329)</u>
Plan fiduciary net position - beginning	<u>5,560,276</u>	<u>5,095,364</u>
Plan fiduciary net position - ending	<u><u>\$ 5,095,364</u></u>	<u><u>\$ 4,634,035</u></u>
Net pension liability	2,620,817	4,864,031
Plan fiduciary net position as a percentage of total pension liability	66.03%	48.79%
Covered employee payroll	-	-
Net pension liability as a percentage of covered employee payroll	N/A	N/A

Information for Fiscal Year 2007 through 2014 is not available.

City of Thornton, Colorado

Schedule of Pension Contributions Old Hire Plan (Thornton Fire Department)

	2014	2015	2016
Actuarial determined contribution (1)	\$ 192,152	\$ 239,804	\$ 269,653
Contributions in relation to the actuarial determined contribution (1)	-	239,804	-
Contribution deficiency (excess)	<u>\$ 192,152</u>	<u>\$ -</u>	<u>\$ 269,653</u>
City's covered-employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A

Notes to Schedule

Actuarially determined contribution rates are calculated as of January 1 of even numbered years.

Methods and Assumptions Used to Determine Contribution Rates for current fiscal year:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open (2)
Remaining Amortization Period	18 Years (2)
Asset Valuation Method	5-Year smoothed market
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: RP-2000 Combined Mortality Table, with blue collar adjustment Disabled (pre-1980): RP-2000 Disabled Mortality Table All tables projected with Scale AA

Other information:

(1) Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

(2) Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Information for Fiscal Year 2007 through 2013 is not available.

City of Thornton, Colorado

Schedule of Funding Progress for the City Retiree Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2016	\$ -	\$ 6,907,000	\$ 6,907,000	0.0%	\$ 66,337,085	10.4%
1/1/2014	-	5,610,000	5,610,000	0.0%	59,490,548	9.4%
1/1/2012	-	5,761,000	5,761,000	0.0%	54,283,735	10.6%

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COMBINING STATEMENTS AND BUDGETARY SCHEDULES

City of Thornton, Colorado
Combining Statements and Budgetary Schedules
Fund Descriptions
Non-Major Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

Thornton Arts, Sciences and Humanities Council (TASHCO) Fund (Component Unit) – to account for monies received from grants and program revenues for purposes of cultural enhancements.

Cash in Lieu Fund – to account for monies contributed by land developers in lieu of providing an improvement such as parks or drainage.

Conservation Trust Fund – to account for monies received from the State government for purposes of developing new parks and park improvements.

Parks Fund – to account for one-third of the .25% open space tax to be used exclusively for the purchase and development of parks in the City.

Open Space Fund – to account for one-third of the .25% open space tax to be used exclusively for the purchase and development of open space in the City.

Parks and Open Space Fund – to account for one-third of the .25% open space tax to be used exclusively for the purchase and development of parks and open space in the City, based on the recommendations of the Parks and Open Space Advisory Committee (POSAC).

Adams County Open Space Sales Tax Fund – to account for open space monies from Adams county to be used exclusively for the purchase and development of open space in the City.

Adams County Road and Bridge Sales Tax Fund – to account for road and bridge monies from Adams County to be used exclusively for transportation related projects in the City.

136th Avenue GID Fund (Component Unit) – to account for the collection of assessment revenues to be used exclusively for payment of the construction of the interchange at 136th Avenue and Interstate 25.

E911 Authority Fund (Component Unit) – to account for E911 surcharges received from telecommunication companies doing business within the City. The Authority was established by City Council in 2004, and funds collected are used to pay for a portion of costs authorized by State statute for the City to provide emergency telephone services.

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources and payment of debt principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

Debt Service Fund – to accumulate monies for payment of the following bond issues:

\$12,170,000 Open Space and Parks Sales and Use Tax Revenue Refunding Bonds, Series 2010 – financed solely by the 0.25% open space sales and use tax. The bonds are due in annual payments until maturity in 2018.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Thornton Development Authority South Capital Fund (Component Unit) – to account for capital improvement projects within the Authority boundaries financed by existing and current resources (property tax and investment income).

Thornton Development Authority North Washington Fund (TDA North) (Component Unit) – to account for debt services and capital improvement projects within the Authority boundaries financed by current resources (property tax, sales tax, investment income) and by bond proceeds. The debt service payments are for the following bond issue:

\$13,900,000 Thornton Development Authority Tax Increment Revenue Refunding (North Washington Street Urban Corridor), Series 2015A – financed by sales and property tax incremental increases within the boundaries of the North Washington Urban Renewal Area. The bonds are due in semi-annual payments until maturity in 2028.

Thornton Development Authority 144th (TDA 144th) (Component Unit) – to account for debt services and capital improvement projects within the Authority boundaries financed by current resources (property tax, sales tax, investment income) and by bond proceeds. The debt service payments are for the following bond issue:

\$27,580,000 Thornton Development Authority Tax Increment Revenue Bonds (East 144th Avenue and I-25 Project), Series 2015B – financed by sales and property tax incremental increases within the boundaries of the 144th Urban Renewal Area. The bonds are due in semi-annual payments until maturity in 2037.

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City of Thornton, Colorado

**Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2016**

	Special Revenue Funds					
	TASHCO	Cash in Lieu	Conservation Trust	Parks	Open Space	Parks & Open Space
ASSETS						
Equity in pooled cash and investments						
Unrestricted	\$ 325,461	\$ 926,441	\$ 3,274,248	\$ 5,987,428	\$ 9,405,200	\$ 10,426,031
Restricted	-	-	-	-	-	-
Receivables, net						
Taxes	-	-	-	205,918	205,918	205,918
Interest	1,291	3,824	13,730	23,243	36,521	47,702
Land held for resale	-	-	-	-	-	-
Total assets	\$ 326,752	\$ 930,265	\$ 3,287,978	\$ 6,216,589	\$ 9,647,639	\$ 10,679,651
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 21,047	\$ 82,043	\$ 50,671	\$ 43,875
Retainage payable	-	-	3,725	-	4,907	-
Due to other funds	-	-	-	-	-	1,666,450
Third party advances	-	582,828	-	-	-	-
Unearned revenue	-	-	-	-	17,958	-
Advance from other funds	-	-	-	-	-	1,699,775
Other	-	-	-	-	-	-
Total liabilities	-	582,828	24,772	82,043	73,536	3,410,100
DEFERRED INFLOWS						
Unavailable revenue - property taxes	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCES						
Restricted						
Parks and open space	-	-	3,263,206	6,134,546	9,574,103	7,269,551
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Other purposes	31,225	-	-	-	-	-
Committed						
Capital projects	-	-	-	-	-	-
Assigned						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Parks and open space	-	347,437	-	-	-	-
Other purposes	295,527	-	-	-	-	-
Total fund balances	326,752	347,437	3,263,206	6,134,546	9,574,103	7,269,551
Total liabilities, deferred inflows of resources and fund balances	\$ 326,752	\$ 930,265	\$ 3,287,978	\$ 6,216,589	\$ 9,647,639	\$ 10,679,651

Special Revenue Funds					Debt Fund
Adams County Open Space Sales Tax	Adams County Road & Bridge Sales Tax	136th Avenue GID	E911 Authority	Total Special Revenue	Debt Service
\$ 3,540,146	\$ 5,234,577	\$ 2,647	\$ 362,744	\$ 39,484,923	\$ 155,305
-	-	-	-	-	45,267
-	526,152	5,031	93,211	1,242,148	-
13,611	23,102	12	2,375	165,411	840
-	-	-	-	-	-
<u>\$ 3,553,757</u>	<u>\$ 5,783,831</u>	<u>\$ 7,690</u>	<u>\$ 458,330</u>	<u>\$ 40,892,482</u>	<u>\$ 201,412</u>
\$ 211,697	\$ 89,181	\$ -	\$ -	\$ 498,514	\$ -
26,736	73,247	-	-	108,615	-
-	-	-	-	1,666,450	-
-	-	-	-	582,828	-
-	-	-	-	17,958	-
-	-	-	-	1,699,775	-
-	-	-	-	-	-
<u>238,433</u>	<u>162,428</u>	<u>-</u>	<u>-</u>	<u>4,574,140</u>	<u>-</u>
-	-	5,031	-	5,031	-
-	-	5,031	-	5,031	-
3,315,324	-	-	-	29,556,730	-
-	5,621,403	-	-	5,621,403	-
-	-	-	-	-	45,267
-	-	-	458,330	458,330	-
-	-	-	-	31,225	-
-	-	2,659	-	2,659	-
-	-	-	-	-	-
-	-	-	-	-	156,145
-	-	-	-	-	-
-	-	-	-	347,437	-
-	-	-	-	295,527	-
<u>3,315,324</u>	<u>5,621,403</u>	<u>2,659</u>	<u>458,330</u>	<u>36,313,311</u>	<u>201,412</u>
<u>\$ 3,553,757</u>	<u>\$ 5,783,831</u>	<u>\$ 7,690</u>	<u>\$ 458,330</u>	<u>\$ 40,892,482</u>	<u>\$ 201,412</u>

City of Thornton, Colorado

**Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2016**

	Capital Funds			Total Capital Projects	Total Non-major Governmental Funds
	TDA South Capital	TDA North Capital	TDA 144th Capital		
ASSETS					
Equity in pooled cash and investments					
Unrestricted	\$ 7,623,398	\$ 18,830,064	\$ 1,950,829	\$ 28,404,291	\$ 68,044,519
Restricted	-	1,411,947	2,259,205	3,671,152	3,716,419
Receivables, net					
Taxes	322,585	3,559,131	1,362,810	5,244,526	6,486,674
Interest	31,561	83,970	15,011	130,542	296,793
Land held for resale	543,098	-	-	543,098	543,098
Total assets	\$ 8,520,642	\$ 23,885,112	\$ 5,587,855	\$ 37,993,609	\$ 79,087,503
LIABILITIES					
Accounts payable	\$ 2,916	\$ 3,048	\$ 2,500	\$ 8,464	\$ 506,978
Retainage payable	-	-	-	-	108,615
Due to other funds	-	-	-	-	1,666,450
Third party advances	13,500	-	-	13,500	596,328
Unearned revenue	-	-	-	-	17,958
Advance from other funds	-	-	-	-	1,699,775
Other	-	1,456,960	669,901	2,126,861	2,126,861
Total liabilities	16,416	1,460,008	672,401	2,148,825	6,722,965
DEFERRED INFLOWS					
Unavailable revenue - property taxes	322,585	2,596,585	1,062,677	3,981,847	3,986,878
Total deferred inflows of resources	322,585	2,596,585	1,062,677	3,981,847	3,986,878
FUND BALANCES					
Restricted					
Parks and open space	-	-	-	-	29,556,730
Capital projects	-	-	-	-	5,621,403
Debt service	-	1,411,512	2,258,550	3,670,062	3,715,329
Public safety	-	-	-	-	458,330
Other purposes	-	-	-	-	31,225
Committed					
Capital projects	-	-	-	-	2,659
Assigned					
Capital projects	7,638,543	18,417,007	1,594,227	27,649,777	27,649,777
Debt service	-	-	-	-	156,145
Land held for resale	543,098	-	-	543,098	543,098
Parks and open space	-	-	-	-	347,437
Other purposes	-	-	-	-	295,527
Total fund balances	8,181,641	19,828,519	3,852,777	31,862,937	68,377,660
Total liabilities, deferred inflows of resources and fund balances	\$ 8,520,642	\$ 23,885,112	\$ 5,587,855	\$ 37,993,609	\$ 79,087,503

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City of Thornton, Colorado

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended December 31, 2016**

	Special Revenue Funds					
	TASHCO	Cash in Lieu	Conservation Trust	Parks	Open Space	Parks & Open Space
REVENUES						
Taxes						
Sales and use	\$ -	\$ -	\$ -	\$ 2,143,205	\$ 2,143,204	\$ 2,143,204
Property	-	-	-	-	-	-
E911	-	-	-	-	-	-
Intergovernmental	-	-	1,363,282	-	12,042	-
Governmental grants	31,225	-	-	74,844	479,629	144,977
Investments						
Investment earnings	2,305	7,122	24,260	38,959	60,263	65,428
Loss on land held for resale	-	-	-	-	-	-
Miscellaneous						
Developers' contributions	-	-	-	-	-	-
Other	3,784	-	-	-	9,600	-
Total revenues	37,314	7,122	1,387,542	2,257,008	2,704,738	2,353,609
EXPENDITURES						
Current						
Community services	57,025	-	-	-	-	-
Streets, traffic and engineering	-	-	-	-	-	-
Capital outlay	-	-	1,222,377	393,099	687,215	161,631
Debt service						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	100,000
Bond fees	-	-	-	-	-	-
Total expenditures	57,025	-	1,222,377	393,099	687,215	261,631
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	(19,711)	7,122	165,165	1,863,909	2,017,523	2,091,978
OTHER FINANCING SOURCES (USES)						
Transfers in	32,410	-	-	-	-	-
Transfers out	-	-	-	(816,596)	(469,552)	(518,855)
Total other financing sources (uses)	32,410	-	-	(816,596)	(469,552)	(518,855)
Net change in fund balances	12,699	7,122	165,165	1,047,313	1,547,971	1,573,123
Fund balances, January 1	314,053	340,315	3,098,041	5,087,233	8,026,132	5,696,428
Fund balances, December 31	\$ 326,752	\$ 347,437	\$ 3,263,206	\$ 6,134,546	\$ 9,574,103	\$ 7,269,551

