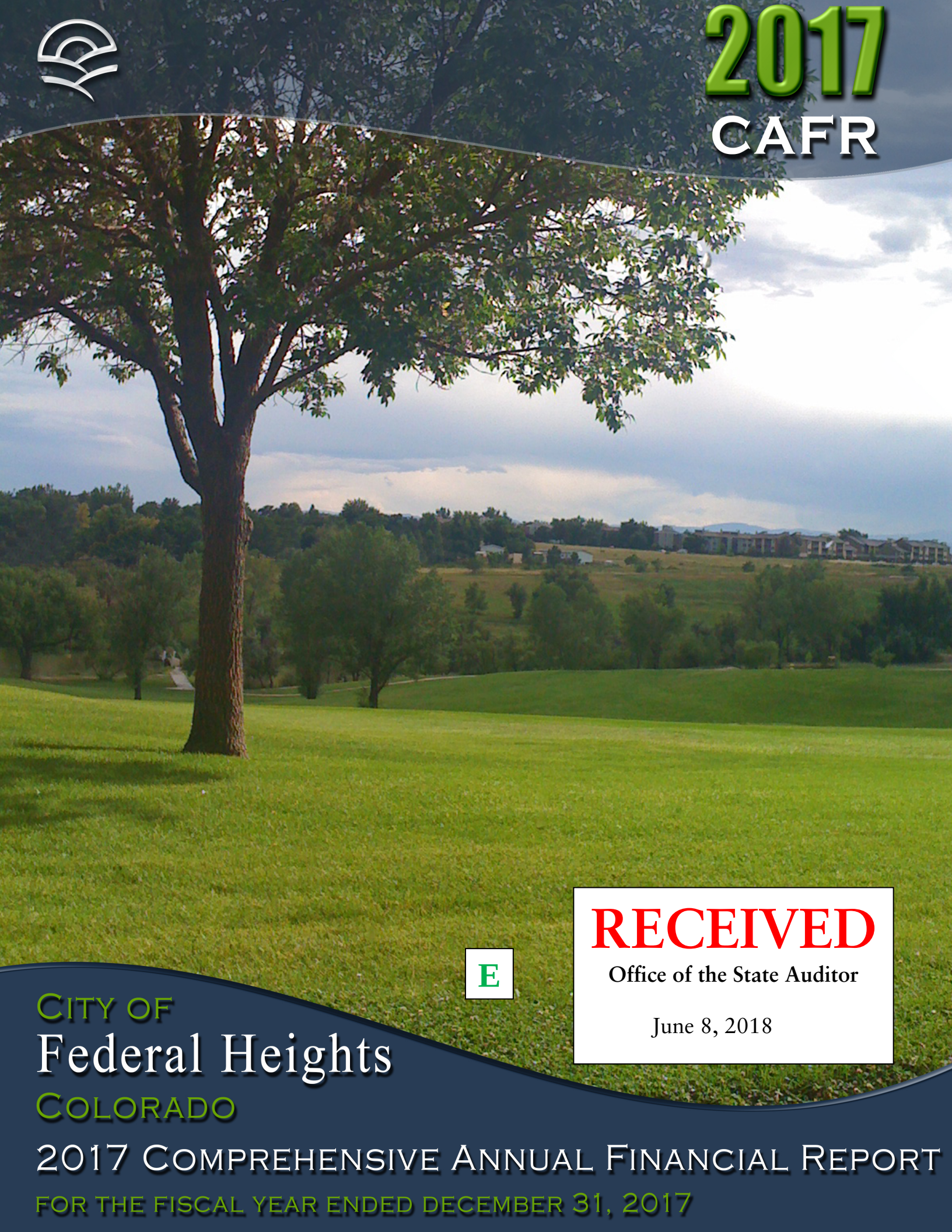




2017
CAFR



CITY OF
Federal Heights
COLORADO

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RECEIVED

Office of the State Auditor

June 8, 2018

2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

CITY OF FEDERAL HEIGHTS, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2017

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INTRODUCTORY SECTION

DIRECTORY OF CITY OFFICIALS

ELECTED OFFICIALS

Daniel Dick	Mayor	
Mark Stickel	Mayor-Pro Tem	Ward I
Harold Thomas	Council Member	Ward I
Kevin Dougherty	Council Member	Ward II
Carolyn Scharf	Council Member	Ward II
Ken Murphy	Council Member	Ward III
Elaine Sweeney	Council Member	Ward III

MANAGEMENT AND APPOINTED OFFICIALS

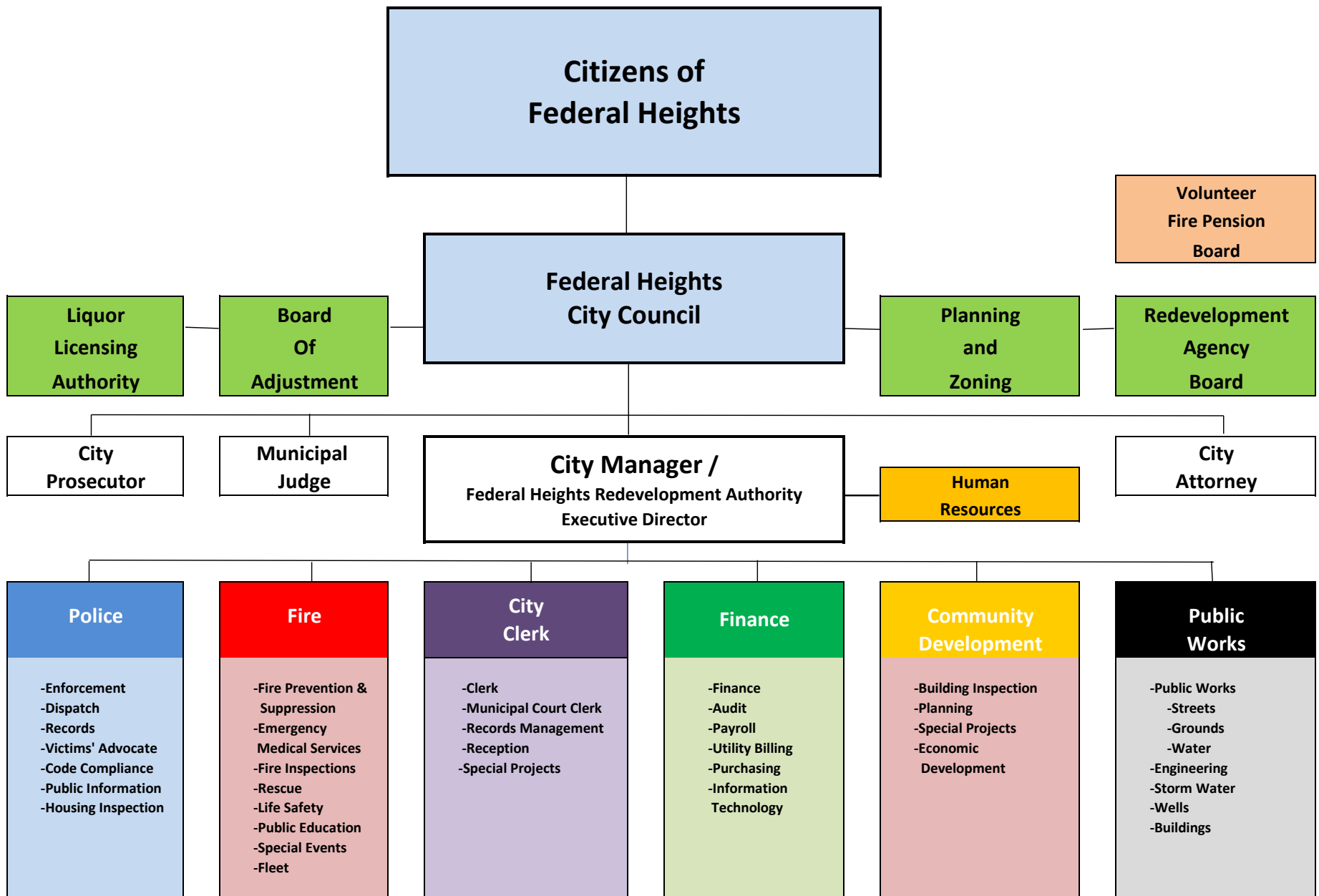
Jacqueline Halburnt	City Manager
Bill Hayashi	City Attorney
Patti Lowell	City Clerk/Director of Admin Services
Ralph Josephsohn	City Prosecutor
Roger Buchholz	Judge
Karl Wilmes	Police Chief
Sean Ellis	Fire Chief
Don Stahurski	Public Works Director
Tim Williams	Community Services Director
Tim Weitzman	Finance Director



2017 CITY COUNCIL

(PICTURED LEFT TO RIGHT)

KEN MURPHY, WARD III; ELAINE SWEENEY, WARD III;
KEVIN DOUGHERTY, WARD II; MAYOR DANIEL DICK;
HAROLD THOMAS, WARD I; CAROLYN SCHARF, WARD II;
MAYOR PRO TEM MARK STICKEL





Government Finance Officers Association

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

Presented to

**City of Federal Heights
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



The City of Federal Heights MISSION STATEMENT

Our mission is to provide a high quality of life for the citizens of Federal Heights, while preserving a close-knit atmosphere, through responsible and effective stewardship of all resources, prudent economic development, enhancement of our current services, and participation in public, private, and regional partnerships.



May 30, 2018

City Hall
2380 W. 90th Avenue
Federal Heights, CO 80260
303-428-3526
303-412-3598 Fax

To the Citizens of Federal Heights:
To the Mayor and City Council:

City Charter and State law requires that a Comprehensive Annual Financial Report (CAFR) be published within six months of the close of each fiscal year. The report shall be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by independent certified public accountants. This report fulfills that requirement for the City of Federal Heights for the fiscal year ended December 31, 2017.

Responsibility for the accuracy, completeness and fairness of the presentation, including all disclosures, rests with the City, based upon a comprehensive framework of internal control that it has established for this purpose. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City and results of the operations of its various funds. As the cost of internal controls should not outweigh the benefits, the outcome is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

The CAFR is presented in conformity with Statement No. 34 of the Governmental Accounting Standards Board (GASB), titled Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. This statement also 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 and should be read in conjunction with the MD&A. The MD&A can be located in the financial section, immediately following the report of the independent auditors. The 2017 audit was performed by John Cutler and Associates. The independent auditor concluded that the City of Federal Heights’ financial statements for the fiscal year ended December 31, 2017 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

PROFILE OF THE CITY

The City of Federal Heights is a charter city organized under the laws of the State of Colorado and governed by a Council/Manager form of government. The City Council is composed of seven members – a Mayor elected at large and six Council members elected on a non-partisan basis by their respective wards. There are three wards and two Council members who are elected from each ward. The Council appoints the City Manager, City Attorney, Municipal Judge and City Prosecutor. All other employees are hired by the City Manager. The City had 88 FTE personnel positions in the 2017.