Special Revenue Funds					Debt Fund
Adams County Open Space Sales Tax	Adams County Road & Bridge Sales Tax	136th Avenue GID	E911 Authority	Total Special Revenue	Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 6,429,613	\$ -
-	-	5,566	-	5,566	-
-	-	-	1,072,485	1,072,485	-
1,028,422	2,844,378	-	-	5,248,124	-
695,057	-	-	-	1,425,732	-
20,672	41,621	20	4,064	264,714	1,526
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	13,384	-
<u>1,744,151</u>	<u>2,885,999</u>	<u>5,586</u>	<u>1,076,549</u>	<u>14,459,618</u>	<u>1,526</u>
-	-	-	-	57,025	-
1,131,876	2,719,103	-	-	6,315,301	-
-	-	-	-	-	1,605,000
-	-	-	-	100,000	200,000
-	-	-	-	-	275
<u>1,131,876</u>	<u>2,719,103</u>	<u>-</u>	<u>-</u>	<u>6,472,326</u>	<u>1,805,275</u>
<u>612,275</u>	<u>166,896</u>	<u>5,586</u>	<u>1,076,549</u>	<u>7,987,292</u>	<u>(1,803,749)</u>
-	-	-	-	32,410	1,805,003
-	-	(5,000)	(1,000,000)	(2,810,003)	-
-	-	(5,000)	(1,000,000)	(2,777,593)	1,805,003
612,275	166,896	586	76,549	5,209,699	1,254
<u>2,703,049</u>	<u>5,454,507</u>	<u>2,073</u>	<u>381,781</u>	<u>31,103,612</u>	<u>200,158</u>
<u>\$ 3,315,324</u>	<u>\$ 5,621,403</u>	<u>\$ 2,659</u>	<u>\$ 458,330</u>	<u>\$ 36,313,311</u>	<u>\$ 201,412</u>

City of Thornton, Colorado

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the year ended December 31, 2016**

	Capital Funds			Total Capital Projects	Total Non-major Governmental Funds
	TDA South Capital	TDA North Capital	TDA 144th Capital		
REVENUES					
Taxes					
Sales and use	\$ -	\$ 9,996,156	\$ 2,344,654	\$ 12,340,810	\$ 18,770,423
Property	301,228	2,639,740	880,255	3,821,223	3,826,789
E911	-	-	-	-	1,072,485
Intergovernmental	-	-	-	-	5,248,124
Governmental grants	-	-	-	-	1,425,732
Investments					
Investment earnings	55,907	162,185	29,065	247,157	513,397
Loss on land held for resale	(1,162,774)	-	-	(1,162,774)	(1,162,774)
Miscellaneous					
Developers' contributions	-	234,784	-	234,784	234,784
Other	30,000	-	-	30,000	43,384
Total revenues	<u>(775,639)</u>	<u>13,032,865</u>	<u>3,253,974</u>	<u>15,511,200</u>	<u>29,972,344</u>
EXPENDITURES					
Current					
Community services	-	-	-	-	57,025
Streets, traffic and engineering	-	-	669,901	669,901	669,901
Capital outlay	213,496	10,965,311	210,618	11,389,425	17,704,726
Debt service					
Principal retirement	-	850,000	615,000	1,465,000	3,070,000
Interest	-	557,963	1,192,921	1,750,884	2,050,884
Bond fees	-	2,500	2,500	5,000	5,275
Total expenditures	<u>213,496</u>	<u>12,375,774</u>	<u>2,690,940</u>	<u>15,280,210</u>	<u>23,557,811</u>
Excess (deficiency) of revenues over(under) expenditures before other sources (uses)	<u>(989,135)</u>	<u>657,091</u>	<u>563,034</u>	<u>230,990</u>	<u>6,414,533</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,837,413
Transfers out	(30,352)	(1,200,000)	(1,600,000)	(2,830,352)	(5,640,355)
Total other financing sources (uses)	<u>(30,352)</u>	<u>(1,200,000)</u>	<u>(1,600,000)</u>	<u>(2,830,352)</u>	<u>(3,802,942)</u>
Net change in fund balances	(1,019,487)	(542,909)	(1,036,966)	(2,599,362)	2,611,591
Fund balances, January 1	<u>9,201,128</u>	<u>20,371,428</u>	<u>4,889,743</u>	<u>34,462,299</u>	<u>65,766,069</u>
Fund balances, December 31	<u>\$ 8,181,641</u>	<u>\$ 19,828,519</u>	<u>\$ 3,852,777</u>	<u>\$ 31,862,937</u>	<u>\$ 68,377,660</u>

City of Thornton, Colorado

**Thornton Arts, Sciences, and Humanities Council Fund (TASHCO)
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
REVENUES			
Governmental grants	\$ 34,698	\$ 31,225	\$ (3,473)
Investment earnings	-	2,305	2,305
Miscellaneous			
Other	<u>5,678</u>	<u>3,784</u>	<u>(1,894)</u>
Total revenues	<u>40,376</u>	<u>37,314</u>	<u>(3,062)</u>
EXPENDITURES			
Community services	72,786	57,025	15,761
Capital outlay	<u>16,044</u>	-	<u>16,044</u>
Total expenditures	<u>88,830</u>	<u>57,025</u>	<u>31,805</u>
Deficiency of revenues under expenditures	<u>(48,454)</u>	<u>(19,711)</u>	<u>28,743</u>
OTHER FINANCING SOURCES			
Transfer in	<u>32,410</u>	<u>32,410</u>	-
Total other financing sources	<u>32,410</u>	<u>32,410</u>	-
Net change in fund balance	<u>\$ (16,044)</u>	12,699	<u>\$ 28,743</u>
Fund balance, January 1		<u>314,053</u>	
Fund balance, December 31		<u>\$ 326,752</u>	

City of Thornton, Colorado

Cash in Lieu Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Investment earnings	<u>\$ 7,500</u>	<u>\$ 7,122</u>	<u>\$ (378)</u>
Total revenues	<u>7,500</u>	<u>7,122</u>	<u>(378)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 7,500</u>	7,122	<u>\$ (378)</u>
Fund balance, January 1		<u>340,315</u>	
Fund balance, December 31		<u>\$ 347,437</u>	

City of Thornton, Colorado

**Conservation Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Intergovernmental - State lottery	\$ 1,200,000	\$ 1,363,282	\$ 163,282
Investment earnings	25,000	24,260	(740)
	<u>1,225,000</u>	<u>1,387,542</u>	<u>162,542</u>
Total revenues			
EXPENDITURES			
Capital outlay	<u>4,200,862</u>	<u>1,222,377</u>	<u>2,978,485</u>
Total expenditures	<u>4,200,862</u>	<u>1,222,377</u>	<u>2,978,485</u>
Net change in fund balance	<u>\$ (2,975,862)</u>	165,165	<u>\$ 3,141,027</u>
Fund balance, January 1		<u>3,098,041</u>	
Fund balance, December 31		<u>\$ 3,263,206</u>	

City of Thornton, Colorado

Parks Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 2,066,850	\$ 2,143,205	\$ 76,355
Governmental grants	-	74,844	74,844
Investment earnings	46,800	38,959	(7,841)
	<u>2,113,650</u>	<u>2,257,008</u>	<u>143,358</u>
EXPENDITURES			
Capital outlay	5,869,396	393,099	5,476,297
	<u>5,869,396</u>	<u>393,099</u>	<u>5,476,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,755,746)</u>	<u>1,863,909</u>	<u>5,619,655</u>
OTHER FINANCING USES			
Transfers out	<u>(816,596)</u>	<u>(816,596)</u>	-
	<u>(816,596)</u>	<u>(816,596)</u>	-
Net change in fund balance	<u>\$ (4,572,342)</u>	1,047,313	<u>\$ 5,619,655</u>
Fund balance, January 1		<u>5,087,233</u>	
Fund balance, December 31		<u>\$ 6,134,546</u>	

City of Thornton, Colorado

Open Space Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - sales and use	\$ 2,066,850	\$ 2,143,204	\$ 76,354
Intergovernmental	-	12,042	12,042
Governmental grants	768,909	479,629	(289,280)
Investment earnings	58,700	60,263	1,563
Miscellaneous			
Other	-	9,600	9,600
	<u>2,894,459</u>	<u>2,704,738</u>	<u>(189,721)</u>
EXPENDITURES			
Capital outlay	<u>4,239,470</u>	<u>687,215</u>	<u>3,552,255</u>
	<u>4,239,470</u>	<u>687,215</u>	<u>3,552,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,345,011)</u>	<u>2,017,523</u>	<u>3,362,534</u>
OTHER FINANCING USES			
Transfers out	<u>(469,552)</u>	<u>(469,552)</u>	<u>-</u>
	<u>(469,552)</u>	<u>(469,552)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (1,814,563)</u></u>	1,547,971	<u><u>\$ 3,362,534</u></u>
Fund balance, January 1		<u>8,026,132</u>	
Fund balance, December 31		<u><u>\$ 9,574,103</u></u>	

City of Thornton, Colorado

Parks and Open Space Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Non US GAAP Basis For the year ended December 31, 2016

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 2,066,850	\$ 2,143,204	\$ 76,354
Governmental grants	-	144,977	144,977
Investment earnings	43,500	65,428	21,928
Total revenues	2,110,350	2,353,609	243,259
EXPENDITURES			
Capital outlay	9,854,985	161,631	9,693,354
Debt service			
Advance payment	1,633,772	1,633,775	(3)
Interest	100,000	100,000	-
Total expenditures	11,588,757	1,895,406	9,693,351
Excess (deficiency) of revenues over (under) expenditures	(9,478,407)	458,203	9,936,610
OTHER FINANCING USES			
Transfers out	(518,855)	(518,855)	-
Total other financing uses	(518,855)	(518,855)	-
Deficiency of revenues under expenditures and other uses before reconciling items	\$ (9,997,262)	(60,652)	\$ 9,936,610
RECONCILIATION TO US GAAP BASIS			
Advance payment to govt cap fund		1,633,775	
Net change in fund balance		1,573,123	
Fund balance, January 1		5,696,428	
Fund balance, December 31		\$ 7,269,551	

City of Thornton, Colorado

**Adams County Open Space Sales Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
REVENUES			
Intergovernmental	\$ 1,025,000	\$ 1,028,422	\$ 3,422
Governmental grants	-	695,057	695,057
Investment earnings	<u>22,500</u>	<u>20,672</u>	<u>(1,828)</u>
Total revenues	<u>1,047,500</u>	<u>1,744,151</u>	<u>696,651</u>
EXPENDITURES			
Capital outlay	<u>4,788,622</u>	<u>1,131,876</u>	<u>3,656,746</u>
Total expenditures	<u>4,788,622</u>	<u>1,131,876</u>	<u>3,656,746</u>
Net change in fund balance	<u>\$ (3,741,122)</u>	612,275	<u>\$ 4,353,397</u>
Fund balance, January 1		<u>2,703,049</u>	
Fund balance, December 31		<u>\$ 3,315,324</u>	

City of Thornton, Colorado

**Adams County Road and Bridge Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
REVENUES			
Intergovernmental	\$ 2,856,000	\$ 2,844,378	\$ (11,622)
Investment earnings	59,000	41,621	(17,379)
	<u>2,915,000</u>	<u>2,885,999</u>	<u>(29,001)</u>
Total revenues			
EXPENDITURES			
Capital outlay	<u>3,167,722</u>	<u>2,719,103</u>	<u>448,619</u>
Total expenditures	<u>3,167,722</u>	<u>2,719,103</u>	<u>448,619</u>
Net change in fund balance	<u>\$ (252,722)</u>	166,896	<u>\$ 419,618</u>
Fund balance, January 1		<u>5,454,507</u>	
Fund balance, December 31		<u>\$ 5,621,403</u>	

City of Thornton, Colorado

**136th Avenue General Improvement District Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - Property	\$ 5,000	\$ 5,566	\$ 566
Investment earnings	-	20	20
	<u>5,000</u>	<u>5,586</u>	<u>586</u>
Total revenues			
OTHER FINANCING USES			
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	-
	<u>(5,000)</u>	<u>(5,000)</u>	-
Total other financing uses			
Net change in fund balance	<u>\$ -</u>	586	<u>\$ 586</u>
Fund balance, January 1		<u>2,073</u>	
Fund balance, December 31		<u>\$ 2,659</u>	

City of Thornton, Colorado

E911 Authority Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
REVENUES			
Taxes - E911	\$ 1,000,000	\$ 1,072,485	\$ 72,485
Investment earnings	-	4,064	4,064
	<u>1,000,000</u>	<u>1,076,549</u>	<u>76,549</u>
OTHER FINANCING USES			
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	-
	<u>(1,000,000)</u>	<u>(1,000,000)</u>	-
Net change in fund balance	<u>\$ -</u>	76,549	<u>\$ 76,549</u>
Fund balance, January 1		<u>381,781</u>	
Fund balance, December 31		<u>\$ 458,330</u>	

City of Thornton, Colorado

Debt Service Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
REVENUES			
Investment earnings	\$ 1,000	\$ 1,526	\$ 526
Total revenues	<u>1,000</u>	<u>1,526</u>	<u>526</u>
EXPENDITURES			
Debt service			
Principal retirement	1,605,000	1,605,000	-
Interest	200,000	200,000	-
Bond fees	<u>1,000</u>	<u>275</u>	<u>725</u>
Total expenditures	<u>1,806,000</u>	<u>1,805,275</u>	<u>725</u>
Deficiency of revenues under expenditures	<u>(1,805,000)</u>	<u>(1,803,749)</u>	<u>1,251</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,805,000</u>	<u>1,805,003</u>	<u>3</u>
Total other financing sources	<u>1,805,000</u>	<u>1,805,003</u>	<u>3</u>
Net change in fund balance	<u>\$ -</u>	1,254	<u>\$ 1,254</u>
Fund balance, January 1		<u>200,158</u>	
Fund balance, December 31		<u>\$ 201,412</u>	

City of Thornton, Colorado

Governmental Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2016

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 9,354,400	\$ 12,844,475	\$ 3,490,075
Intergovernmental	3,144,000	3,469,060	325,060
Governmental grants	653,350	2,734,230	2,080,880
Lease	207,794	207,792	(2)
Investment earnings	545,000	483,210	(61,790)
Miscellaneous			
Other	75,000	19,752	(55,248)
Total revenues	13,979,544	19,758,519	5,778,975
EXPENDITURES			
Capital outlay	44,575,068	16,399,898	28,175,170
Debt service			
Principal retirement	3,140,000	3,140,000	-
Interest	832,990	832,990	-
Bond fees	5,000	1,595	3,405
Total expenditures	48,553,058	20,374,483	28,178,575
Deficiency of revenues under expenditures	(34,573,514)	(615,964)	33,957,550
OTHER FINANCING SOURCES			
Sales of general capital assets	-	158,408	158,408
Total other financing sources	-	158,408	158,408
Net change in fund balance	\$ (34,573,514)	(457,556)	\$ 34,115,958
Fund balance, January 1		51,069,832	
Fund balance, December 31		\$ 50,612,276	

City of Thornton, Colorado

**Thornton Development Authority South Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - property	\$ 314,000	\$ 301,228	\$ (12,772)
Investments			
Investment earnings	69,000	55,907	(13,093)
Loss on land held for resale	-	(1,162,774)	(1,162,774)
Miscellaneous			
Other	-	30,000	30,000
	<u>383,000</u>	<u>(775,639)</u>	<u>(1,158,639)</u>
Total revenues			
EXPENDITURES			
Capital outlay	<u>1,316,678</u>	<u>213,496</u>	<u>1,103,182</u>
Total expenditures	<u>1,316,678</u>	<u>213,496</u>	<u>1,103,182</u>
Deficiency of revenues under expenditures	<u>(933,678)</u>	<u>(989,135)</u>	<u>(55,457)</u>
OTHER FINANCING USES			
Transfers out	<u>(43,117)</u>	<u>(30,352)</u>	<u>12,765</u>
Total other financing uses	<u>(43,117)</u>	<u>(30,352)</u>	<u>12,765</u>
Net change in fund balance	<u>\$ (976,795)</u>	(1,019,487)	<u>\$ (42,692)</u>
Fund balance, January 1		<u>9,201,128</u>	
Fund balance, December 31		<u>\$ 8,181,641</u>	

City of Thornton, Colorado

**Thornton Development Authority North Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes			
Sales and use	\$ 10,084,000	\$ 9,996,156	\$ (87,844)
Property	2,729,000	2,639,740	(89,260)
Investment earnings	227,000	162,185	(64,815)
Miscellaneous			
Developers' contributions	<u>-</u>	<u>234,784</u>	<u>234,784</u>
Total revenues	<u>13,040,000</u>	<u>13,032,865</u>	<u>(7,135)</u>
EXPENDITURES			
Capital outlay	19,304,111	10,965,311	8,338,800
Debt service			
Principal retirement	795,000	850,000	(55,000)
Interest	708,176	557,963	150,213
Bond fees	<u>2,000</u>	<u>2,500</u>	<u>(500)</u>
Total expenditures	<u>20,809,287</u>	<u>12,375,774</u>	<u>8,433,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,769,287)</u>	<u>657,091</u>	<u>8,426,378</u>
OTHER FINANCING USES			
Transfers out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Total other financing uses	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (8,969,287)</u>	(542,909)	<u>\$ 8,426,378</u>
Fund balance, January 1		<u>20,371,428</u>	
Fund balance, December 31		<u>\$ 19,828,519</u>	

City of Thornton, Colorado

**Thornton Development Authority 144th Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes			
Sales and use	\$ 2,562,000	\$ 2,344,654	\$ (217,346)
Property	915,000	880,255	(34,745)
Investment earnings	28,000	29,065	1,065
	<u>3,505,000</u>	<u>3,253,974</u>	<u>(251,026)</u>
Total revenues			
EXPENDITURES			
Streets, traffic and engineering	700,000	669,901	30,099
Capital outlay	1,233,757	210,618	1,023,139
Debt Service			
Principal Retirement	615,000	615,000	-
Interest	1,192,921	1,192,921	-
Bond fees	2,000	2,500	(500)
	<u>3,743,678</u>	<u>2,690,940</u>	<u>1,052,738</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(238,678)</u>	<u>563,034</u>	<u>801,712</u>
OTHER FINANCING USES			
Transfers out	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>-</u>
Total other financing uses	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,838,678)</u>	<u>(1,036,966)</u>	<u>\$ 801,712</u>
Net position, January 1		<u>4,889,743</u>	
Net position, December 31		<u>\$ 3,852,777</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Major Enterprise Funds

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 City Council 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.

Water Utility Fund – to account for the provision of water services to residents of the City and some residents of Adams County.

Sewer Utility Fund – to account for the provision of sewer services to residents of the City and some residents of Adams County.

City of Thornton, Colorado

**Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services pledged for debt	\$ 40,459,500	\$ 42,610,157	\$ 2,150,657
Miscellaneous revenue	110,000	110,375	375
Total operating revenues	<u>40,569,500</u>	<u>42,720,532</u>	<u>2,151,032</u>
OPERATING EXPENSES			
Source of supply	6,302,167	5,921,872	380,295
Water treatment	8,694,428	9,032,392	(337,964)
Collection, transmission, and distribution	4,253,825	4,099,665	154,160
Other operating expenses	1,424,927	1,344,774	80,153
Administration	5,958,937	6,044,595	(85,658)
Total operating expenses	<u>26,634,284</u>	<u>26,443,298</u>	<u>190,986</u>
Operating income	<u>13,935,216</u>	<u>16,277,234</u>	<u>2,342,018</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,369,000	758,109	(610,891)
Capital outlay	(43,098,127)	(14,098,122)	29,000,005
Debt service			
Principal payment	(1,410,000)	(1,410,000)	-
Interest	(1,442,594)	(1,442,594)	-
Bond fees	(1,000)	(250)	750
Miscellaneous revenue	3,265,000	4,081,672	816,672
Total nonoperating expenses	<u>(41,317,721)</u>	<u>(12,111,185)</u>	<u>29,206,536</u>
Income (Loss) before grants and capital contributions	(27,382,505)	4,166,049	31,548,554
Grants and capital contributions	<u>13,500,000</u>	<u>22,805,643</u>	<u>9,305,643</u>
Excess (deficiency) of revenues over (under) expenditures before reconciling items	<u>\$ (13,882,505)</u>	26,971,692	<u>\$ 40,854,197</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		(114,299)	
Add back principal payment		1,410,000	
Change in accrued interest payable		3,525	
Gain on sale of capital assets		712,945	
Depreciation		(6,938,944)	
Capital asset additions (from the City's capital projects)		14,098,122	
Contributed capital assets		2,505,096	
Bond deferred premiums amortized		50,728	
Total reconciling items		<u>11,727,173</u>	
Change in net position		38,698,865	
Net position, January 1		<u>590,309,739</u>	
Net position, December 31		<u>\$ 629,008,604</u>	

City of Thornton, Colorado

**Sewer Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services	\$ 14,100,000	\$ 14,388,579	\$ 288,579
Miscellaneous revenue	20,000	4,711	(15,289)
	<u>14,120,000</u>	<u>14,393,290</u>	<u>273,290</u>
OPERATING EXPENSES			
Collection, transmission, and distribution	2,120,470	1,938,824	181,646
Sewage treatment-Metro Wastewater	9,573,144	9,573,144	-
Other operating expenses	170,818	142,220	28,598
Administration	1,336,600	1,336,600	-
	<u>13,201,032</u>	<u>12,990,788</u>	<u>210,244</u>
Operating income	<u>918,968</u>	<u>1,402,502</u>	<u>483,534</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	169,000	137,279	(31,721)
Capital outlay	<u>(11,581,111)</u>	<u>(4,668,361)</u>	<u>6,912,750</u>
	<u>(11,412,111)</u>	<u>(4,531,082)</u>	<u>6,881,029</u>
Loss before capital contributions and transfers	(10,493,143)	(3,128,580)	7,364,563
Capital contributions	<u>945,000</u>	<u>1,983,917</u>	<u>1,038,917</u>
Deficiency of revenues under expenditures before reconciling items	<u>\$ (9,548,143)</u>	(1,144,663)	<u>\$ 8,403,480</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		1,867	
Gain on sale of capital assets		657	
Depreciation		(2,022,440)	
Capital asset additions (from the City's capital projects)		4,668,361	
Contributed capital assets		<u>2,556,086</u>	
Total reconciling items		<u>5,204,531</u>	
Change in net position		4,059,868	
Net position, January 1		<u>60,560,905</u>	
Net position, December 31		<u>\$ 64,620,773</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Non-Major Enterprise Funds

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 City Council 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.

Sanitation Fund – to account for rubbish removal and recycling services provided to City residents.

City of Thornton, Colorado

**Sanitation Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Charges for services	\$ 5,115,000	\$ 5,109,703	\$ (5,297)
Miscellaneous revenue	-	12,764	12,764
	<u>5,115,000</u>	<u>5,122,467</u>	<u>7,467</u>
OPERATING EXPENSES			
Trash removal	2,708,238	2,543,886	164,352
Other operating expenses	753,053	784,720	(31,667)
Administration	989,291	974,523	14,768
	<u>4,450,582</u>	<u>4,303,129</u>	<u>147,453</u>
Operating income	<u>664,418</u>	<u>819,338</u>	<u>154,920</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	61,000	53,575	(7,425)
Capital outlay	<u>(1,310,067)</u>	<u>(778,616)</u>	<u>531,451</u>
	<u>(1,249,067)</u>	<u>(725,041)</u>	<u>524,026</u>
Excess (deficiency) of revenues over (under) expenditures before reconciling items	<u>\$ (584,649)</u>	94,297	<u>\$ 678,946</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		(6,509)	
Gain on sale of capital assets		8,410	
Depreciation		(419,985)	
Capital asset additions		<u>778,616</u>	
		<u>360,532</u>	
Change in net position		454,829	
Net position, January 1		<u>9,103,545</u>	
Net position, December 31		<u>\$ 9,558,374</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Internal Service Funds

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 City and to other government units, on a cost reimbursement basis.

Risk Management Fund – to account for the costs related to providing the City with a comprehensive program to manage the City's property, liability and work related injury risk, and to manage the City's self-funded dental and vision insurance programs.

Information Technology Fund – to account for computer support and maintenance of all information technology for the City.

Reprographics Fund – to account for copying, printing and mailing costs for all City departments.

Consolidated Service Center Fund – to account for fuel purchased and utilized by Adams County School District 12.

Maintenance Services Fund – to account for custodial and building maintenance service costs for all City Departments.