The City was established in 1940, has a population of approximately 11,500 according to the 2010 census, and occupies 1.78 square miles (1140 acres). The City is fundamentally built-out with the remaining undeveloped acreage along the Federal Boulevard corridor and 92nd Avenue. Total undeveloped and unplanned areas are less than 75 acres.

The City is a full service City providing police, fire and emergency services, a court system, public works, (parks, streets, water and wastewater service), community development (planning and building), and general administrative services. Treated water is mostly purchased from our neighbor, the City of Westminster, and the wastewater treatment service is provided by the City of Thornton. The City maintains the City water and wastewater lines, wells producing approximately three percent of customer demand, and the billing of customer accounts. The citizens and business owners enjoy a low 0.68 millage rate for city real and personal property taxation. The City has a four percent rate for sales and use taxes, and a four percent admissions tax. The City has an additional five percent tax on recreational marijuana and on the first sale or transfer of recreational marijuana.

The City includes the blended component unit, the Federal Heights Redevelopment Agency, in the financial reporting. City Council members are the governing body of this urban renewal authority.

The budget serves as the foundation for the City's financial planning and control. The City Council formally adopts an annual budget for all funds and is required to include a capital plan. City council must adopt the budget by resolution before the close of the prior fiscal year after a public hearing. The budget is prepared at the fund and department levels. Expenditures may not exceed appropriations at the fund level. Any budget revisions that change the total expenditures of any fund must be approved by the City Council.

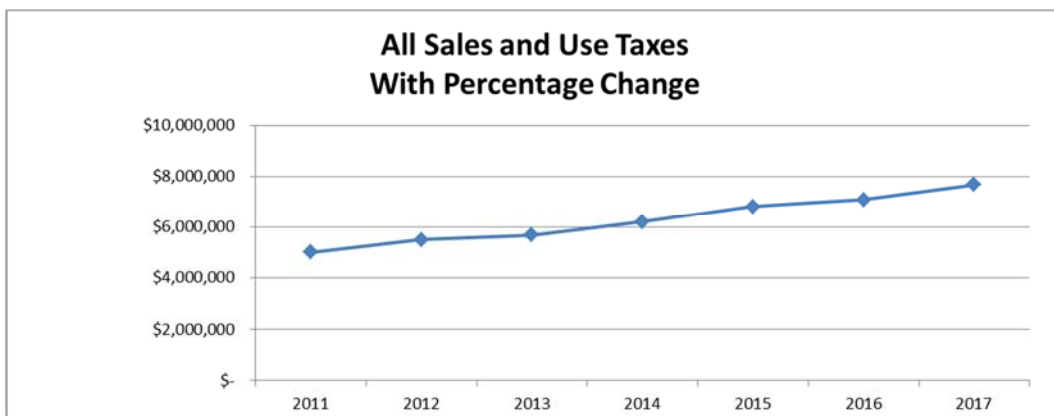
Economic Condition and Outlook

Local Economy: In the Front Range cities, economic growth has continued into 2018. Statewide job growth was 2.2 percent in 2017 and is forecasted to be 1.8 percent in 2018. Colorado unemployment rates are below the national average and it is expected that Colorado will continue to experience unemployment rates among the lowest in the country. Denver, Fort Collins, Boulder and Greeley all had unemployment rates at or below 3.0 percent at the end of 2017. The unemployment rate in Colorado in March 2018 was also at 3.0 percent and which was the 7th lowest in the country.

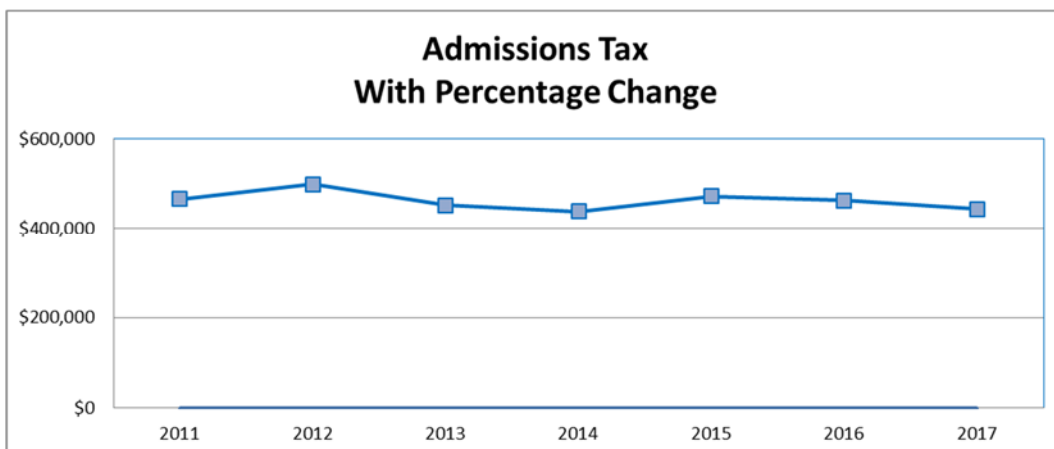
Current economic indicators suggest that Colorado’s economic growth will remain positive in the near future. New businesses filings, housing permits, and salary and wage income are all projected to continue to grow. Colorado oil production rose rapidly in 2017 and is now at its highest level on record.

Colorado home values grew 8.7 percent over the past year and are expected to rise 3.8 percent within the next year. The Denver Boulder Consumer Price Index for all goods grew by 3.4 percent for 2017 and is expected to increase another 2.9 percent in 2018. The state’s overall sales tax revenues increased 6.5 percent in fiscal year 2016-17 and are expected to grow 9.6 percent for the fiscal year 2017-2018 and 4.8 percent in fiscal year 2018-2019. The 9.6 percent increase for fiscal year 2017-2018 is partially due to an increase in the tax rate on retail marijuana from 10 to 15 percent that began on July 1, 2017. This is somewhat offset by a exemption on retail marijuana from the state’s 2.9 percent sales tax.

The City’s local economy remains steady. All sales and use taxes grew by 8% in 2017 and increased to approximately \$7.7 million. During 2017, commercial operations were generally stable. Since 2011, all sales and use taxes have increased 53%. Sales tax on motor vehicles has more than doubled in this same timeframe, however, 2017 saw a slight decrease of approximately one percent in this category from the year before. The 2017 increase was partially helped by the expansion of medical and addition of retail marijuana establishments in the City.



Admissions tax totaling \$.4 million in 2017 from all establishments charging for admission within the City decreased from 2016 by approximately 4 percent.



Indications for business confidence, like for the state economy in general, are positive going into 2018. Improved business confidence should help the current economic momentum to continue and help to increase the likelihood for businesses to hire and invest. This overall trend should be a benefit to the City, however, in areas such as housing the benefits can be more limited. With the City largely developed and landlocked, it does not have many current locations ripe for residential or commercial development. In 2017 building permit revenue was approximately 29% lower than in 2016 and is expected to decrease again in 2018.

Looking Forward: The “East Parcel” which is within the Redevelopment Agency’s urban renewal zone at 104th Avenue and Federal Boulevard has available pad sites for commercial development. The open 4.5 acres of land at the “East Parcel” is owned by the Redevelopment Agency and has existing infrastructure – roads, power, lighting, common area, drainage detention pond, parking and water and sewer lines. There has been some interest expressed for the sites, currently listed for sale at \$1.4 million. City Council plans to continue to market the property during 2018.

Among the new construction projects taking place in 2018 is the addition of 43 condominiums at Roth Park located at 1405 West 84th Avenue. This project is expected to help provide attainable housing in the City and is an addition to the current Roth Park Condominium complex at the same location.

The drainage and storm-water project at Ruston Park continues to progress as a design firm has been retained to prepare final design documents and construction services. Construction is currently expected to begin in 2020.

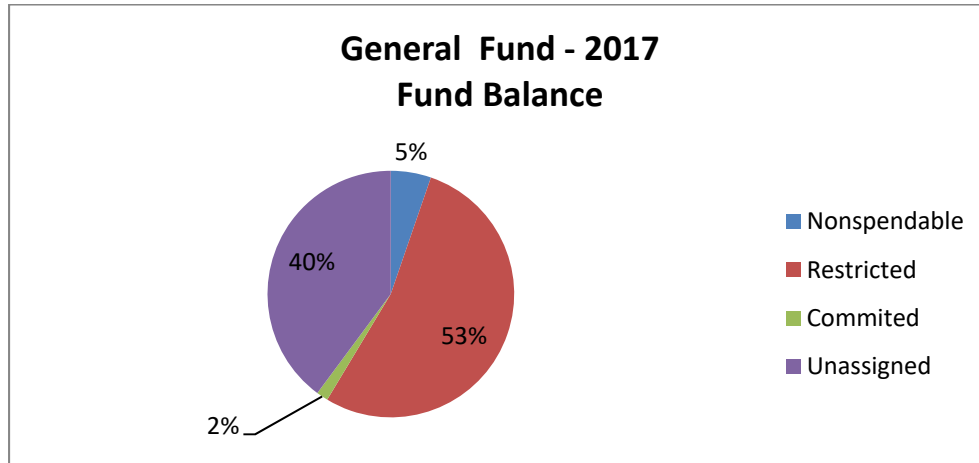
Overall, the City has seen a general increase in the level of interest in commercial development which may help to foster economic and job growth in the near term.

Long-term Financial Planning: The City’s budget process includes the preparation of a 5-year capital improvement plan (CIP). The CIP identifies major construction and equipment needs that are on the horizon, as well as projections of those revenues dedicated for capital purchases. A one-percent sales tax was approved by voters during 2002. The citizen approved ballot item requires 60% of the additional revenue be restricted for capital needs. Thirty-five percent is transferred to the Road Improvement Fund, ten percent restricted for ambulance and fire equipment, and fifteen percent transferred into the City’s Capital Improvement Fund.

A key component of the CIP is the City’s commitment to maintaining its current infrastructure - streets, curbs, gutters, sidewalks, parks, drainage, and the utility system- and dedicating resources to keep infrastructure at acceptable quality levels and to avoid more costly major repairs and reconstruction. While the 5-year planning tool is subject to change, it allows the City to prepare for major capital needs and match those needs with the appropriate projected revenue or available sources. The City does not plan to issue debt to finance needed projects. Presently, the Utility Fund and the Drainage Fund have adequate levels of available working capital to finance major system upgrades.

The Road Improvement Fund’s long-term financial projections indicate that resources may be depleted and additional resources may be required within the next few years to keep pace with the road CIP program.