City of Thornton, Colorado

**Combining Statement of Net Position
Internal Service Funds
December 31, 2016**

	Internal Service Funds					
	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
ASSETS						
Current assets						
Equity in pooled cash and investments - unrestricted	\$ 3,938,997	\$ 784,148	\$ 41,764	\$ 171,383	\$ 1,342,735	\$ 6,279,027
Receivables, net						
Accounts	175,504	1,534	-	25,483	418	202,939
Interest and other	15,437	4,369	365	519	6,586	27,276
Total current assets	<u>4,129,938</u>	<u>790,051</u>	<u>42,129</u>	<u>197,385</u>	<u>1,349,739</u>	<u>6,509,242</u>
Noncurrent assets						
Capital assets						
Transportation equipment	-	20,114	-	-	178,226	198,340
General equipment	-	1,995,806	63,363	-	426,163	2,485,332
Buildings and improvements	-	-	-	-	18,471	18,471
Less accumulated depreciation	-	(1,278,161)	(33,098)	-	(58,802)	(1,370,061)
Construction in Progress	-	-	-	-	4,235	4,235
Total noncurrent assets	<u>-</u>	<u>737,759</u>	<u>30,265</u>	<u>-</u>	<u>568,293</u>	<u>1,336,317</u>
Total assets	<u>4,129,938</u>	<u>1,527,810</u>	<u>72,394</u>	<u>197,385</u>	<u>1,918,032</u>	<u>7,845,559</u>
LIABILITIES						
Current liabilities						
Accounts payable	210,367	569,277	41,069	91,871	818,522	1,731,106
Compensated absences	10,355	21,224	-	-	27,249	58,828
Outstanding reserves/incurred but not reported claims	1,792,683	-	-	-	-	1,792,683
Total current liabilities	<u>2,013,405</u>	<u>590,501</u>	<u>41,069</u>	<u>91,871</u>	<u>845,771</u>	<u>3,582,617</u>
Long-term liabilities						
Compensated absences, excluding current portion	10,482	197,719	-	-	72,822	281,023
Advances from other funds	-	-	-	100,000	-	100,000
Outstanding reserves/incurred but not reported claims	2,101,447	-	-	-	-	2,101,447
Total long-term liabilities	<u>2,111,929</u>	<u>197,719</u>	<u>-</u>	<u>100,000</u>	<u>72,822</u>	<u>2,482,470</u>
Total liabilities	<u>4,125,334</u>	<u>788,220</u>	<u>41,069</u>	<u>191,871</u>	<u>918,593</u>	<u>6,065,087</u>
NET POSITION						
Net investment in capital assets	-	737,759	30,265	-	568,293	1,336,317
Unrestricted	4,604	1,831	1,060	5,514	431,146	444,155
Total net position	<u>\$ 4,604</u>	<u>\$ 739,590</u>	<u>\$ 31,325</u>	<u>\$ 5,514</u>	<u>\$ 999,439</u>	<u>\$ 1,780,472</u>

City of Thornton, Colorado

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2016**

	Internal Service Funds					
	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
OPERATING REVENUES						
Interfund services	\$ 4,694,172	\$ 6,417,451	\$ 640,978	\$ 334,000	\$ 4,689,295	\$ 16,775,896
Total operating revenues	4,694,172	6,417,451	640,978	334,000	4,689,295	16,775,896
OPERATING EXPENSES						
Insurance premiums	680,887	-	-	-	-	680,887
Claims and reserves for claims	3,798,093	-	-	-	-	3,798,093
Other operating expenses	-	2,860,026	617,137	334,000	2,398,710	6,209,873
Administration	510,027	3,207,527	-	-	1,915,581	5,633,135
Depreciation	-	276,483	7,183	-	34,103	317,769
Total operating expenses	4,989,007	6,344,036	624,320	334,000	4,348,394	16,639,757
Operating income (loss)	(294,835)	73,415	16,658	-	340,901	136,139
NONOPERATING REVENUES (EXPENSES)						
Loss on disposal of capital assets	-	(265)	-	-	-	(265)
Interest income	27,299	7,068	730	952	13,234	49,283
Miscellaneous, net	20,979	115	-	-	600	21,694
Total nonoperating revenues	48,278	6,918	730	952	13,834	70,712
Change in net position	(246,557)	80,333	17,388	952	354,735	206,851
Net position, January 1	251,161	659,257	13,937	4,562	644,704	1,573,621
Net position, December 31	\$ 4,604	\$ 739,590	\$ 31,325	\$ 5,514	\$ 999,439	\$ 1,780,472

City of Thornton, Colorado

**Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2016**

Internal Service Funds

	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from interfund services	\$ 4,696,071	\$ 6,416,032	\$ 640,978	\$ 360,816	\$ 4,689,713	\$ 16,803,610
Payments to suppliers	(3,751,123)	(2,574,986)	(630,909)	(334,000)	(2,535,773)	(9,826,791)
Payments to employees	(431,287)	(3,166,370)	-	-	(1,892,551)	(5,490,208)
Net cash provided by operating activities	<u>513,661</u>	<u>674,676</u>	<u>10,069</u>	<u>26,816</u>	<u>261,389</u>	<u>1,486,611</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net cash used in noncapital financing activities	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases and construction of capital assets	-	(367,035)	(34,214)	-	(404,899)	(806,148)
Proceeds from sale of capital assets	-	725	-	-	-	725
Net cash used in capital and related financing activities	-	<u>(366,310)</u>	<u>(34,214)</u>	-	<u>(404,899)</u>	<u>(805,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	2,662,131	483,718	104,658	87,115	1,079,774	4,417,396
Purchases of investments	(3,073,670)	(759,227)	(84,167)	(107,963)	(992,448)	(5,017,475)
Interest on investments	23,415	5,316	722	856	13,155	43,464
Net cash provided by (used in) investing activities	<u>(388,124)</u>	<u>(270,193)</u>	<u>21,213</u>	<u>(19,992)</u>	<u>100,481</u>	<u>(556,615)</u>
Net increase (decrease) in cash and cash equivalents	125,537	38,173	(2,932)	6,824	(43,029)	124,573
Cash and cash equivalents, Jan. 1	217,374	30,379	5,663	8,917	53,994	316,327
Cash and cash equivalents, Dec. 31	<u>\$ 342,911</u>	<u>\$ 68,552</u>	<u>\$ 2,731</u>	<u>\$ 15,741</u>	<u>\$ 10,965</u>	<u>\$ 440,900</u>
Cash and cash equivalents	\$ 342,911	\$ 68,552	\$ 2,731	\$ 15,741	\$ 10,965	\$ 440,900
Investments	3,596,086	715,596	39,033	155,642	1,331,770	5,838,127
Total cash and investments	<u>\$ 3,938,997</u>	<u>\$ 784,148</u>	<u>\$ 41,764</u>	<u>\$ 171,383</u>	<u>\$ 1,342,735</u>	<u>\$ 6,279,027</u>

Internal Service Funds

	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ (294,835)	\$ 73,415	\$ 16,658	\$ -	\$ 340,901	\$ 136,139
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expense	-	276,483	7,183	-	34,103	317,769
Miscellaneous receipts	20,979	115	-	-	600	21,694
Change in assets and liabilities:						
Decrease (increase) in accounts receivable, net	1,857	(1,534)	-	26,816	(177)	26,962
Decrease in prepaid expenses		2,045			7,180	9,225
Increase (decrease) in accounts payable	81,974	293,992	(13,772)	-	(124,766)	237,428
Increase in other liabilities	703,686	30,160	-	-	3,548	737,394
Net cash provided by operating activities	<u>\$ 513,661</u>	<u>\$ 674,676</u>	<u>\$ 10,069</u>	<u>\$ 26,816</u>	<u>\$ 261,389</u>	<u>\$ 1,486,611</u>

NON-CASH TRANSACTIONS:

Decrease in the fair value of investments	\$ (13,709)	\$ (4,538)	\$ (240)	\$ (426)	\$ (4,261)	\$ (23,174)
Loss on disposal of capital assets	-	(990)	-	-	-	(990)

City of Thornton, Colorado

**Risk Management Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 4,165,216	\$ 4,694,172	\$ 528,956
Total operating revenues	<u>4,165,216</u>	<u>4,694,172</u>	<u>528,956</u>
OPERATING EXPENSES			
Insurance premiums	682,887	680,887	2,000
Claims and reserves for claims	2,699,341	2,722,088	(22,747)
Administration	532,988	504,746	28,242
Total operating expenses	<u>3,915,216</u>	<u>3,907,721</u>	<u>7,495</u>
Operating income	<u>250,000</u>	<u>786,451</u>	<u>536,451</u>
NONOPERATING REVENUES			
Interest income	-	27,299	27,299
Miscellaneous revenue	-	20,979	20,979
Total nonoperating revenues	<u>-</u>	<u>48,278</u>	<u>48,278</u>
Excess of revenues over expenditures before reconciling items	<u>\$ 250,000</u>	834,729	<u>\$ 584,729</u>
RECONCILIATION TO US GAAP BASIS			
Incurred but not reported adjustment - property casualty		(168,144)	
Incurred but not reported adjustment - worker's compensation		(909,482)	
Incurred but not reported adjustment - dental		6,627	
Incurred but not reported adjustment - vision		(5,006)	
Miscellaneous non-cash adjustments		<u>(5,281)</u>	
Total reconciling items		<u>(1,081,286)</u>	
Change in net position		(246,557)	
Net position, January 1		<u>251,161</u>	
Net position, December 31		<u>\$ 4,604</u>	

City of Thornton, Colorado

**Information Technology Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 6,642,805	\$ 6,417,451	\$ (225,354)
Total operating revenues	<u>6,642,805</u>	<u>6,417,451</u>	<u>(225,354)</u>
OPERATING EXPENSES			
Other operating expenses	2,855,897	2,860,026	(4,129)
Administration	<u>3,375,027</u>	<u>3,177,367</u>	<u>197,660</u>
Total operating expenses	<u>6,230,924</u>	<u>6,037,393</u>	<u>193,531</u>
Operating income	<u>411,881</u>	<u>380,058</u>	<u>(31,823)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	7,068	7,068
Miscellaneous revenue	-	115	115
Capital outlay	<u>(411,881)</u>	<u>(367,035)</u>	<u>44,846</u>
Total nonoperating expenses	<u>(411,881)</u>	<u>(359,852)</u>	<u>52,029</u>
Excess of revenues over expenditures before reconciling items	<u>\$ -</u>	20,206	<u>\$ 20,206</u>
RECONCILIATION TO US GAAP BASIS			
Loss on disposal of capital assets		(265)	
Depreciation		(276,483)	
Capital asset additions		360,355	
Internally generated intangible asset additions		6,680	
Miscellaneous non-cash adjustments		<u>(30,160)</u>	
Total reconciling items		<u>60,127</u>	
Change in net position		80,333	
Net position, January 1		<u>659,257</u>	
Net position, December 31		<u>\$ 739,590</u>	

City of Thornton, Colorado

**Reprographics Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Interfund services	\$ 664,563	\$ 640,978	\$ (23,585)
Total operating revenues	<u>664,563</u>	<u>640,978</u>	<u>(23,585)</u>
OPERATING EXPENSES			
Printing/postage services	<u>633,867</u>	<u>617,137</u>	<u>16,730</u>
Total operating expenses	<u>633,867</u>	<u>617,137</u>	<u>16,730</u>
Operating income	<u>30,696</u>	<u>23,841</u>	<u>(6,855)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	730	730
Capital outlay	<u>(30,696)</u>	<u>(34,214)</u>	<u>(3,518)</u>
Total nonoperating expenses	<u>(30,696)</u>	<u>(33,484)</u>	<u>(2,788)</u>
Deficiency of revenues under expenditures before reconciling items	<u>\$ -</u>	<u>(9,643)</u>	<u>\$ (9,643)</u>
RECONCILIATION TO US GAAP BASIS			
Depreciation		(7,183)	
Capital asset additions		<u>34,214</u>	
Total reconciling items		<u>27,031</u>	
Change in net position		17,388	
Net position, January 1		<u>13,937</u>	
Net position, December 31		<u>\$ 31,325</u>	

City of Thornton, Colorado

**Consolidated Service Center Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Interfund services	<u>\$ 658,642</u>	<u>\$ 334,000</u>	<u>\$ (324,642)</u>
Total operating revenues	<u>658,642</u>	<u>334,000</u>	<u>(324,642)</u>
OPERATING EXPENSES			
Contractual services	<u>658,642</u>	<u>334,000</u>	<u>324,642</u>
Total operating expenses	<u>658,642</u>	<u>334,000</u>	<u>324,642</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>
NONOPERATING REVENUES			
Interest income	<u>-</u>	<u>952</u>	<u>952</u>
Total nonoperating revenues	<u>-</u>	<u>952</u>	<u>952</u>
Change in net position	<u><u>\$ -</u></u>	<u>952</u>	<u><u>\$ 952</u></u>
Net position, January 1		<u>4,562</u>	
Net position, December 31		<u><u>\$ 5,514</u></u>	

City of Thornton, Colorado

**Maintenance Services Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual - Non US GAAP Basis
For the year ended December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 5,106,813	\$ 4,689,295	\$ (417,518)
Total operating revenues	<u>5,106,813</u>	<u>4,689,295</u>	<u>(417,518)</u>
OPERATING EXPENSES			
Other operating expenses	2,600,607	2,398,710	201,897
Administration	<u>2,095,582</u>	<u>1,912,033</u>	<u>183,549</u>
Total operating expenses	<u>4,696,189</u>	<u>4,310,743</u>	<u>385,446</u>
Operating income	<u>410,624</u>	<u>378,552</u>	<u>(32,072)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	13,234	13,234
Miscellaneous revenue	-	600	600
Capital outlay	<u>(843,808)</u>	<u>(400,664)</u>	<u>443,144</u>
Total nonoperating expenses	<u>(843,808)</u>	<u>(386,830)</u>	<u>456,978</u>
Deficiency of revenues under expenditures before reconciling items	<u>\$ (433,184)</u>	(8,278)	<u>\$ 424,906</u>
RECONCILIATION TO US GAAP BASIS			
Depreciation		(34,103)	
Capital asset additions		400,664	
Miscellaneous non-cash adjustments		<u>(3,548)</u>	
Total reconciling items		<u>363,013</u>	
Change in net position		354,735	
Net position, January 1		<u>644,704</u>	
Net position, December 31		<u>\$ 999,439</u>	