The City currently intends on balancing the General Fund budget's appropriated expenditures and other uses with current revenues into the foreseeable future. The General Fund currently maintains an unassigned and available fund balance of \$7.3 million. This represents 78% of the overall General Fund balance and 65% of the budgeted expenditures for the General Fund in 2018. This unassigned fund balance is available to City council for one-time expenditures, or to balance the annual budget on a current basis if needed.



Major Initiatives: Water- Sewer- Road Maintenance. The City has appropriated \$3.4 million for Water, Sewer and Drainage maintenance including the Federal Blvd Water Main Replacement, Northborough Water Main Replacement, and sewer lining of clay and concrete pipes, and significant drainage improvements along 96th Avenue and Bryant Drive.

Federal Heights, along with two grant partners, the City of Westminster and the Colorado Department of Transportation (CDOT), are working together to widen the 92nd Avenue and Federal Boulevard intersection and add another turn lane in all directions. A wider intersection is needed to eliminate traffic backups during peak travel times. The Federal Department of Transportation will pass through CDOT 82% of the funding for this project while each city contributes about 9% of the total project cost. Right-of-away acquisitions have been completed and the construction phase is now underway.

The 2018 Redevelopment Authority budget includes \$1.5 million for electrical undergrounding along Federal Boulevard. Also budgeted in 2018 is \$1.0 million for the mill and overlay of W 92nd Ave Federal to Pecos, \$.1 million for seal coating along W 84th Avenue and \$.9 million as part of the 92nd & Federal Widening Project.

Significant projects that took place in 2017 included scheduled water main replacements from Clay to Elm St along W 100th Avenue and on Alcott Street and Clay Court in the Northborough area. Additionally, the lining of nearly 4,500 feet of older clay and concrete sewer mains was completed. Various street repaving projects completed in 2017 included W. 100th Ave from Clay St to Zuni St, Bryant Ct, W 103rd from Hunters Cove West End to Zuni St., repaving of the City Hall, Police and Fire Department parking lots, and the median removal and addition of parking areas on Orleans St.

Improvements completed in 2018 thus far include paving of 88th Ave from Pecos to Stacy Drive, Stacy Drive, Fayette Street, Madeleine Street, W. 91st Drive, Alcott Street, West 100th Ave from Clay St. to the west side of Northborough.

New Revenue Sources: In November 2016, voters approved the sale of retail marijuana in the city. Current ordinance allows for five locations for medical and or retail marijuana sales. In addition to the city's standard 4 percent sales tax, retail marijuana is subject to an additional 5 percent sales tax. Thus far, the tax generated from recreational marijuana sales have had a positive impact on the city's overall sales tax revenue and will likely continue to be a significant source of sales tax growth in the near term. In 2017, the city also passed a five percent tax on the first sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility based on the average market rate for unprocessed retail marijuana.

Relevant Financial Information and Policies

Revenue and Spending Limitations: The Colorado Constitutional Amendment passed in November 1992, commonly known as the Taxpayer Bill of Rights (TABOR), restricts growth in governmental spending and revenues, with those amounts adjusted annually for inflation and a local growth factor. In November 1996, Federal Heights' voters approved a referendum that allowed the City to retain revenues that might otherwise have been refundable to citizens under the TABOR limits. As a result, the City is able to retain any "excess" revenues and spend them for capital projects, basic municipal services, and other public purposes. The City continues to be subject to other provisions of TABOR, including maintaining an emergency reserve equal to three percent of annual spending and the requirement for any tax increase or debt issuance for general governmental purposes to be approved by elections.

Pension and Retirement Benefits: City Police and Fire sworn personnel participate in various state-wide pension plans sponsored by the Fire and Police Pension Association (FPPA). Since 2005, the City Police and Fire sworn personnel have had access to the state-wide defined benefit plan. Previously, uniform personnel participated in FPPA state-wide defined contribution/money purchase plans. The statewide FPPA hybrid money purchase component plan was utilized by employees of many cities throughout the state to reenter into the FPPA defined benefit program. Very few of our current police and fire sworn personnel participate in the money purchase plans. For 2017, the City and the employee contributed from 8 to 11.5 percent, however, they do not participate in or contribute to social security.

The City's general non-sworn employees have money purchase defined contribution plans and participate in social security. The City previously funded 3 percent to these employee retirement plans until 2005. The current employer contribution rate is at least 3 percent and up to 5 percent, if two percent is matched, by the employee.

Currently, the public safety FPPA defined benefit pensions are fully funded based on actuarial studies, and the money purchase defined contribution retirement plans are designed not to create an unfunded debt for the City.

In October of 2011, the City's postretirement health insurance benefit was limited to \$300 per month per retiree. This healthcare benefit terminates when the retiree becomes Medicare eligible. Beginning in 2012, new employees are no longer eligible for this benefit. This liability is included on the City's Statement of Activities, and is addressed in Note No. 6 of the Financial Statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Federal Heights, Colorado for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both general accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Oversight for the presentation of the Comprehensive Annual Financial Report on a timely basis was made possible by the Finance Department, and many other city staff members who contributed to its preparation. Each contributor has our sincere appreciation for the efforts made in the preparation of this report.

In closing, we wish to thank the members of City Council for their interest, leadership, and support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Jacqueline Halburnt
City Manager

Tim Weitzman
Finance Director

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the City Council
City of Federal Heights
Federal Heights, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Federal Heights, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, 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 Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 Federal Heights, Colorado, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and required pension information on pages 45 - 51 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 Federal Heights' basic financial statements. The combining and individual fund financial schedules, combining schedules of the non-major funds, and the Local Highway Finance Report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

John Luther & Associates, LLC

May 30, 2018

As management of the City of Federal Heights (“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, 2017. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the City.

A. FINANCIAL HIGHLIGHTS

- The net position of all governmental and business type activities totaled \$54.0 million at the end of 2017 on the Government – Wide Financial Statements. Of this amount, \$18.2 million or 34% is unrestricted and may be used to meet the City’s ongoing obligations.
- The fund balance for General Fund increased by \$1.4 million and totaled \$9.3 million. Unassigned fund balance was \$7.2 million or 68% of General Fund Revenues. The unassigned portion of fund balance is available for the City’s future spending needs at the Council’s discretion.
- Tax revenue in the General Fund increased 7% to \$8.6 million. Sales and use tax and admissions tax revenues increased by \$0.6 million to \$8.2 million, while most other tax revenue sources remained relatively unchanged from the previous year.
- The Redevelopment Agency Fund’s total fund balance totaled \$3.8 million at the end of 2017. Property and sales tax increment receipts will be used to pay off the remaining redevelopment loan and for projects in the redevelopment areas.
- The Road Improvement Fund restricted fund balance for street improvements increased \$0.1 million and totaled \$2.7 million. Capital outlay of \$1.6 million was spent during the year for infrastructure improvements and repairs.
- Other Governmental Funds reported combined restricted fund balance of \$2.5 million, a decrease of \$0.3 million in comparison with the prior year. This decrease is related to the use of resources in the Capital Improvement Fund offset by revenues in the Open Space that will be spent on qualified projects in the future.
- The Utility Fund and Drainage Fund (proprietary/business type funds) net positions increased \$0.7 million to \$19.4 million. However, on a budgetary basis including the cost of capital acquisitions, the Utility Fund spent \$0.1 million less than current revenues, while the Drainage Fund spent \$.4 million more than current revenues.
- Utility Fund capital system investment totaled \$.9 million and the Drainage Fund capital system improvement totaled \$.7 million.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of 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 overview of the City of Federal Heights' finances in a manner similar to a private sector business.

The ***Statement of Net Position*** presents the financial condition of the City as a whole at the end of the fiscal year by presenting information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the City is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the City'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 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 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, public safety (police, dispatch, victim advocate services, fire and ambulance), community services, parks and recreation, and community development. Business-type Activities include utility (water/sewer) and drainage. The Utility Enterprise and the Drainage Enterprise are the two major Business-type funds.

The Redevelopment Agency, for which the City is financially accountable, is included in the government-wide financial statements. Financial information for this blended component unit is reported separately from the financial information presented for the City itself.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, City Council establishes other funds to help control and manage spendable resources for particular purposes (i.e. Road Improvement Fund). The City's funds can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

GASB 34 requires the designation and highlighting of Major Funds and establishes certain size thresholds that a fund must meet in relation to all the other governmental or business-type activity funds, or in relation to all city funds before a fund is classified as a major fund. The General Fund is always considered a major fund. In highlighting these funds, it is believed that readers will more carefully review the activity of the largest funds. Our major governmental funds are the General Fund, Redevelopment Agency Fund, and the Road Improvement Fund. The non-major funds include the Open Space Fund, Capital Improvements Fund and the Special Investigation Fund.

Governmental funds – Most of the City’s basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

An annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds – When the City charges customers for services it provides these services are generally reported in proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund and the Drainage Funds, which are considered to be major funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City’s own programs. The method of accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to 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.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report includes Required Supplementary Budgetary comparisons for the General Fund and Redevelopment Agency. The Required Supplementary Information also includes schedules required under GASB 68 for the City’s Volunteer and Statewide Defined Benefit plans and schedules required under GASB 75 for the City’s OPEB Plan. These schedules are updated annually.

Combining and Individual Fund Schedules

This report presents the combining statements, individual statements and schedules of the non-major Governmental Funds and Enterprise Funds. Schedules of revenues, expenditures and change in net position – budget to actual of all proprietary funds, Road Improvement Fund and non-major governmental funds are also included.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the close of 2017, total net position was \$54.0 million. By far the largest portion of the net position was the investment in capital assets (net of related debt) of \$26.1 million (48%). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position totaling \$9.7 million (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18.1 million (34%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The following table summarizes the City's governmental and business-type net position for 2017 and 2016.

Statement of Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 23,885.2	\$ 21,302.3	\$ 8,111.1	\$ 8,385.4	\$ 31,996.3	\$ 29,687.7
Capital Assets	14,082.9	12,963.9	12,036.1	11,002.2	26,119.0	23,966.1
Total Assets	37,968.0	34,266.2	20,147.3	19,387.6	58,115.3	53,653.8
Deferred Outflow of Resources	1,161.7	1,062.3	-	-	1,161.7	1,062.3
Total Assets & Deferred Outflows	39,129.8	35,328.5	20,147.3	19,387.6	59,277.0	54,716.1
Current and Other Liabilities	1,048.7	1,384.3	692.9	617.6	1,741.6	2,001.9
Long-term Liabilities	1,226.7	1,254.1	58.4	48.0	1,285.2	1,302.1
Total Liabilities	2,275.4	2,638.4	751.4	665.6	3,026.8	3,304.0
Deferred Inflow of Resources	2,252.8	1,910.6	-	-	2,252.8	1,910.6
Total Liabilities & Deferred Inflows	4,528.2	4,549.0	751.4	665.6	5,279.6	5,214.6
Net Position						
Net Investment in Capital Assets	14,082.9	12,963.9	12,036.1	11,002.2	26,119.0	23,966.1
Restricted	9,726.9	6,103.7	0.0	-	9,726.9	6,103.7
Unrestricted	10,791.8	11,711.9	7,359.7	7,719.8	18,151.5	19,431.7
Total Net Position	34,601.5	30,779.5	19,395.9	18,722.0	53,997.4	49,501.5

The changes in net position from 2016 to 2017 are primarily a result of normal operations and maintenance of the City's capital infrastructure. The positive change of net position is added to current working capital. Expenditures for business-type (water, wastewater, and drainage) infrastructure increased the net investment in capital assets as well.

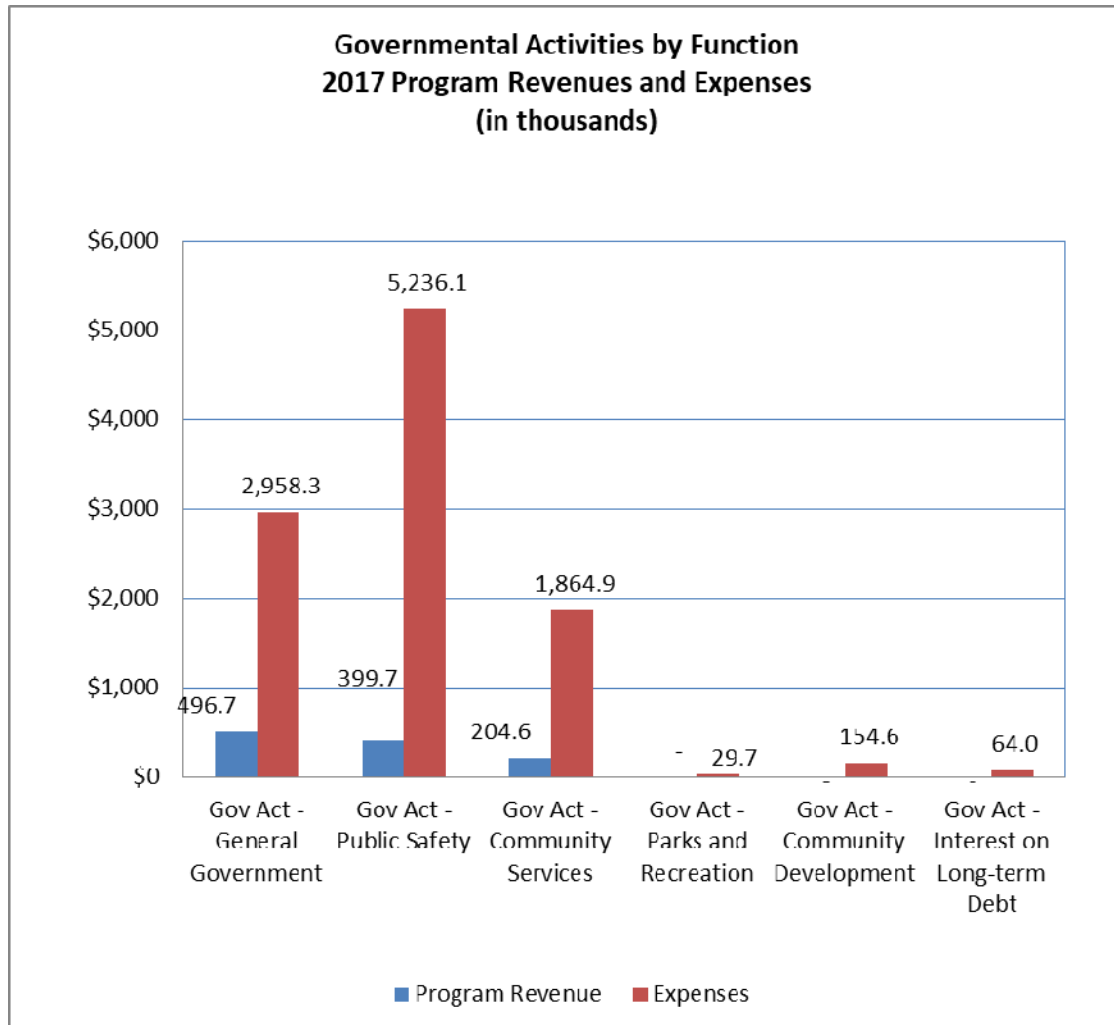
Changes in Net Position

The City's 2017 total revenues of \$19.0 million exceeded program expenses of \$14.6 million. The 2017 increase in net position after special items and transfers was \$4.4 million compared to \$4.0 million during 2016.

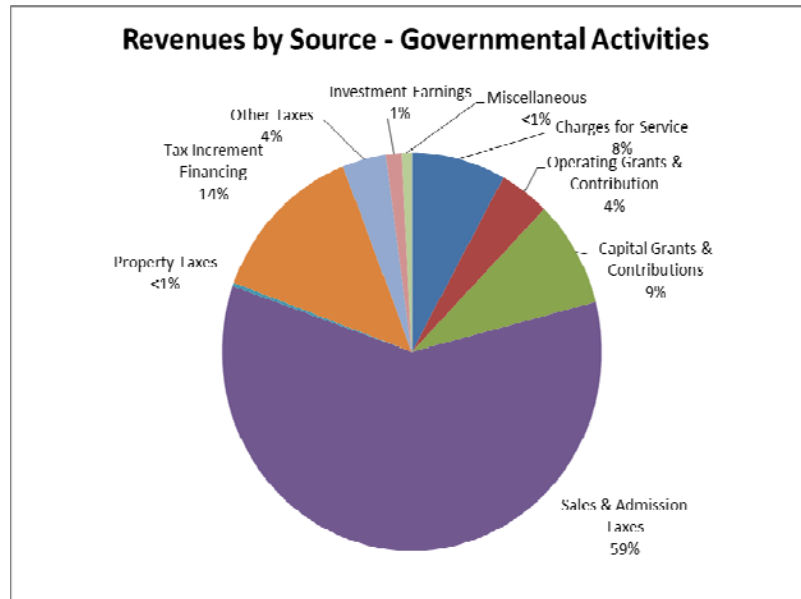
Changes in Net Position						
(in Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for Service	\$ 1,101.0	\$ 1,157.2	\$ 4,743.3	\$ 4,749.8	\$ 5,844.3	\$ 5,907.0
Operating Grants & Contribution	585.1	688.2	-	-	585.1	688.2
Capital Grants & Contributions	1,196.1	973.4	380.2	-	1,576.3	973.4
General Revenues						
Sales & Admission Taxes	8,159.8	7,547.3	-	-	8,159.8	7,547.3
Property Taxes	39.5	39.1	-	-	39.5	39.1
Tax Increment Financing	1,846.6	1,882.6	-	-	1,846.6	1,882.6
Other Taxes	507.4	465.7	-	-	507.4	465.7
Investment Earnings	188.9	184.8	80.4	88.0	269.3	272.8
Miscellaneous	117.0	170.1	10.5	11.4	127.5	181.5
Total Revenues	13,741.4	13,108.4	5,214.4	4,849.2	18,955.8	17,957.6
Program Expenses						
General Government	2,958.3	2,760.6	-	-	2,958.3	2,760.6
Public Safety	5,236.1	4,862.1	-	-	5,236.1	4,862.1
Community Services	1,864.9	1,870.0	-	-	1,864.9	1,870.0
Parks and Recreation	29.7	30.1	-	-	29.7	30.1
Community Development	154.6	151.8	-	-	154.6	151.8
Interest on Long-Term Debt	64.0	75.0	-	-	64.0	75.0
Utility	-	-	4,064.9	3,803.0	4,064.9	3,803.0
Drainage	-	-	195.6	180.4	195.6	180.4
Fire Academy	-	-	-	-	-	-
Total Expenses	10,307.6	9,749.6	4,260.5	3,983.4	14,568.1	13,733.0
Excess before Special Items & Transfers	3,433.8	3,358.8	953.9	865.8	4,387.7	4,224.6
Capital Contribution	-	-	-	-	-	-
Loss on Disposal of Assets	(7.8)	-	-	-	(7.8)	-
Change in Value of Asset	-	(261.4)	-	-	-	(261.4)
Transfers	280.0	255.0	(280.0)	(255.0)	-	-
Increase (decrease) in Net Position	3,706.0	3,352.4	673.9	610.8	4,379.9	3,963.2
Net Position, Beginning	30,895.5	27,427.0	18,722.0	18,111.3	49,617.5	45,538.3
Net Position, Ending	\$ 34,601.5	\$ 30,779.4	\$ 19,395.9	\$ 18,722.1	\$ 53,997.4	\$ 49,501.5

Governmental Activities

Total program expenses of \$10.3 million exceeded program revenue of \$2.9 million by \$7.4 million for 2017 compared to \$6.9 million during 2016. The 2017 increase in net position was \$3.7 million and \$3.4 million in 2016. The following illustrates the governmental activities program revenues and expenses by function:

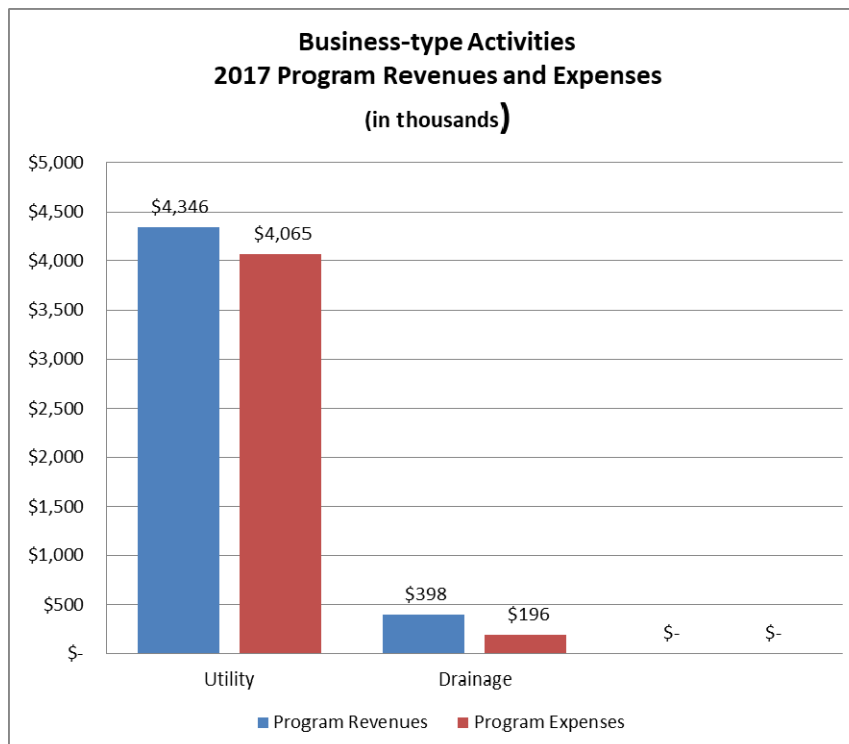


Sales and admission taxes increased 8% in 2017, from \$7.5 million to \$8.1 million. The Redevelopment Agency property tax increment revenues decreased slightly less than \$.1 million and totaled \$1.8 million. All sources of Governmental activities revenues increased \$.6 million or approximately 5% and totaled \$13.7 million in 2017.