OTHER SCHEDULES

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City of Thornton, Colorado
Schedule of Investments
December 31, 2016

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Original Cost</u>	<u>Fair Value</u>	<u>Par Value</u>
Federal Farm Credit	0.650%	05/17/17	\$ 5,000,000	\$ 5,002,105	\$ 5,000,000
	0.625%	10/06/17	5,000,625	4,988,560	5,000,000
	0.930%	03/14/18	4,036,240	3,986,212	4,000,000
	0.875%	05/14/18	5,000,000	4,979,310	5,000,000
	1.360%	10/28/19	5,000,000	4,953,180	5,000,000
	1.720%	12/30/19	5,000,000	5,000,000	5,000,000
	1.350%	09/21/20	4,998,750	4,857,710	5,000,000
	1.650%	12/01/20	5,000,000	4,963,105	5,000,000
	1.580%	02/17/21	5,000,000	4,897,540	5,000,000
	1.620%	04/20/21	7,000,000	6,860,371	7,000,000
Federal Home Loan Bank	0.700%	02/21/17	5,019,650	5,000,660	5,000,000
	0.875%	03/10/17	5,047,950	5,001,825	5,000,000
	1.000%	06/09/17	5,033,438	5,006,755	5,000,000
	0.875%	06/16/17	4,994,100	5,002,750	5,000,000
	2.750%	09/08/17	5,210,450	5,049,675	5,000,000
	1.000%	10/17/17	5,000,000	5,004,115	5,000,000
	2.000%	09/14/18	5,126,850	5,068,050	5,000,000
	1.670%	11/21/18	5,018,200	5,030,690	5,000,000
	2.000%	12/13/19	5,156,450	5,121,525	5,000,000
Federal Home Loan Mortgage Corp.	0.900%	12/28/17	4,988,750	4,996,435	5,000,000
	1.270%	03/29/19	5,000,000	4,979,255	5,000,000
	2.000%	07/30/19	5,092,200	5,064,440	5,000,000
	1.500%	05/07/21	5,000,000	4,862,040	5,000,000
	1.130%	07/14/21	4,974,600	4,826,300	5,000,000
Federal National Mortgage Assoc.	1.250%	01/30/17	10,227,700	10,004,730	10,000,000
	0.900%	10/03/17	2,500,000	2,501,892	2,500,000
	0.875%	12/20/17	5,034,550	4,997,230	5,000,000
	0.875%	05/21/18	4,969,600	4,986,010	5,000,000
	1.150%	01/28/20	5,000,000	4,899,565	5,000,000
	1.400%	07/27/20	5,000,000	4,885,360	5,000,000
	1.200%	07/28/20	6,996,500	6,819,876	7,000,000
	1.150%	08/10/21	5,000,000	4,816,980	5,000,000
	1.550%	09/30/21	5,000,000	4,816,510	5,000,000
	1.375%	10/07/21	4,947,050	4,864,350	5,000,000
	1.500%	10/27/21	5,000,000	4,823,755	5,000,000
TVA	4.500%	04/01/18	5,439,000	5,209,295	5,000,000
U. S Treasury	0.875%	03/31/17	5,071,900	5,006,190	5,000,000
	2.250%	11/30/17	5,162,500	5,061,330	5,000,000
	1.375%	06/30/18	5,012,500	5,023,440	5,000,000
	1.500%	08/31/18	5,065,234	5,031,250	5,000,000
	1.250%	01/31/19	5,007,422	5,002,930	5,000,000
	1.375%	02/28/19	5,061,719	5,014,060	5,000,000
	1.625%	06/30/19	5,089,844	5,037,305	5,000,000
	1.625%	11/30/20	4,982,813	4,979,885	5,000,000
Corp Coupon	1.050%	05/05/17	5,013,150	5,003,510	5,000,000
	1.104%	12/05/17	4,968,450	4,988,700	5,000,000
	1.650%	01/22/18	5,028,250	4,999,865	5,000,000
	1.125%	02/06/18	3,008,460	2,993,181	3,000,000
	7.625%	10/15/18	5,888,600	5,520,210	5,000,000
	2.100%	01/17/19	5,066,300	5,027,450	5,000,000
	8.875%	02/01/19	5,963,650	5,702,055	5,000,000
	1.750%	05/24/19	7,062,530	6,966,155	7,000,000
	1.450%	11/01/19	6,005,500	5,885,050	5,000,000
Overnight Funds			23,903,540	23,903,540	23,903,540
			<u>\$ 299,175,015</u>	<u>\$ 295,274,267</u>	<u>\$ 294,403,540</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Thornton, Colorado
	YEAR ENDING : December 2016

This Information From The Records Of: City of Thornton, Colorado	Prepared By: Stephanie Daniels, Accountant Phone: 303-538-7236
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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)	17,352,464
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,851,300
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,658,808
2. General fund appropriations	0	b. Snow and ice removal	1,178,283
3. Other local imposts (from page 2)	27,782,863	c. Other	2,325,467
4. Miscellaneous local receipts (from page 2)	2,280,708	d. Total (a. through c.)	5,162,558
5. Transfers from toll facilities	0	4. General administration & miscellaneous	768,002
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,994,539
a. Bonds - Original Issues	0	6. Total (1 through 5)	35,128,863
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	259,893
7. Total (1 through 6)	30,063,571	b. Redemption	840,565
B. Private Contributions	234,784	c. Total (a. + b.)	1,100,458
C. Receipts from State government		2. Notes:	
(from page 2)	4,599,740	a. Interest	0
D. Receipts from Federal Government		b. Redemption	0
(from page 2)	2,238,595	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	37,136,690	3. Total (1.c + 2.c)	1,100,458
		C. Payments to State for highways	907,369
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	37,136,690

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	5,717,988	0	840,565	4,877,423
1. Bonds (Refunding Portion)	0	0	0	0
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	37,136,690	37,136,690	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING:
December 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	10,676,230	a. Interest on investments	41,621
b. Other local imposts:		b. Traffic Fines & Penalties	964,436
1. Sales Taxes	12,651,622	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	4,455,011	g. Other Misc. Receipts	0
6. Total (1. through 5.)	17,106,633	h. Other	1,274,651
c. Total (a. + b.)	27,782,863	i. Total (a. through h.)	2,280,708
	(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	3,874,385	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	74,314
c. Motor Vehicle Registrations	426,450	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	298,905	f. Other Federal	2,164,281
f. Total (a. through e.)	725,355	g. Total (a. through f.)	2,238,595
4. Total (1. + 2. + 3.f)	4,599,740	3. Total (1. + 2.g)	2,238,595
			(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	343,993	343,993
b. Engineering Costs	0	1,218,617	1,218,617
c. Construction:			
(1). New Facilities	0	2,570,897	2,570,897
(2). Capacity Improvements	1,594,396	5,546,799	7,141,195
(3). System Preservation	349,336	4,923,811	5,273,147
(4). System Enhancement & Operation	0	804,615	804,615
(5). Total Construction (1)+(2)+(3)+(4)	1,943,732	13,846,122	15,789,854
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,943,732	15,408,732	17,352,464
			(Carry forward to page 1)

Notes and Comments:

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STATISTICAL SECTION

This part of the City of Thornton’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	113
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	118
These schedules contain information to help the reader assess the government’s most significant local revenue source, the sales tax.	
Debt Capacity	124
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	130
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Schedule of Principal Employers	131
The number of employees per business is confidential therefore the City is providing employee totals by sector.	
Operating Information	132
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

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**City of Thornton
Schedule 1
Net Position by Component
(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012-restated	2013	2014-restated	2015	2016
Governmental activities										
Net investment in capital assets	\$ 270,139,347	\$ 282,364,410	\$ 287,512,026	\$ 281,917,836	\$ 277,075,485	\$ 277,932,039	\$ 271,137,481	\$ 268,904,561	\$ 247,691,323	\$ 259,179,659
Restricted	6,946,474	7,222,855	6,577,027	5,028,764	5,064,308	5,098,730	5,360,319	5,528,730	8,062,689	8,241,309
Unrestricted	97,574,698	92,990,211	87,328,944	94,786,038	97,068,106	82,907,335	85,077,988	89,976,356	123,804,451	125,530,515
Total governmental activities net position	\$ 374,660,519	\$ 382,577,476	\$ 381,417,997	\$ 381,732,638	\$ 379,207,899	\$ 365,938,104	\$ 361,575,788	\$ 364,409,647	\$ 379,558,463	\$ 392,951,483
Business-type activities										
Net investment in capital assets	\$ 427,831,200	\$ 440,509,204	\$ 454,984,571	\$ 476,417,765	\$ 489,517,504	\$ 497,107,782	\$ 508,956,512	\$ 532,249,683	\$ 543,600,154	\$ 560,279,776
Restricted	4,335,385	4,325,730	4,329,370	4,130,833	4,141,250	15,431,413	6,480,661	5,665,074	2,976,894	2,980,644
Unrestricted	92,970,331	98,895,981	91,058,269	83,943,415	86,064,926	97,444,702	104,008,361	98,346,597	113,397,141	139,927,331
Total business-type activities net position	\$ 525,136,916	\$ 543,730,915	\$ 550,372,210	\$ 564,492,013	\$ 579,723,680	\$ 609,983,897	\$ 619,445,534	\$ 636,261,354	\$ 659,974,189	\$ 703,187,751
Primary government										
Net investment in capital assets	\$ 697,970,547	\$ 722,873,614	\$ 742,496,597	\$ 758,335,601	\$ 766,592,989	\$ 775,039,821	\$ 780,093,993	\$ 801,154,244	\$ 791,291,477	\$ 819,459,435
Restricted	11,281,859	11,548,585	10,906,397	9,159,597	9,205,558	20,530,143	11,840,980	11,193,804	11,039,583	11,221,953
Unrestricted	190,545,029	191,886,192	178,387,213	178,729,453	183,133,032	180,352,037	189,086,349	188,322,953	237,201,592	265,457,846
Total primary government net position	\$ 899,797,435	\$ 926,308,391	\$ 931,790,207	\$ 946,224,651	\$ 958,931,579	\$ 975,922,001	\$ 981,021,322	\$ 1,000,671,001	\$ 1,039,532,652	\$ 1,096,139,234

Source: Current and prior year's financial statements.

City of Thornton
Schedule 2
Changes in Net Position
(accrual basis of accounting)

Expenses	2007	2008	2009	2010	2011	2012-restated	2013	2014-restated	2015	2016
Governmental activities:										
General government	\$ 24,532,302	\$ 17,919,618	\$ 18,688,529	\$ 17,616,971	\$ 19,275,165	\$ 31,840,827	\$ 20,193,979	\$ 17,112,300	\$ 18,362,528	\$ 21,317,628
Police	21,207,033	23,444,248	24,401,274	25,286,720	25,877,812	26,295,237	28,044,137	29,873,901	30,700,874	32,573,830
Fire	8,443,303	8,650,645	10,946,487	11,353,650	11,960,138	12,188,210	12,758,169	16,496,326	14,323,859	18,718,470
City development	12,733,949	16,194,462	13,279,400	10,052,292	12,261,174	13,467,929	14,459,695	15,709,881	15,937,319	16,511,773
Streets, traffic & eng.	25,137,882	27,210,924	28,077,809	30,775,017	28,491,153	26,533,674	36,991,096	29,021,305	33,558,931	33,737,170
Community services	16,193,015	17,824,868	18,765,036	19,440,054	21,346,877	22,473,148	22,066,524	26,714,095	27,788,576	26,938,495
Interest of long-term debt	4,300,103	3,781,252	3,590,627	4,310,715	2,863,483	3,596,370	2,643,404	2,686,272	2,756,646	2,706,046
Total government activities expenses	112,547,587	115,026,017	117,749,162	118,835,419	122,075,802	136,395,395	137,157,004	137,614,080	143,428,733	152,503,412
Business-type activities										
Water	30,826,790	29,778,670	30,386,259	30,620,839	31,980,077	32,611,461	32,722,025	33,600,763	35,912,922	34,885,132
Sewer	10,652,174	11,762,778	11,039,822	11,177,035	11,960,169	12,132,240	12,254,003	13,380,812	13,721,652	15,011,361
Sanitation	3,962,888	4,233,909	4,554,390	4,692,145	4,685,426	6,067,844	4,454,606	4,525,051	4,801,905	4,729,623
Golf	-	-	-	-	-	-	1,227,092	1,653,285	-	-
Ambulance	2,464,775	2,950,581	-	-	-	-	-	-	-	-
Total business-type activities expenses	47,906,627	48,725,938	45,980,471	46,490,019	48,625,672	50,811,545	50,657,726	53,159,911	54,436,479	54,626,116
Total primary government expenses	\$ 160,454,214	\$ 163,751,955	\$ 163,729,633	\$ 165,325,438	\$ 170,701,474	\$ 187,206,940	\$ 187,814,730	\$ 190,773,991	\$ 197,865,212	\$ 207,129,528
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,786,798	\$ 4,884,922	\$ 6,002,294	\$ 6,009,873	\$ 6,337,953	\$ 6,143,674	\$ 4,624,849	\$ 4,188,565	\$ 4,923,991	\$ 4,879,909
Police	2,592,966	2,315,213	2,581,214	2,922,506	3,021,716	3,014,682	2,699,807	2,538,093	1,964,945	1,284,687
Fire	7,629	10,125	2,297,046	2,108,174	2,127,107	1,753,060	1,617,997	1,693,145	1,887,235	2,350,600
City Development	2,678,851	1,899,072	1,499,013	1,608,848	1,769,755	2,172,200	2,607,403	3,339,238	4,061,961	4,899,797
Community Services	2,481,097	2,619,443	2,593,670	2,697,686	2,545,724	2,769,660	2,887,552	2,977,761	4,634,472	4,618,949
Operating grants/contrib.	928,274	808,008	4,178,361	4,662,823	4,989,148	5,572,187	5,704,876	6,461,838	5,958,882	5,941,237
Capital grants/contrib.	33,431,560	22,245,220	12,784,216	12,721,678	10,080,966	7,899,630	12,577,779	11,965,768	16,368,314	20,359,352
Total government activities program revenues	46,907,175	34,782,003	31,935,814	32,731,588	30,872,369	29,325,093	32,720,263	33,164,408	39,799,800	44,334,531
Business-type activities:										
Charges for services:										
Water	29,162,009	30,380,457	28,647,511	30,901,291	30,315,557	33,188,946	28,765,602	29,003,515	34,348,429	42,610,157
Sewer	8,779,398	9,138,130	10,044,383	10,412,362	11,161,882	11,725,967	12,645,386	13,105,689	14,191,006	14,388,579
Sanitation	4,523,773	4,556,491	4,537,670	4,723,152	4,738,448	4,848,664	4,900,812	4,888,248	5,024,225	5,109,703
Golf	-	-	-	-	-	1,130,711	1,282,893	1,368,959	-	-
Ambulance	2,060,649	2,395,679	-	-	-	-	-	-	-	-
Operating grants/contrib.	28,755	-	-	-	-	-	-	-	-	-
Capital grants/contrib.	17,582,792	16,935,269	7,520,520	12,963,221	6,788,327	15,501,147	9,205,225	10,855,812	15,915,139	29,850,742