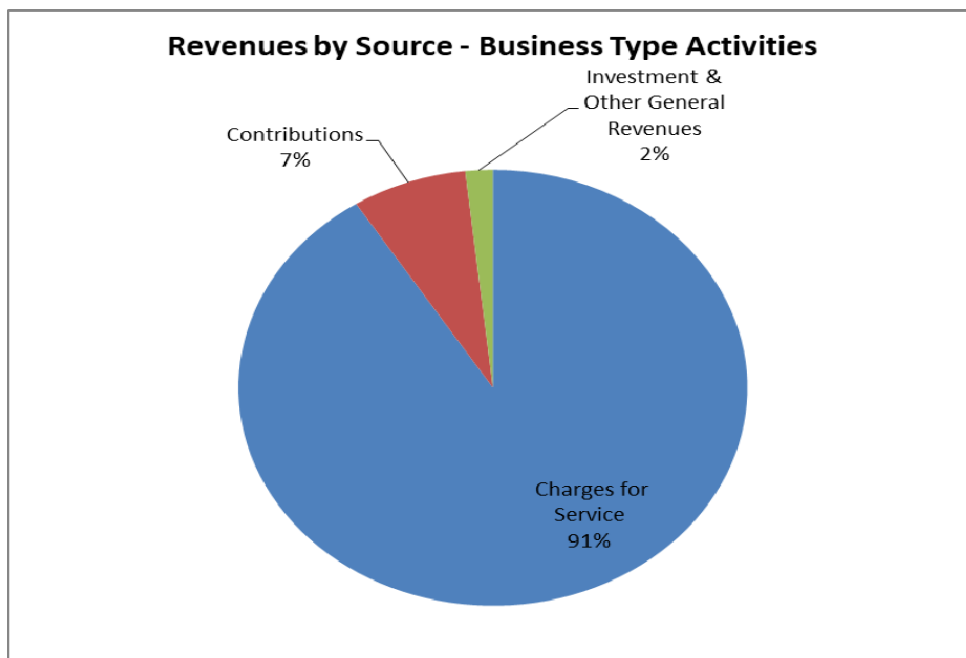


Business-type Activities

Business-type activities including Utilities (water and sewer) and Drainage, for the year resulted in an increase of net position of \$0.7 million. Charges for services in 2017 totaled \$4.7 million and accounted for 91% of total revenues. Charges for services remained consistent with 2016. The following chart illustrates the business-type activities program revenues and expenses:



The 2017 water and sewer customer rates increased 4.0% and 1.4% respectively. Total 2017 business type revenues totaling \$5.2 million increased \$.4 million when compared to 2016.



D. THE CITY'S FUNDS

Governmental funds – The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The budgets for these funds are prepared on the same basis. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2017, the City's governmental funds reported combined ending fund balances of \$18.2 million, an increase of \$2.6 million. The primary positive fluctuations in fund balances were in the Redevelopment Agency Fund which improved \$1.5 million, and the General Fund which improved by \$1.4 million and the Road Fund which improved \$.1 million in comparison with the prior year. This was offset by a decrease in the Other Government Funds balance of approximately \$.4M. The Redevelopment Agency is a component unit that is blended into the City's financial statements. The General Fund change was the result of higher revenues and lower spending than amounts appropriated. The Redevelopment Agency fund balance improves as property tax increment revenues are collected and advances from other funds are reduced. Committed, restricted, and nonspendable fund balances in all governmental funds amounted to \$11.0 million. The General Fund's unassigned fund balance that is available for subsequent years' spending totaled \$7.2 million.

Balance Sheet - Governmental Funds	
General Fund:	
Unassigned	7,246,375
Committed	282,703
Restricted	755,724
NonSpendable	962,268
	9,247,070
Redevelopment Agency Fund:	
Restricted	3,841,372
Road Improvement Fund:	
Restricted	2,660,053
Other Government Funds:	
Restricted	2,469,755
	18,218,250
Committed, restricted, nonspendable	
	10,971,875
Unassigned	
	7,246,375
	18,218,250

Proprietary funds – The focus of proprietary funds is economic resources (net position) and economic gain or loss (change in net position). These funds report on the accrual basis of accounting like the government-wide business-type activities only in more detail. The unrestricted portions of net position are resources that are available at the end of the year. The Utility Fund (water and wastewater) and the Drainage Fund (storm water) are the City’s two major proprietary funds. The unrestricted net positions of the Utility Fund and Drainage Fund decreased \$0.3 million to \$7.4 million. This high level of unrestricted net position is expected to be reduced in the future and utilized for costly system capital upgrades and major maintenance. The total net position of the proprietary funds was \$19.4 million compared to \$18.7 million at the end of the previous year.

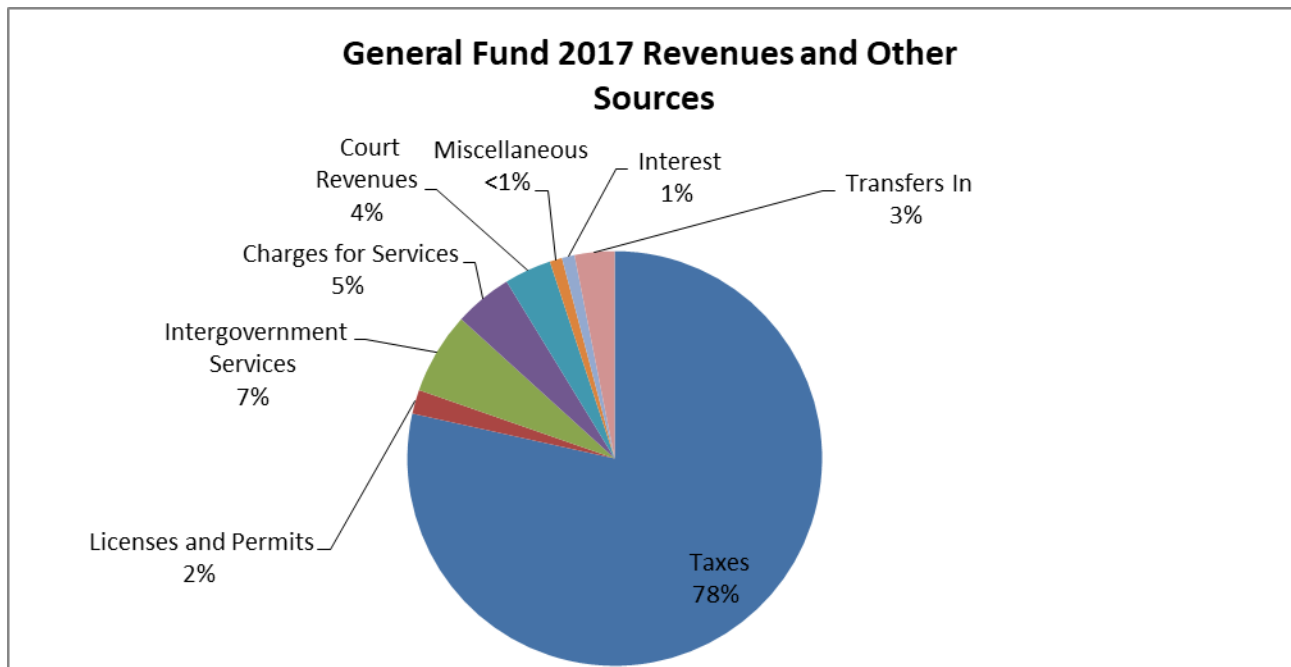
General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the City. The 2017 budget was balanced on a current annual basis. The General Fund Budget included \$10.4 million of revenues/inflows, and \$10.4 million of expenditures/outflows. Fund balance was anticipated to be \$7.2 million at the end of 2017 compared to the \$9.2 million actual ending balance.

Revenues and transfers into the General Fund were \$0.6 million favorable or more than the \$10.4 million anticipated in the budget. This favorability was primarily due to higher than anticipated taxes revenues.

**General Fund Revenues and Other Sources
Compared to 2017 Adopted Budget
(In Thousands)**

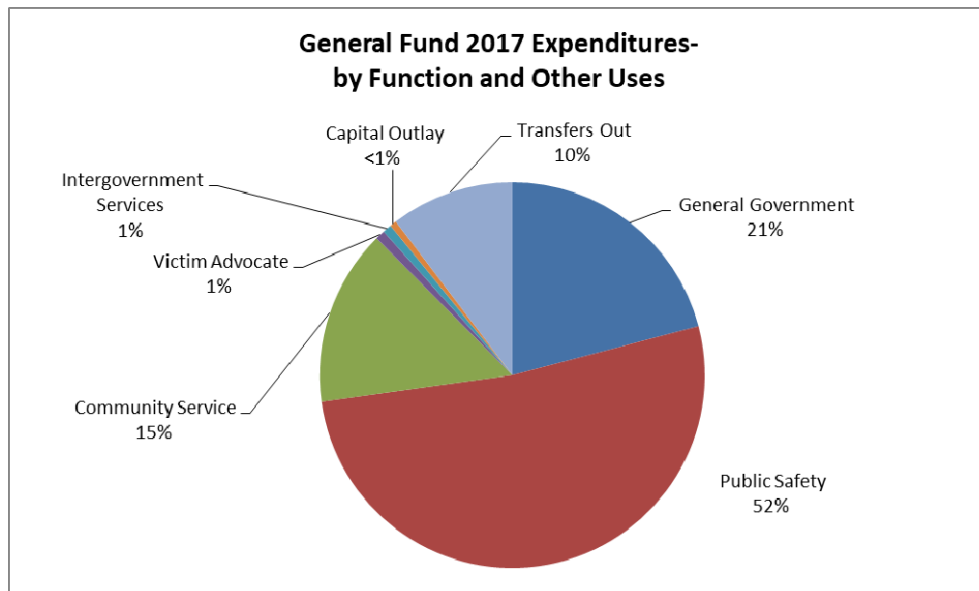
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes	\$ 8,036	\$ 8,578	\$ 542
Licenses and Permits	127	205	78
Intergovernmental Services	785	697	(88)
Charges for Services	520	496	(24)
Court Revenues	448	400	(48)
Miscellaneous	32	106	74
Interest	80	108	28
Transfers In	340	340	-
Total	<u>\$ 10,368</u>	<u>\$ 10,930</u>	<u>\$ 562</u>



General Fund expenditures and transfers out totaling \$9.5 million were \$0.8 million favorable to the \$10.4 million appropriation.

**General Fund Expenditures by Function
and Other Uses (In Thousands)
Compared to 2017 Adopted Budget**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government	\$ 2,226	\$ 1,993	\$ 233
Public Safety	5,334	4,944	390
Community Service	1,605	1,406	199
Victim Advocate	134	77	57
Intergovernmental Services	67	71	(4)
Capital Outlay	15	53	(38)
Transfers Out	985	985	-
Total	<u>\$ 10,366</u>	<u>\$ 9,529</u>	<u>\$ 837</u>



E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets net of depreciation for its governmental and business-type activities as of December 31, 2017, amounts to \$26.1 compared to \$23.9 million at the end of 2016. The City invests in a broad range of capital assets, including streets, water and wastewater lines, storm drainage, and other infrastructure improvements; municipal facilities; park and trail improvements; and various equipment and vehicles.

The following table provides a comparative summary of total capital assets at December 31, 2017 and 2016:

Capital Assets (Net of Depreciation, In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 296.5	\$ 145.7	\$ -	\$ -	\$ 296.5	\$ 145.7
Construction in Progress	396.9	200.7	-	-	396.9	200.7
Buildings	874.7	931.9	70.1	75.9	944.8	1,007.7
Improvements	11,025.6	10,372.2	-	-	11,025.6	10,372.2
Machinery, Equipment, and Furniture	1,489.2	1,313.3	112.1	118.0	1,601.3	1,431.3
Sewer Lines	-	-	2,958.1	2,970.9	2,958.1	2,970.9
Water Plant, Tanks, and Wells	-	-	6,251.3	5,767.8	6,251.3	5,767.8
Drainage System	-	-	2,644.5	2,069.7	2,644.5	2,069.7
Total Net Capital Assets	\$ 14,082.9	\$ 12,963.8	\$12,036.1	\$ 11,002.2	\$ 26,119.0	\$ 23,965.9

Major expenditures added to capital assets during 2017 included:

Road Improvements	1,089,601
Water and Sewer System Improvements	880,629
Drainage Improvements	675,237
Communications Equipment and Police and Other Vehicles	486,315

The City remains committed to the upkeep and maintenance of the City's largest assets. More detailed information about capital assets is presented in notes one and five to the financial statements.

Long Term Debt - At the end of 2017, the City did not have any bonded debt or certificate of participations outstanding. The Redevelopment Agency had a combined \$.9 million advance from the General Fund. This advance will be paid by property tax increment revenues from the Agency's redevelopment area.

F. FACTORS EFFECTING THE FUTURE OF THE CITY

The City continues to maintain a strong financial position. Unassigned fund balances and net position exceed levels acceptable by the City Council. In preparing the 2018 budget, the City was conservatively optimistic in projecting revenue increases for sales and use taxes. The City continues to be cautious with its spending, delaying discretionary purchases as necessary and monitoring revenues to continually assess the City's financial position. The 2018 budget reflects the City's continued commitment to capital replacement with maintenance of City infrastructure as a top priority.

Sales tax revenues reflect continued increases during 2017. The 2018 budget anticipated sales and use tax revenues to increase 6.0% over projected 2017 amounts. Through March 2018 receipts, total sales and use tax revenue is up approximately 20% when compared to 2017. With other revenues projected to have modest increases and fund balance well above required levels, the General Fund remains strong.

The Utility Fund water and wastewater rates have been historically increased to adjust for supplier cost increases. For 2018, water rates were increased 8% and wastewater rates 1.4%. Our supplier of water resources has enough water rights to continue to serve our citizens and customers into the foreseeable future. Any future rate increases for water and wastewater as required to offset operating costs and capital needs will be reviewed in detail and approved by council. Water and sewer tap fees are adjusted for the change in consumer price index each year. Drainage Fund stormwater rates have remained constant for many years and no increase is anticipated or needed at this time.

The City continues to seek opportunities for economic growth while improving the quality of services offered and maintaining its financial sustainability.

G. REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and customers a general overview of the City's finances and describe the City's accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact the Finance Director at the following address:

City of Federal Heights
2380 W. 90th Ave.
Federal Heights, CO 80260
303-412-3531

BASIC FINANCIAL STATEMENTS

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 16,043,393	\$ 7,684,758	\$ 23,728,151
Receivables			
Property Taxes	2,187,338	-	2,187,338
Accounts	1,667,738	425,016	2,092,754
Accrued Interest Receivable	27,521	-	27,521
Interfund Activity	(1,342)	1,342	-
Prepaid Items	16,333	-	16,333
Assets Held For Sale	1,306,800	-	1,306,800
Net Pension Asset - Volunteer Pension	2,637,375	-	2,637,375
Capital Assets, Not Depreciated	693,331	-	693,331
Capital Assets, Depreciated			
Net of Accumulated Depreciation	13,389,533	12,036,135	25,425,668
TOTAL ASSETS	37,968,020	20,147,251	58,115,271
DEFERRED OUTFLOWS OF RESOURCES			
Related to Volunteer Pension	146,756	-	146,756
Related to SWDB Pension	999,804	-	999,804
Related to OPEB Plan	15,185	-	15,185
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,161,745	-	1,161,745
LIABILITIES			
Accounts Payable	454,881	620,188	1,075,069
Accrued Liabilities	277,158	16,259	293,417
Deposits	68,215	50,000	118,215
Net Pension Liability - SWDB Pension	179,887	-	179,887
Due within One Year	68,544	6,494	75,038
Due in More Than One Year	1,226,722	58,441	1,285,163
TOTAL LIABILITIES	2,275,407	751,382	3,026,789
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	2,187,076	-	2,187,076
Related to Volunteer Pension	35,831	-	35,831
Related to SWDB Pension	29,905	-	29,905
TOTAL DEFERRED INFLOWS OF RESOURCES	2,252,812	-	2,252,812
NET POSITION			
Investment in Capital Assets	14,082,864	12,036,135	26,118,999
Restricted for Emergencies	390,000	-	390,000
Restricted for Capital Expenditures	5,163,913	-	5,163,913
Restricted for Highways and Streets	2,660,052	-	2,660,052
Restricted for Parks and Recreation	519,303	-	519,303
Restricted for Open Space	993,634	-	993,634
Unrestricted	10,791,780	7,359,734	18,151,514
TOTAL NET POSITION	\$ 34,601,546	\$ 19,395,869	\$ 53,997,415

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 2,958,274	\$ 496,656	\$ 469,756	\$ 69,289
Public Safety	5,236,063	399,701	21,228	112,118
Community Services	1,864,885	204,649	48,075	999,412
Parks and Recreation	29,733	-	45,969	15,323
Community Development	154,598	-	-	-
Interest on Long Term Debt	63,999	-	-	-
Total Governmental Activities	10,307,552	1,101,006	585,028	1,196,142
Business-Type Activities				
Utility	4,064,922	4,345,729	-	380,199
Drainage	195,581	397,591	-	-
Total Business-Type Activities	4,260,503	4,743,320	-	380,199
Total Primary Government	\$ 14,568,055	\$ 5,844,326	\$ 585,028	\$ 1,576,341

GENERAL REVENUES

Property Taxes
Sales and Admission Taxes
Property Tax Increment Financing
Other Taxes
Interest
Miscellaneous
Transfers
Loss on Disposal of Assets

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION Beginning, As Restated

NET POSITION Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (1,922,573)	\$ -	\$ (1,922,573)
(4,703,016)	-	(4,703,016)
(612,749)	-	(612,749)
31,559	-	31,559
(154,598)	-	(154,598)
(63,999)	-	(63,999)
(7,425,376)	-	(7,425,376)
-	661,006	661,006
-	202,010	202,010
-	863,016	863,016
(7,425,376)	863,016	(6,562,360)
39,489	-	39,489
8,159,783	-	8,159,783
1,846,624	-	1,846,624
507,374	-	507,374
188,896	80,409	269,305
117,035	10,456	127,491
280,000	(280,000)	-
(7,792)	-	(7,792)
11,131,409	(189,135)	10,942,274
3,706,033	673,881	4,379,914
30,895,513	18,721,988	49,617,501
\$ 34,601,546	\$ 19,395,869	\$ 53,997,415

CITY OF FEDERAL HEIGHTS, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

		SPECIAL REVENUE REDEVELOPMENT	CAP. PROJECT ROAD	OTHER
	GENERAL	AGENCY	IMPROVEMENT	GOVERNMENTAL
	FUND	FUND	FUND	FUNDS
ASSETS				
Cash and Investments	\$ 7,678,790	\$ 3,647,344	\$ 2,265,694	\$ 2,451,565
Property Taxes Receivable	45,440	2,141,898	-	-
Accounts Receivable	1,128,381	-	484,124	55,233
Accrued Interest Receivable	27,521	-	-	-
Prepaid Items	16,333	-	-	-
Advances To Other Funds	945,935	-	-	-
Assets Held for Resale	-	1,306,800	-	-
Due From Other Funds	11,083	-	171,764	-
TOTAL ASSETS	<u>\$ 9,853,483</u>	<u>\$ 7,096,042</u>	<u>\$ 2,921,582</u>	<u>\$ 2,506,798</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 167,210	\$ 181	\$ 261,530	\$ 25,960
Accrued Liabilities	277,158	-	-	-
Due To Other Funds	6,188	166,917	-	11,083
Advances From Other Funds	-	945,936	-	-
Deposits	68,215	-	-	-
TOTAL LIABILITIES	<u>518,771</u>	<u>1,113,034</u>	<u>261,530</u>	<u>37,043</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Sales Tax Revenue	42,203	-	-	-
Deferred Property Tax Revenue	45,440	2,141,636	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>87,643</u>	<u>2,141,636</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Nonspendable	962,268	-	-	-
Restricted for Emergencies	390,000	-	-	-
Restricted for Capital Expenditures	348,825	3,841,372	-	973,716
Restricted for Highways and Streets	-	-	2,660,052	-
Restricted for Parks and Recreation	16,898	-	-	502,405
Restricted for Open Space	-	-	-	993,634
Committed for Victims Advocate	277,321	-	-	-
Committed for Graffiti	5,382	-	-	-
Unassigned	7,246,375	-	-	-
TOTAL FUND EQUITY	<u>9,247,069</u>	<u>3,841,372</u>	<u>2,660,052</u>	<u>2,469,755</u>
TOTAL LIABILITIES, DEFERRED INFLOWS INFLOWS, AND FUND EQUITY	<u>\$ 9,853,483</u>	<u>\$ 7,096,042</u>	<u>\$ 2,921,582</u>	<u>\$ 2,506,798</u>

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

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

Some sales taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.

Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds.

These include net OPEB liability (\$609,829), deferred outflows related to OPEB Plan \$15,185, accrued compensated absences (\$685,437), net pension asset of \$2,457,488, deferred outflows related to pensions of \$1,146,560, and deferred inflows related to pensions of (\$65,736).

Net position of governmental activities

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

TOTAL
GOVERNMENTAL FUNDS

2017	2016
\$ 16,043,393	\$ 14,641,814
2,187,338	1,899,689
1,667,738	1,467,335
27,521	20,245
16,333	15,738
945,935	896,618
1,306,800	1,306,800
182,847	-
<u>\$ 22,377,905</u>	<u>\$ 20,248,239</u>

\$ 454,881	\$ 986,589
277,158	261,153
184,188	-
945,936	1,437,696
68,215	75,474
<u>1,930,378</u>	<u>2,760,912</u>

42,203	-
<u>2,187,076</u>	<u>1,899,689</u>
<u>2,229,279</u>	<u>1,899,689</u>

962,268	2,219,156
390,000	380,000
5,163,913	1,748,035
2,660,052	2,569,753
519,303	500,106
993,634	905,788
277,321	290,051
5,382	5,239
<u>7,246,375</u>	<u>6,969,510</u>
<u>18,218,248</u>	<u>15,587,638</u>

14,082,864	12,963,928
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42,203	-
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<u>2,258,231</u>	<u>2,227,960</u>
<u>\$ 34,601,546</u>	<u>\$ 30,779,526</u>

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	GENERAL FUND	SPECIAL REVENUE REDEVELOPMENT AGENCY FUND	CAP. PROJECT ROAD IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 8,577,778	\$ 1,846,624	\$ -	\$ 86,665
Licenses and Permits	204,649	-	-	-
Intergovernmental	697,146	-	999,412	84,612
Charges for Services	496,656	-	-	-
Court Revenues	399,701	-	-	-
Miscellaneous	106,453	-	-	10,582
Interest	108,038	30,817	25,784	24,257
Change in Value of Asset	-	-	-	-
TOTAL REVENUES	<u>10,590,421</u>	<u>1,877,441</u>	<u>1,025,196</u>	<u>206,116</u>
EXPENDITURES				
Current				
General Government	1,993,027	-	-	-
Public Safety	4,944,336	-	-	-
Community Services	1,405,795	-	48,203	-
Victim Advocate	76,905	-	-	-
Parks and Recreation	-	-	-	7,006
Community Development	-	143,964	-	-
Intergovernmental Services	70,910	-	-	-
Debt Service				
Interest	-	63,999	-	-
Capital Outlay	53,099	-	1,613,611	927,709
TOTAL EXPENDITURES	<u>8,544,072</u>	<u>207,963</u>	<u>1,661,814</u>	<u>934,715</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,046,349</u>	<u>1,669,478</u>	<u>(636,618)</u>	<u>(728,599)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	340,000	-	786,917	365,000
Transfers Out	(985,000)	(166,917)	(60,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(645,000)</u>	<u>(166,917)</u>	<u>726,917</u>	<u>365,000</u>
NET CHANGE IN FUND BALANCES	1,401,349	1,502,561	90,299	(363,599)
FUND BALANCES, Beginning	<u>7,845,720</u>	<u>2,338,811</u>	<u>2,569,753</u>	<u>2,833,354</u>
FUND BALANCES, Ending	<u>\$ 9,247,069</u>	<u>\$ 3,841,372</u>	<u>\$ 2,660,052</u>	<u>\$ 2,469,755</u>

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

TOTAL
GOVERNMENTAL FUNDS

2017	2016
\$ 10,511,067	\$ 9,934,824
204,649	200,161
1,781,170	1,661,624
496,656	550,302
399,701	406,745
117,035	170,127
188,896	184,833
-	(261,433)
<u>13,699,174</u>	<u>12,847,183</u>
1,993,027	2,086,425
4,944,336	4,835,191
1,453,998	1,462,362
76,905	110,063
7,006	7,101
143,964	141,576
70,910	72,713
63,999	74,956
<u>2,594,419</u>	<u>2,094,376</u>
<u>11,348,564</u>	<u>10,884,763</u>
<u>2,350,610</u>	<u>1,962,420</u>
1,491,917	2,232,829
<u>(1,211,917)</u>	<u>(1,977,829)</u>
<u>280,000</u>	<u>255,000</u>
2,630,610	2,217,420
<u>15,587,638</u>	<u>13,370,218</u>
<u>\$ 18,218,248</u>	<u>\$ 15,587,638</u>

CITY OF FEDERAL HEIGHTS, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 2,630,610
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 capital outlay \$1,922,821, exceeded depreciation expense (\$796,093) and loss on disposal of assets (\$7,792) in the current period.	1,118,936
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include expense related to OPEB liability (\$5,993) and a change in accrued compensated absences of (\$74,978)	(80,971)
Certain taxes receivable will be collected after year-end, but are reported as deferred inflows of resources in the governmental funds because they are not available soon enough to pay for the current period's expenditures.	42,203
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>(4,745)</u>
Change in Net Position of Governmental Activities	<u>\$ 3,706,033</u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
As of December 31, 2017

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2017	2016
ASSETS				
Current Assets				
Cash and Investments	\$ 6,549,521	\$ 1,135,237	\$ 7,684,758	\$ 7,396,972
Accounts Receivable	390,725	34,291	425,016	447,381
Due From Other Funds	1,342	-	1,342	-
Total Current Assets	6,941,588	1,169,528	8,111,116	7,844,353
Noncurrent Assets				
Capital Assets, Net of Accumulated Depreciation	9,391,618	2,644,517	12,036,135	11,002,153
Advances To Other Funds	-	-	-	541,078
Total Noncurrent Assets	9,391,618	2,644,517	12,036,135	11,543,231
TOTAL ASSETS	16,333,206	3,814,045	20,147,251	19,387,584
LIABILITIES				
Current Liabilities				
Accounts Payable	501,510	118,678	620,188	548,211
Accrued Liabilities	14,211	2,048	16,259	14,037
Due To Other Funds	-	-	-	-
Current Portion - Long Term Debt	5,880	614	6,494	5,335
Total Current Liabilities	521,601	121,340	642,941	567,583
Noncurrent Liabilities				
Escrow Deposits	50,000	-	50,000	50,000
Compensated Absences	52,919	5,522	58,441	48,013
Total Noncurrent Liabilities	102,919	5,522	108,441	98,013
TOTAL LIABILITIES	624,520	126,862	751,382	665,596
NET POSITION				
Investment in Capital Assets	9,391,618	2,644,517	12,036,135	11,002,153
Unrestricted	6,317,068	1,042,666	7,359,734	7,719,835
TOTAL NET POSITION	\$ 15,708,686	\$ 3,687,183	\$ 19,395,869	\$ 18,721,988

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2017

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2017	2016
OPERATING REVENUES				
Water Sales	\$ 2,721,930	\$ -	\$ 2,721,930	\$ 2,561,703
Sewer Fees	1,623,799	-	1,623,799	1,551,968
Drainage Fees	-	397,591	397,591	379,773
Other Income	9,193	1,263	10,456	11,422
TOTAL OPERATING REVENUES	4,354,922	398,854	4,753,776	4,504,866
OPERATING EXPENSES				
Water Supply	2,230,731	-	2,230,731	2,046,292
Water Distribution	236,443	-	236,443	187,762
Sewer Collection and Treatment	1,116,667	-	1,116,667	1,109,151
General and Administrative	59,610	95,168	154,778	158,034
Depreciation	421,471	100,413	521,884	482,211
TOTAL OPERATING EXPENSES	4,064,922	195,581	4,260,503	3,983,450
OPERATING INCOME	290,000	203,273	493,273	521,416
NON-OPERATING REVENUES				
Interest Income	65,183	15,226	80,409	87,988
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	355,183	218,499	573,682	609,404
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers Out	(225,000)	(55,000)	(280,000)	(255,000)
Capital Contributions	380,199	-	380,199	256,322
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	155,199	(55,000)	100,199	1,322
CHANGE IN NET POSITION	510,382	163,499	673,881	610,726
NET POSITION Beginning	15,198,304	3,523,684	18,721,988	18,111,262
NET POSITION, Ending	\$ 15,708,686	\$ 3,687,183	\$ 19,395,869	\$ 18,721,988

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2017

Increase (Decrease) in Cash and Cash Equivalents

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 4,375,830	\$ 400,312	\$ 4,776,142	\$ 4,509,742
Cash Paid to Suppliers	(3,602,038)	(50,795)	(3,652,833)	(3,831,162)
Net Cash Provided by Operating Activities	<u>773,792</u>	<u>349,517</u>	<u>1,123,309</u>	<u>678,580</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Property and Equipment	(880,630)	(675,236)	(1,555,866)	(1,209,879)
Capital Contributions	380,199	-	380,199	256,322
Payments to Other Funds	<u>314,735</u>	<u>(55,000)</u>	<u>259,735</u>	<u>(342,781)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(185,696)</u>	<u>(730,236)</u>	<u>(915,932)</u>	<u>(1,296,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>65,183</u>	<u>15,226</u>	<u>80,409</u>	<u>87,988</u>
Net Increase in Cash and Cash Equivalents	653,279	(365,493)	287,786	(529,770)
CASH AND CASH EQUIVALENTS, Beginning	<u>5,896,242</u>	<u>\$ 1,500,730</u>	<u>7,396,972</u>	<u>7,926,742</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 6,549,521</u>	<u>\$ 1,135,237</u>	<u>7,684,758</u>	<u>\$ 7,396,972</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	<u>\$ 290,000</u>	<u>\$ 203,273</u>	<u>493,273</u>	<u>\$ 521,416</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	421,471	100,413	521,884	482,211
Changes in Assets and Liabilities				
Accounts Receivable	20,908	1,458	22,366	4,876
Accounts Payable	28,710	43,267	71,977	(330,951)
Accrued Expenses	1,923	299	2,222	(2,546)
Accrued Compensated Absences	<u>10,780</u>	<u>807</u>	<u>11,587</u>	<u>3,574</u>
Total Adjustments	<u>483,792</u>	<u>146,244</u>	<u>630,036</u>	<u>157,164</u>
Net Cash Provided by Operating Activities	<u>\$ 773,792</u>	<u>\$ 349,517</u>	<u>\$ 1,123,309</u>	<u>\$ 678,580</u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Based upon the application of these criteria, the following organization is included in the City’s reporting entity.