	2007	2008	2009	2010	2011	2012-restated	2013	2014-restated	2015	2016
Total business-type activities program revenues	62,137,376	63,406,026	50,750,084	59,000,026	53,004,214	66,395,435	56,799,918	59,222,223	69,478,799	91,959,181
Total primary government program revenues	<u>\$ 109,044,551</u>	<u>\$ 98,188,029</u>	<u>\$ 82,685,898</u>	<u>\$ 91,731,614</u>	<u>\$ 83,876,583</u>	<u>\$ 95,720,528</u>	<u>\$ 89,520,181</u>	<u>\$ 92,386,631</u>	<u>\$ 109,278,599</u>	<u>\$ 136,293,712</u>
Net (expense)/revenue										
Governmental activities	\$ (65,640,412)	\$ (80,244,014)	\$ (85,813,348)	\$ (86,103,831)	\$ (91,203,433)	\$ (107,070,302)	\$ (104,436,741)	\$ (104,449,672)	\$ (103,628,933)	\$ (108,168,881)
Business-type activities	14,230,749	14,680,088	4,769,613	12,510,007	4,378,542	15,583,890	6,142,192	6,062,312	15,042,320	37,333,065
Total primary government net expense	<u>\$ (51,409,663)</u>	<u>\$ (65,563,926)</u>	<u>\$ (81,043,735)</u>	<u>\$ (73,593,824)</u>	<u>\$ (86,824,891)</u>	<u>\$ (91,486,412)</u>	<u>\$ (98,294,549)</u>	<u>\$ (98,387,360)</u>	<u>\$ (88,586,613)</u>	<u>\$ (70,835,816)</u>
General Revenues and Other										
Changes in Assets										
Governmental activities										
Taxes										
Sales and use taxes	\$ 63,024,197	\$ 62,290,537	\$ 62,119,298	\$ 65,001,120	\$ 67,476,006	\$ 73,606,406	\$ 78,188,772	\$ 84,024,928	\$ 91,975,491	\$ 96,446,874
Property taxes	18,845,065	11,566,814	12,060,852	11,853,225	11,778,013	11,719,559	11,858,574	12,046,479	12,571,291	14,503,019
Other taxes	6,996,945	7,385,961	7,085,194	7,224,095	7,247,598	7,505,706	8,157,151	8,693,260	8,612,126	8,873,989
Earnings on investments	5,907,726	4,715,727	1,690,251	1,074,775	904,954	963,440	206,456	960,404	1,513,417	56,183
Gain on sale of assets	-	-	10,151	-	42,245	24,402	-	206,932	152,381	188,110
Miscellaneous	2,574,500	1,702,893	1,688,123	1,265,257	1,229,878	1,871,200	1,663,472	1,762,781	2,186,632	1,493,726
Transfers	-	499,039	-	-	-	(1,890,206)	-	(411,253)	1,766,411	-
Total governmental activities	<u>97,348,433</u>	<u>88,160,971</u>	<u>84,653,869</u>	<u>86,418,472</u>	<u>88,678,694</u>	<u>93,800,507</u>	<u>100,074,425</u>	<u>107,283,531</u>	<u>118,777,749</u>	<u>121,561,901</u>
Business-type activities										
Investment earnings	5,108,857	4,027,346	1,686,174	1,447,609	892,446	1,198,760	553,078	2,012,676	1,553,374	948,963
Gain on sale of assets	35,215	5,192	2,062	-	7,307	28,964	16,259	942,423	5,038,541	722,012
Miscellaneous	419,752	380,412	183,446	162,187	9,318,089	11,558,397	2,750,108	7,387,156	3,845,011	4,209,522
Transfers	-	(499,039)	-	-	-	1,890,206	-	411,253	(1,766,411)	-
Total business-type activities	<u>5,563,824</u>	<u>3,913,911</u>	<u>1,871,682</u>	<u>1,609,796</u>	<u>10,217,842</u>	<u>14,676,327</u>	<u>3,319,445</u>	<u>10,753,508</u>	<u>8,670,515</u>	<u>5,880,497</u>
Total primary government	<u>\$ 102,912,257</u>	<u>\$ 92,074,882</u>	<u>\$ 86,525,551</u>	<u>\$ 88,028,268</u>	<u>\$ 98,896,536</u>	<u>\$ 108,476,834</u>	<u>\$ 103,393,870</u>	<u>\$ 118,037,039</u>	<u>\$ 127,448,264</u>	<u>\$ 127,442,398</u>
Change in Net Position										
Governmental activities	\$ 31,708,021	\$ 7,916,957	\$ (1,159,479)	\$ 314,641	\$ (2,524,739)	\$ (13,269,795)	\$ (4,362,316)	\$ 2,833,859	\$ 15,148,816	\$ 13,393,020
Business-type activities	19,794,573	18,593,999	6,641,295	14,119,803	14,596,384	30,260,217	9,461,637	16,815,820	23,712,835	43,213,562
Total primary government	<u>\$ 51,502,594</u>	<u>\$ 26,510,956</u>	<u>\$ 5,481,816</u>	<u>\$ 14,434,444</u>	<u>\$ 12,071,645</u>	<u>\$ 16,990,422</u>	<u>\$ 5,099,321</u>	<u>\$ 19,649,679</u>	<u>\$ 38,861,651</u>	<u>\$ 56,606,582</u>

Note: In the 2014 original presentation, loss on land held for resale was netted in General Government expenditures, with the 2016 presentation it is netted in investment earnings.

Source: Current and prior year's financial statements.

City of Thornton
Schedule 3
Fund Balances of Governmental Funds
(modified accrual basis accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 153,589	\$ 139,486	\$ 69,884	\$ 74,270	\$ 161,867	\$ 219,622	\$ 276,656	\$ 256,407	\$ 224,102	\$ 252,741
Restricted	3,474,583	3,636,053	3,433,640	3,598,873	3,779,906	3,866,729	4,241,641	4,472,701	4,926,372	5,170,463
Committed	-	365,692	365,692	365,692	15,566,436	15,939,956	16,760,292	18,196,555	19,138,386	20,990,233
Assigned	3,210	681,628	57,193	291,480	-	-	-	-	-	-
Unassigned	15,782,660	18,131,570	22,383,855	24,767,643	7,935,397	7,467,599	11,628,514	10,190,182	519,210	922,130
Total general fund	\$ 19,414,042	\$ 22,954,429	\$ 26,310,264	\$ 29,097,958	\$ 27,443,606	\$ 27,493,906	\$ 32,907,103	\$ 33,115,845	\$ 24,808,070	\$ 27,335,567
All other governmental funds										
Nonspendable	\$ 2,770,247	\$ 10,635,873	\$ 10,635,873	\$ 12,137,961	\$ 22,711,120	\$ 23,667,937	\$ 15,951,159	\$ 15,220,076	\$ 1,985,873	\$ -
Restricted	10,470,423	9,986,656	8,673,028	5,942,335	4,723,410	3,356,873	1,742,501	1,644,923	3,759,428	39,383,427
Committed	-	-	-	-	2,417,785	1,255,801	1,137,543	1,137,043	1,000,000	2,659
Assigned	78,861,929	65,136,598	55,396,455	56,522,946	48,856,038	52,110,630	68,087,596	78,963,732	110,090,600	79,603,850
Unassigned	-	-	-	-	-	(16,702,735)	(25,188,697)	(25,330,792)	-	-
Total all other governmental funds	\$ 92,102,599	\$ 85,759,127	\$ 74,705,356	\$ 74,603,242	\$ 78,708,353	\$ 63,688,506	\$ 61,730,102	\$ 71,634,982	\$ 116,835,901	\$ 118,989,936

Source: Current and prior year's financial statements.

City of Thornton
Schedule 4
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 88,866,207	\$ 81,243,312	\$ 81,265,344	\$ 84,078,440	\$ 86,501,617	\$ 92,831,671	\$ 98,204,497	\$ 104,764,667	\$ 113,158,908	\$ 119,823,882
Licenses and permits	2,546,233	1,779,845	1,437,400	1,518,201	1,703,236	2,139,568	2,602,394	3,316,530	4,031,530	4,959,615
Intergovernmental	11,796,323	12,538,500	10,047,887	10,877,954	10,986,448	11,079,512	12,931,228	13,628,297	13,782,495	14,704,196
Governmental grants	2,309,409	3,038,387	5,007,808	5,337,732	3,826,164	2,285,517	5,348,856	3,456,132	5,120,376	4,653,577
Charges for services	7,081,436	7,299,787	10,665,173	10,592,215	10,867,399	10,504,227	8,952,084	8,652,264	11,224,156	11,295,406
Fines and forfeitures	2,525,313	2,153,324	2,509,218	2,878,298	2,921,491	2,915,446	2,597,693	2,452,610	1,833,930	1,249,962
Lease	188,414	207,831	99,049	98,914	99,004	98,787	207,581	207,213	207,710	207,792
Investment earnings	(1,740,020)	4,715,727	1,690,251	1,074,775	904,954	963,440	206,456	960,404	1,513,417	56,183
Miscellaneous	2,292,572	1,515,165	2,380,588	1,032,564	1,031,616	1,279,366	1,077,349	1,090,416	1,220,633	874,594
Total revenues	115,865,887	114,491,878	115,102,718	117,489,093	118,841,929	124,097,534	132,128,138	138,528,533	152,093,155	157,825,207
Expenditures										
General government	14,963,678	15,728,156	15,812,704	15,866,341	15,975,991	29,176,040	17,735,112	14,231,242	16,347,304	17,574,494
Police	20,019,953	21,275,665	22,926,111	23,351,480	24,040,493	24,537,205	26,345,134	27,567,650	28,867,622	30,733,098
Fire and Ambulance	7,846,944	8,212,836	10,350,459	10,779,604	11,363,156	11,572,631	12,195,742	13,070,907	13,630,141	15,123,637
City development	6,867,840	6,603,991	6,710,701	6,695,016	6,712,679	6,652,180	7,010,772	7,836,797	8,289,288	8,456,322
Streets, traffic and engineering	10,439,811	9,856,343	10,490,438	10,280,489	10,156,803	10,838,187	11,105,807	11,738,019	12,713,416	12,730,210
Community services	12,967,765	13,737,436	14,068,607	14,501,194	14,916,314	15,649,418	16,521,970	17,730,163	20,628,287	21,378,664
Capital outlay	21,888,359	33,781,788	33,569,119	24,319,275	24,658,593	30,931,273	30,090,513	29,792,607	36,650,789	38,277,166
Debt service										
Principal retirement	8,835,000	4,990,000	5,445,000	5,675,000	5,810,000	6,200,000	4,985,000	5,160,000	4,580,000	6,210,000
Interest	3,986,558	3,600,362	3,414,367	3,652,206	2,746,415	2,527,873	2,681,595	2,690,626	2,462,975	2,883,894
Bond fees	7,800	7,425	7,225	4,900	5,292	4,544	1,700	3,571	244,061	6,850
Bond issuance costs	559,271	-	-	165,801	5,434	-	-	-	168,985	-
Miscellaneous	-	-	5,923	-	-	-	-	-	-	-
Total Expenditures	108,382,979	117,794,002	122,800,654	115,291,306	116,391,170	138,089,351	128,673,345	129,821,582	144,582,868	153,374,335
Excess (deficiency) of revenues over (under) expenditures	7,482,908	(3,302,124)	(7,697,936)	2,197,787	2,450,759	(13,991,817)	3,454,793	8,706,951	7,510,287	4,450,872
Other financing sources (uses)										
Transfers in	2,989,823	4,016,799	4,771,225	4,995,191	8,966,617	3,647,024	3,532,854	10,043,738	14,482,662	5,672,765
Transfers out	(2,989,823)	(3,517,760)	(4,771,225)	(4,995,191)	(8,966,617)	(4,624,754)	(3,532,854)	(8,932,377)	(14,259,537)	(5,672,765)
Bonds issued	32,820,000	-	-	13,220,757	-	-	-	-	41,480,000	-
Premium on bonds issued	-	-	-	-	-	-	-	-	3,187,135	-
Pymnts to underwriter on bonds issued	(31,992,994)	-	-	(13,365,636)	-	-	-	-	(15,805,000)	-
Discount on certificates of participation	(256,047)	-	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	-	612,672	-	-	-	295,310	297,597	230,660
Total other financing sources (uses)	570,959	499,039	-	467,793	-	(977,730)	-	1,406,671	29,382,857	230,660
Net change in fund balances	\$ 8,053,867	\$ (2,803,085)	\$ (7,697,936)	\$ 2,665,580	\$ 2,450,759	\$ (14,969,547)	\$ 3,454,793	\$ 10,113,622	\$ 36,893,144	\$ 4,681,532
Debt service as a percentage of noncapital expenditures	13.2%	8.6%	8.5%	8.9%	7.9%	7.1%	6.2%	6.6%	5.5%	6.6%

Note: In the 2014 original presentation, loss on land held for resale was netted in General Government expenditures, with the 2016 presentation it is netted in investment earnings.

Source: Current and prior year's financial statements.

City of Thornton
Schedule 5
General Government Tax and Assessment Revenues by Source¹
Last ten fiscal years

Fiscal Year	Sales tax	Motel tax	Use tax	Property tax	Specific ownership tax	Franchise tax	Cigarette tax	Total
2007	\$ 43,565,427	\$ 641,442	\$ 12,554,321	\$ 7,889,392	\$ 835,119	\$ 4,271,030	\$ 230,326	\$ 69,987,057
2008	44,831,429	596,768	10,097,584	9,197,477	799,486	4,727,180	218,466	70,468,390
2009	43,386,230	436,317	10,407,990	9,257,334	700,531	4,602,825	205,396	68,996,623
2010	46,180,135	376,764	10,687,720	9,042,583	621,315	4,903,292	209,225	72,021,034
2011	47,529,083	442,503	10,910,856	9,139,134	608,036	4,893,344	209,615	73,732,571
2012	51,074,263	662,007	12,897,094	8,986,074	643,241	4,818,327	192,567	79,273,573
2013	53,221,042	839,638	13,311,291	9,045,633	697,464	5,258,367	216,756	82,590,191
2014	56,379,978	1,058,019	15,782,478	9,137,579	753,402	5,521,208	201,573	88,834,237
2015	60,194,735	1,124,700	19,200,063	9,233,929	836,278	5,308,812	198,949	96,097,466
2016	62,651,717	1,179,445	20,895,946	10,681,366	925,272	5,387,163	199,494	101,920,403

¹ General tax and assessment revenues from the General, Special Revenue, Debt Service and Capital Project Funds, excluding Thornton Development Authority.

Source: City of Thornton Finance Department

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City of Thornton
Schedule 6
Sales Tax Revenue by Type of Industry

Fiscal Year	General Merchandise	Grocery	Bars & Restaurants	Automotive	Professional & Personal Services	Construction
2007	\$ 19,643,640	\$ 7,436,819	\$ 4,632,056	\$ 2,590,800	\$ 520,535	\$ 353,549
2008	19,735,051	8,271,863	4,928,995	2,399,478	555,007	122,922
2009	17,544,820	9,191,634	5,011,846	2,688,420	519,747	140,768
2010	19,336,378	8,430,141	5,284,623	2,881,760	622,623	147,359
2011	20,643,576	8,638,413	5,396,944	3,066,193	691,225	176,703
2012	21,327,673	9,056,261	5,902,883	3,358,422	719,185	404,447
2013	22,256,380	9,617,781	6,325,706	3,848,411	765,060	295,604
2014	23,535,352	10,769,201	6,774,904	3,889,006	836,731	295,804
2015	25,132,711	11,094,349	7,495,009	4,362,386	903,402	473,827
2016	26,129,588	11,539,199	7,728,759	4,902,744	963,320	484,846

Source: City of Thornton Sales and Use Tax Reports

Manufacturing & Wholesale	Accomodations	Education	Entertainment	Utilities	Total Sales Tax	Total Direct Tax Rate
\$ 1,243,172	\$ 59,892	\$ 40,737	\$ 1,021,572	\$ 6,022,655	\$ 43,565,427	3.75
1,272,196	69,222	38,848	1,113,720	6,324,127	44,831,429	3.75
894,891	57,111	54,910	1,234,067	6,048,016	43,386,230	3.75
472,755	46,559	45,052	1,471,506	7,441,379	46,180,135	3.75
513,323	58,147	27,272	1,391,060	6,926,227	47,529,083	3.75
1,480,297	66,694	25,753	1,790,926	6,941,722	51,074,263	3.75
715,725	97,529	20,307	1,694,929	7,583,610	53,221,042	3.75
884,891	86,366	21,418	1,553,434	7,732,871	56,379,978	3.75
916,318	73,698	29,269	1,646,204	8,067,562	60,194,735	3.75
1,139,673	97,119	13,308	1,575,642	8,077,519	62,651,717	3.75

**City of Thornton
Schedule 7
Direct and Overlapping Sales Tax Rates**

Fiscal Year	City of Thornton	Total Direct Sales Tax Rate	Overlapping Rates					Total Overlapping Sales Tax Rate
			State of Colorado	Adams County	Rapid Transit District RTD	Cultural Facilities District	Football Stadium District	
2007	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2008	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2009	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2010	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2011	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2012	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2013	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2014	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2015	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2016	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%

Source: City of Thornton Sales and Use Tax Reports

**City of Thornton
Schedule 8
Principal Sales Tax Payers**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Aggregate top ten filers ^{1, 2}	\$ 19,850,777	\$ 20,273,782	\$ 19,333,867	\$ 19,823,390	\$ 22,693,871	\$ 23,418,920	\$ 24,561,715	\$ 25,511,695	\$ 26,511,596	\$ 27,750,234
Aggregate all other filers ²	22,669,031	23,243,067	22,640,094	24,749,897	23,738,081	25,234,128	26,676,200	29,581,237	31,843,532	33,794,535
Total sales tax ²	\$ 42,519,808	\$ 43,516,849	\$ 41,973,961	\$ 44,573,287	\$ 46,431,952	\$ 48,653,048	\$ 51,237,915	\$ 55,092,932	\$ 58,355,128	\$ 61,544,769
Top ten filers as a percentage of total sales	46.69%	46.59%	46.06%	44.47%	48.88%	48.13%	47.94%	46.31%	45.43%	45.09%

¹ Colorado State Statutes and City of Thornton Ordinances prohibit disclosure of individual sales tax returns.

² Excludes use tax, audit revenue, penalties and interest.

Source: City of Thornton Sales and Use Tax Reports

**City of Thornton
Schedule 9
Ratios of Outstanding Debt by Type**

Fiscal Year	Governmental Activities				Business-Type Activities	
	Sales and Use Tax Bonds	Tax Increment Bonds	Certificates of Participation	Capital Leases	General Obligation Bonds	Revenue Bonds
2007	\$ 22,590,000	\$ 20,505,000	\$ 42,480,000	\$ 108,280	\$ 63,880,000	\$ 42,085,000
2008	20,300,000	19,895,000	40,390,000	89,822	56,025,000	41,850,000
2009	17,905,000	19,270,000	37,965,000	69,696	48,140,000	41,610,000
2010	14,835,000	18,620,000	35,445,000	47,752	40,220,000	41,360,000
2011	12,315,000	17,950,000	32,825,000	23,826	32,260,000	41,110,000
2012	9,520,000	17,260,000	30,110,000	-	24,250,000	40,850,000
2013	8,065,000	16,545,000	27,295,000	-	16,175,000	39,955,000
2014	6,555,000	15,805,000	24,385,000	-	8,045,000	39,475,000
2015	5,000,000	41,480,000	21,360,000	-	-	38,955,000
2016	3,635,796	42,989,472	18,123,982	-	-	40,519,469

¹ See Schedule 14 for personal income and population data.

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

Note: For years 2016 and forward debt balances are net of related premiums and discounts

Source: Current and prior year's financial statements.

Business-Type Activities (Cont'd)				
Notes and Loan Payable	Capital Leases	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
\$ 893,067	\$ 101,261	\$ 192,642,608	7.6%	1,634
714,483	-	179,264,305	7.0%	1,498
533,866	-	165,493,562	6.4%	1,369
331,035	-	150,858,787	4.9%	1,270
145,787	-	136,629,613	4.4%	1,137
113,908	-	122,103,908	3.8%	1,007
79,160	-	108,114,160	3.3%	882
41,284	-	94,306,284	2.9%	763
-	-	106,795,000	3.0%	811
-	-	105,268,719	2.7%	785

**City of Thornton
Schedule 10
Ratios of General Bonded Debt Outstanding**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita¹
2007	\$ 63,880,000	\$ -	\$ 63,880,000	7.02%	542
2008	56,025,000	-	56,025,000	6.10%	468
2009	48,140,000	-	48,140,000	5.36%	398
2010	40,220,000	-	40,220,000	4.45%	339
2011	32,260,000	-	32,260,000	3.61%	269
2012	24,250,000	-	24,250,000	2.70%	200
2013	16,175,000	-	16,175,000	1.79%	132
2014	8,045,000	-	8,045,000	0.88%	65
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-

¹ See Schedule 14 for population data.

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

Note: For years 2016 and forward debt balances are net of related premiums and discounts

Source: Current and prior year's financial statements.

City of Thornton
Schedule 11
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

Entity (1)	2016 Assessed Valuation (2)	Debt Outstanding	Percentage Applicable to the City (3)	Estimated Share of Overlapping Debt
City of Thornton direct debt				\$ 61,630,000
Overlapping Debt				
Adams 12 Five Star School District	\$ 1,712,114,000	\$ 507,900,000	48.48	246,229,920
Adams County School District 1	569,244,410	31,712,212	17.46	5,536,952
Adams County School District 14	637,604,680	78,315,019	3.40	2,662,711
Amber Creek Metropolitan District	937,220	498,642	100.00	498,642
Brighton School District 27J	942,311,960	270,400,000	14.01	37,883,040
Bramming Farm Metropolitan District No. 1	1,798,740	4,050,000	100.00	4,050,000
Cundall Farms Metropolitan District	2,926,660	1,527,750	100.00	1,527,750
Fallbrook Metropolitan District	18,236,640	5,550,000	100.00	5,550,000
Fire District 6 Greater Brighton	508,962,230	10,416,179	0.07	7,291
Fire District 6 IGA	28,187,030	10,416,179	100.00	10,416,179
Heritage Todd Creek Metropolitan District	23,647,070	36,682,175	100.00	36,682,175
Highpointe Park Metropolitan District	7,036,100	4,385,000	100.00	4,385,000
Hyland Hills Metro Park & Recreation	924,179,930	7,315,000	6.79	496,689
Lakeview Estates Water District	1,332,440	684,119	100.00	684,119
Lambertson Lakes Metro District	12,609,350	5,600,000	100.00	5,600,000
Larkridge Metropolitan District No. 1	20,849,880	10,565,000	100.00	10,565,000
Larkridge Metropolitan District No. 2	6,309,020	3,825,000	100.00	3,825,000
Lewis Pointe Metropolitan District	2,591,810	7,775,000	100.00	7,775,000
Marshall Lake Metropolitan District	9,483,630	2,255,000	100.00	2,255,000
North Metro Fire Rescue FKA Fire Dist. 1	339,218,670	20,365,000	0.12	24,438
PLA Metropolitan District	3,213,390	1,070,000	100.00	1,070,000
Rangeview Library District	3,909,482,500	42,220,806	27.41	11,572,723
Talon Pointe Metropolitan District	427,630	8,000,000	100.00	8,000,000
Villas at Eastlake Reservoir Metro District	338,700	2,500,000	100.00	2,500,000
Subtotal, overlapping debt				\$ 409,797,629
Total direct and overlapping debt				\$ 471,427,629

(1) The following entities also overlap the City but have no reported general obligation debt outstanding:

Adams County	Northern Metropolitan Bond
Adams County Fire Protection District	Parterre Metropolitan Districts
Ash Meadows Metropolitan District	Regional Transportation District
Aspen Reserve Metropolitan District	South Adams Water and Sanitation District
Big Dry Creek Metropolitan District	South Thornton Urban Renewal Area
Brittany Place Metropolitan District	Talon Pointe Coordinating Metro District
Central Colorado Water Conservancy	Timberleaf Metropolitan District
Cherrylane Metropolitan District	Todd Creek Village Park and Recreation District
City of Thornton 136th Ave GID	Urban Drainage and Flood Control District
Creekside Village Metropolitan District	Urban Drainage and Flood Control District - S. Platte
Creekside Village Subdistrict A	Village at Dry Creek Metro Districts
East 144th Ave Urban Renewal Area	Village at North Creek Metropolitan District
Fallbrook Villas Metropolitan District	Village at Thorncreek Metropolitan District
Mayfield Metropolitan District	Welby Metropolitan District
North End Metropolitan Districts	Willow Bend Metropolitan District
North Holly Metro District	Wright Farms Metropolitan District
North Metro Fire Bond (FKA FD1B)	York Street Metropolitan District
North Washington Water and Sanitation District	

(2) Assessed values certified in 2016 are for collection of ad valorem property taxes in 2017.

(3) The percentage of each entity's outstanding debt chargeable to the City is calculated by comparing the assessed valuation of the portion overlapping the City to the total assessed valuation of the overlapping entity. To the extent the City's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the City are responsible will also change.

Sources: Adams County Assessor's office and individual taxing entities.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

**City of Thornton
Schedule 12
Legal Debt Margin Information**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit ¹	\$ 91,022,856	\$ 91,846,877	\$ 89,744,142	\$ 90,447,542	\$ 89,466,614	\$ 89,773,098	\$ 90,471,515	\$ 91,397,034	\$ 106,189,059	\$ 107,150,843
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 91,022,856</u>	<u>\$ 91,846,877</u>	<u>\$ 89,744,142</u>	<u>\$ 90,447,542</u>	<u>\$ 89,466,614</u>	<u>\$ 89,773,098</u>	<u>\$ 90,471,515</u>	<u>\$ 91,397,034</u>	<u>\$ 106,189,059</u>	<u>\$ 107,150,843</u>
Total net debt applicable as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	\$ 1,071,508,430
Debt limit (10% of total assessed value) ¹	107,150,843
Debt applicable to limit	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 107,150,843</u>

¹ Per the City of Thornton Charter, the City's general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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

Source: Current and prior year's financial statements and the Adams County Assessor's Office.

**City of Thornton
Schedule 13
Pledged-Revenue Coverage**

Water Revenue Refunding Bonds

Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2007	\$ 48,709,657	\$ 15,545,743	\$ 33,163,914	\$ -	\$ 1,992,750	16.64
2008	47,037,364	16,066,692	30,970,672	-	1,992,750	15.54
2009	36,482,700	17,368,712	19,113,988	-	1,992,750	9.59
2010	43,626,770	18,053,279	25,573,491	-	1,992,750	12.83
2011	45,324,785	18,260,090	27,064,695	-	1,992,750	13.58
2012	59,832,946	19,286,086	40,546,860	-	1,992,750	20.35
2013	39,083,359	20,131,086	18,952,273	-	1,665,985	11.38
2014	45,650,754	24,784,811	20,865,943	200,000	1,453,344	12.62
2015	51,226,351	27,647,167	23,579,184	225,000	1,449,344	14.08
2016	70,365,957	26,443,298	43,922,659	1,410,000	1,442,594	15.40

TDA North Tax Increment Bonds

Fiscal Year	Sales and Property Taxes	Principal	Interest	Coverage
2007	\$ 13,055,355	\$ 2,530,000	\$ 1,011,658	3.69
2008	4,434,674	610,000	895,988	2.94
2009	4,652,191	625,000	877,688	3.10
2010	4,748,160	650,000	855,813	3.15
2011	5,190,658	670,000	836,313	3.45
2012	5,521,257	690,000	812,863	3.67
2013	6,162,807	715,000	788,713	4.10
2014	6,143,493	740,000	763,688	4.09
2015	6,257,149	-	702,573	8.91
2016	6,317,948	850,000	557,963	4.49

TDA 144th Tax Increment Bonds (Series 2015B)

Fiscal Year	Sales and Property Taxes	Principal	Interest	Coverage
2015	\$ 2,008,437	\$ -	\$ -	N/A
2016	2,555,008	615,000	1,192,921	1.41

Sales and Use Tax Bonds

Fiscal Year	Sales Taxes	Principal	Interest	Coverage
2007	\$ 57,163,873	\$ 4,300,000	\$ 1,256,620	10.29
2008	55,784,531	2,290,000	1,080,455	16.55
2009	55,618,056	2,395,000	985,495	16.45
2010	58,314,748	2,505,000	884,925	17.20
2011	59,733,571	2,520,000	465,534	20.01
2012	65,296,929	2,795,000	426,435	20.27
2013	67,811,466	1,455,000	350,150	37.57
2014	72,844,683	1,510,000	291,950	40.43
2015	80,057,239	1,555,000	246,650	44.44
2016	84,106,064	1,605,000	200,000	46.60

Notes: Water revenue refunding bonds were issued in 2013.
Water charges and other includes investment earnings and tap fees.
Operating expenses do not include depreciation or amortization expenses.
TDA North Tax Increment Revenue Bonds series 2004 were refunded in 2015, no principal due in 2015.
TDA 144th Tax Increment Revenue Bonds series 2015B, no principal or interest due in 2015.

City of Thornton
Schedule 14
Demographic and Economic Statistics

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	117,873	\$ 2,530,851	\$ 21,471	3.4%
2008	119,688	2,569,821	21,471	4.3%
2009	120,843	2,594,620	21,471	7.6%
2010	118,772	3,099,949	26,100	8.3%
2011	120,147	3,135,837	26,100	8.9%
2012	121,211	3,241,909	26,746	8.4%
2013	122,643	3,258,134	26,566	6.9%
2014	123,648	3,243,040	26,228	4.4%
2015	131,761	3,528,823	26,782	3.5%
2016	134,149	3,880,931	28,930	2.7%

Sources: US Census Bureau (personal income), City of Thornton Planning Division (population), United States Department of Labor (Unemployment) for the City

**City of Thornton
Schedule 15
Principal Employers**

2016			
<u>Employer Type</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Retail Trade (400 units)	6,591	1	22%
Health Care and Social Assistance (239 Units)	4,388	2	15%
Accommodation and Food Services (208 Units)	4,047	3	14%
Educational Services (95 Units)	3,535	4	12%
Public Administration (43 Units)	2,010	5	7%
Professional, Service & Tech (166 Units)	1,720	6	6%
Other Services (306 Units)	1,446	7	5%
Construction (240 Units)	1,253	8	4%
Information (55 Units)	786	9	3%
Real Estate, Rental & Leasing (169 Units)	689	10	2%
Total	<u>26,465</u>		<u>90%</u>

Total number of persons employed by Thornton establishments: 29,624

2008			
<u>Employer Type</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Retail Trade (192 units)	5,251	1	20%
Educational Services (16 Units)	5,245	2	20%
Accommodation and Food Services (147 Units)	3,325	3	13%
Health Care and Social Assistance (163 Units)	3,302	4	13%
Administrative and support (79 Units)	2,188	5	9%
Construction (181 Units)	1,302	6	5%
Information (21 Units)	965	7	4%
Other Services (115 Units)	812	8	3%
Professional Services (165 Units)	695	9	3%
Real Estate (81 Units)	544	10	2%
Total	<u>23,629</u>		<u>92%</u>

Total number of persons employed by Thornton establishments: 25,759

Note: The number of employees per business is confidential therefore the City is providing employee totals by sector. The City did not request or collect this information prior to 2008. Once ten years of data have been established this schedule will reflect current year and the period nine years prior.

Schedule is updated as soon as data is available.

Source: City of Thornton - Economic Development

City of Thornton
Schedule 16
Full-time Equivalent City Government Employees by Function

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	154	155	157	158	157	156	156	158	165	168
Police										
Officers	161	154	158	158	161	159	158	171	178	233
Civilians	52	63	67	67	64	66	69	59	63	63
Fire										
Firefighters and officers	70	70	70	70	70	75	75	76	76	85
Ambulance	22	22	22	22	22	25	25	26	26	26
Civilians	3	3	3	3	3	3	3	3	3	3
City development	77	76	73	70	68	65	65	71	72	78
Streets, traffic, & engineering										
Engineering	42	42	42	42	40	40	34	33	33	36
Maintenance	33	33	32	32	31	30	31	32	31	31
Community services	82	82	85	85	85	84	85	96	98	99
Water & Sewer	74	74	76	76	75	77	85	86	90	92
Sanitation	21	21	22	22	22	21	22	22	23	23
Total	791	795	807	805	798	801	808	833	858	937

Source: City of Thornton budget office.

**City of Thornton
Schedule 17
Operating Indicators by Function**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Patrol calls for service	42,283	41,133	57,872	101,642	105,509	100,969	98,634	94,355	113,756	103,910
Physical arrests	5,669	3,874	3,554	3,280	3,248	2,692	2,365	2,607	2,796	2,891
Traffic violations	17,461	15,639	19,057	20,229	22,771	20,796	17,993	17,085	13,351	9,843
Fire										
Calls for service	7,826	7,803	7,689	7,826	8,107	8,180	8,106	8,868	9,387	9,976
Fire incidents	280	298	236	240	218	245	190	214	212	282
EMS and other incidents	7,546	7,505	7,453	7,586	7,889	7,935	7,916	8,654	9,175	9,694
Inspections*	1,641	1,348	2,327	1,684	1,700	1,798	1,586	1,957	1,753	-
City development										
Single-family detached permits	484	229	186	185	245	297	306	309	426	620
Commercial permits issued	22	21	10	7	5	10	10	18	19	19
Building inspections	36,004	34,671	24,450	25,677	25,083	26,212	28,473	30,103	37,755	57,437
Code violations & inspections	13,038	14,716	14,088	14,031	14,028	16,161	16,370	18,183	15,998	14,374
Graffiti incidents removed	-	880	1,039	1,102	1,016	1,798	1,526	1,016	880	795
Streets, traffic, & engineering										
Lane miles of streets maintained	1,300	1,318	1,302	1,310	1,313	1,222	1,227	1,232	1,238	1,244
Community services										
Recreation center admissions	277,405	279,380	280,337	281,154	283,251	294,413	295,200	297,279	296,429	303,658
Water										
New connections	627	372	264	273	267	321	297	301	419	559
Average daily										
consumption (in gallons) (excludes Westminster)	16,396,893	17,058,504	15,429,112	16,347,926	16,590,032	17,919,403	14,971,237	15,005,578	15,580,590	16,820,855
Sanitation										
Solid waste customers	24,831	25,006	25,185	25,678	25,919	26,623	26,919	27,060	27,317	27,671
Tons of refuse collected	35,432	33,284	33,106	33,173	32,359	32,729	34,029	34,249	34,574	36,529
Tons of recyclables collected	2,934	4,292	4,777	5,114	5,120	5,089	5,180	5,161	5,193	5,255
Ambulance										
Number of transports	4,186	4,286	4,643	4,466	4,481	4,517	4,193	4,624	5,129	5,355

Note: Indicators are not available for the general government function.

* Indicator was not tracked in 2016.

Sources: Various city departments.

City of Thornton
Schedule 18
Capital Asset Statistics by Function

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	70	69	79	77	77	75	74	77	92	95
Fire										
Fire Stations	5	5	5	5	5	5	5	5	5	5
Ambulances	4	4	4	5	5	6	6	6	6	6
Streets, traffic, & engineering										
Streets (miles)	360	366	360	360	361	403	404	406	409	411
Streetlights	8,102	8,276	8,357	8,473	8,483	8,514	8,565	8,521	8,783	8,824
Community services										
Parks acreage	540	541	632	642	645	645	683	697	723	733
Parks	75	76	80	81	81	81	81	82	84	88
Swimming Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	13	13	13	13	13	13	17	17	17	17
Community Centers	3	3	3	3	3	3	3	3	3	3
Golf Course						1	1	1	1	1
Water										
Water mains (miles)	521	526	530	532	558	559	559	566	577	584
Fire Hydrants	4,132	4,233	4,244	4,262	4,663	4,686	4,699	4,688	4,847	4,950
Maximum daily capacity (thousands of gallons)	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Sewer										
Storm sewers (miles)	141	145	143	146	148	158	149	150	140	144
Sanitary sewer (miles)	412	420	420	430	436	426	427	439	445	454
Sanitation										
Collection Trucks	19	18	19	19	19	19	19	19	21	21

Note: No capital asset indicators are available for the general government function.

Sources: Various city departments.



 **City of
Thornton**
Colorado