Federal Heights Redevelopment Agency

The Federal Heights Redevelopment Agency (the “Agency”) was established by the City Council to redevelop blighted areas within the City limits. The Agency is blended into the City’s financial statements as a special revenue fund. City Council acts as the Board of the Agency and has significant operational responsibility of the component unit.

Government-Wide and Fund Financial Statements

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The *Redevelopment Agency Fund*, a special revenue fund, accounts for the activity related to the Federal Heights Redevelopment Agency, a component unit established to redevelop blighted areas within the City limits. The major source of revenue for this fund is property tax increment financing.

The *Road Improvement Fund*, a capital projects fund, accounts for the activity related to the funding and related maintenance and upgrades of the City's road infrastructure. The major sources of revenue for this fund are a portion of the 1% sales tax as approved by voters and road tax received from the County.

The City reports the following major proprietary fund:

The *Utility (Water/Sewer) Fund* accounts for the financial activities associated with the provision of utility services.

The *Drainage Fund* accounts for the financial activities associated with the City's drainage system.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payable are classified on the balance sheet as “due from other funds” and “due to other funds”, because they are short-term in nature.

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financials statements as “internal balances”.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has recorded current year infrastructure additions but infrastructure assets purchases or donated prior to January 1, 2003, will be capitalized in the future, as allowed by generally accepted accounting principles.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

Buildings	40 years
Machinery and Equipment	5-10 years
Distribution System	40 years
Water Plant	40 years
Wells	10 years

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

Unearned revenues include grant funds that have been collected but the corresponding expenditures have not been incurred.

Compensated Absences

Accumulated unpaid vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements. Employees may accrue up to 480 hours (720 hours for full-time firefighters and ambulance personnel) of vacation time and up to 960 hours of sick time (1,440 hours for full-time firefighters and ambulance personnel). When an employee leaves the City, they are paid 100% of their accumulated vacation time and 50% of their accumulated sick time.

These compensated absences are recognized when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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

Property Taxes

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

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

Post-Employment Benefits

The City offers post-employment health and dental insurance to its retired employees that have either 20 years of service with the City or 10 years of service and have reached age 60. The City may pay up to 50% of the benefit offered to regular full-time employees with a limit of \$300 per month. The City expenses this benefit to the funds as it is paid, the long-term obligation related to this benefit is shown as a governmental activity liability. During 2011, the City revised the benefit to only extend until the retired employee is eligible for Medicare. Employees hired after September 30, 2011 are not allowed to participate in the plan.

Contraband Forfeiture

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. These proceeds are not subject to appropriation in the budget process. Cash proceeds are recorded in the Special Investigation Special Revenue Fund. Property and equipment seized are recorded as capital assets.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

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

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2017, the City reported the following items as nonspendable:

General Fund – Advances to Other Funds	\$ 945,935
General Fund – Prepaid Items	<u>16,333</u>
 Total	 <u>\$ 962,268</u>

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. At December 31, 2017, the City has classified the following amounts as restricted:

General Fund – Emergency Reserves (TABOR)	\$ 390,000
General Fund – Other Capital Expenses 1% Sales Tax	348,825
General Fund – Parks and Recreation	16,898
Redevelopment Agency Fund – Capital Expenditures	3,841,372
Road Improvement Fund – Highways and Streets	2,660,052
Open Space Fund – Parks and Recreation	502,405
Open Space Fund – Open Space	993,634
Capital Improvement Fund – Capital Expenditures	953,046
Special Investigations Fund – Capital Expenditures	<u>20,670</u>
 Total	 <u>\$ 9,726,902</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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

Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2017, the City has classified the following amounts as committed:

General Fund – Victims Advocate	\$ 277,321
General Fund - Graffiti	<u>5,382</u>
Total	<u>\$ 282,703</u>

- Assigned – This classification includes amounts that are constrained by the City Council intent to be used for specific purposes, but are neither restricted nor committed. As of December 31, 2017, the City did not have any assigned fund balance.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

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

- In October, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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

- **Budgets and Budgetary Accounting** (Continued)
 - Public hearings are conducted to obtain taxpayer comments.
 - Prior to December 16, the budget is legally enacted through passage of a resolution.
 - Revisions of budgeted amounts that alter the total expenditures of any fund must be approved by the City Council. Budgetary control is at the fund level as prescribed by state statute.
 - All appropriations lapse at the end of each fiscal year.
 - Budgets are legally adopted for all funds of the City except the Special Investigation Special Revenue Fund. Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.

NOTE 3: **DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2017 follows:

Petty Cash	\$ 2,761
Cash Deposits	1,937,170
Investments	<u>21,788,220</u>
Total	<u>\$ 23,728,151</u>

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

Governmental Activities	\$ 16,043,393
Business-type Activities	<u>7,684,758</u>
Total	<u>\$ 23,728,151</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2017, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The City has no policy regarding custodial credit risk for deposits.

At December 31, 2017, the City had deposits with financial institutions with a carrying amount of \$1,937,170. The bank balances with the financial institutions were \$1,779,792. Of these balances, \$250,000 was covered by federal depository insurance and \$1,529,792 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

At December 31, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Investment Maturity (Years)</u>		
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>
U.S. Agency Securities	\$ 8,264,638	\$ 3,585,626	\$ 4,679,012
Money Market Funds	34,120	34,120	-
Certificates of Deposit	749,930	749,930	-
Local Government Pools	<u>12,739,532</u>	<u>12,739,532</u>	<u>-</u>
Total	<u>\$ 21,788,220</u>	<u>\$ 17,109,208</u>	<u>\$ 4,679,012</u>

Interest Rate Risk

Colorado statutes require that no investment may have a maturity in excess of five years from the date of purchase. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The City's investment portfolio does not contain any investments that exceed that limitation. Historically, the City has held its investments to maturity or until they are called at par. The City does not routinely trade securities.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

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

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

The City's investment policy controls credit risk by limiting its investments to those allowed by Colorado statutes. Historically, however, the City has only invested in US Treasuries and Instrumentalities. As of December 31, 2017, the City had investments in Federal Home Loan Bank ("FHLB") securities, Federal National Mortgage Association securities ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") securities, and Federal Farm Credit Bank securities which were all rated AA+ by Standard and Poor's and Aaa by Moody's Investor Services. The City also invested in various certificates of deposits from domestic banks.

Local Government Investment Pool

The City had invested \$12,739,532 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool(Continued)

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

Fair Value

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

At December 31, 2017, the City held investments in U.S. Agency Securities in the amount of \$8,264,638 with maturity dates of less than four years. Given the low risk of this type of investment, the City has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

The City invested \$34,120 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City's investments are in U.S. Treasury Notes and FFCB securities. The relative percentages of all investments are as follows:

U.S. Treasury Notes	17.07%
Federal Home Loan Bank	2.30%
Federal National Mortgage Association	4.59%
Federal Home Loan Mortgage Corporation	2.08 %
Federal Farm Credit Bank	11.19%
Money Market Funds	0.16%
Certificates of Deposit	3.48%
Local Government Pools	59.14%

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the City's US instrumentality securities were held in safekeeping by US Bank in the name of the City.

NOTE 4: INTERFUND BALANCES

The General Fund advanced \$945,935 to the Redevelopment Agency Fund. This advance was made to purchase property and for other redevelopment activities. The Redevelopment Agency pays interest to the General Funds based on outstanding balances.

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Road Improvement Fund	\$ 620,000
General Fund	Capital Improvement Fund	365,000
Redevelopment Agency	Road Improvement Fund	166,917
Utility Fund	General Fund	225,000
Drainage Fund	General Fund	55,000
Road Improvement Fund	General Fund	<u>60,000</u>
Total		<u>\$ 1,491,917</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: INTERFUND BALANCES (Continued)

The transfers to the General Fund are budgeted annually to subsidize operating costs paid from the General Fund. Transfers from the General Fund are used to allocate sales taxes collected as required following the November 2002 election and Ordinance 02-12 and for routine operating subsidies. Transfers from the Redevelopment Agency to the Road Improvement Fund are to fund the portion of street improvement projects that fall within the boundaries of the Redevelopment Agency.

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2017 is summarized below:

	Balances <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/17</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 145,717	\$ 150,736	\$ -	\$ 296,453
Construction in Progress	<u>200,710</u>	<u>221,168</u>	<u>25,000</u>	<u>396,878</u>
Total Capital Assets, not depreciated	<u>346,727</u>	<u>371,904</u>	<u>25,000</u>	<u>693,331</u>
Capital Assets, depreciated				
Buildings	2,781,381	-	-	2,781,381
Improvements	17,493,750	1,089,602	10,562	18,572,790
Machinery and Equipment	<u>3,869,820</u>	<u>486,315</u>	<u>400,651</u>	<u>3,955,484</u>
Total Capital Assets, depreciated	<u>24,144,951</u>	<u>1,575,917</u>	<u>411,213</u>	<u>25,309,655</u>
Less Accumulated Depreciation				
Buildings	1,849,530	57,177	-	1,906,707
Improvements	7,121,366	435,843	10,034	7,547,175
Machinery and Equipment	<u>2,556,554</u>	<u>303,073</u>	<u>393,387</u>	<u>2,466,240</u>
Total Accumulated Depreciation	<u>11,527,450</u>	<u>796,093</u>	<u>403,421</u>	<u>11,920,122</u>
Total Capital Assets, depreciated, Net	<u>12,617,501</u>	<u>779,824</u>	<u>7,792</u>	<u>13,389,533</u>
Governmental Activities, Capital Assets, Net	<u>\$ 12,963,928</u>	<u>\$ 1,151,728</u>	<u>\$ 32,792</u>	<u>\$ 14,082,864</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: CAPITAL ASSETS (Continued)

	Balances <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/17</u>
Business-Type Activities				
Capital Assets, depreciated				
Sewer Lines	\$ 4,815,046	\$ 124,680	\$ -	\$ 4,939,726
Water Plant, Tanks, and Wells	8,960,164	740,950	-	9,701,114
Drainage System	2,733,996	675,237	-	3,409,233
Buildings	254,309	-	-	254,309
Furniture and Equipment	<u>706,198</u>	<u>14,999</u>	<u>-</u>	<u>721,197</u>
Total Capital Assets, depreciated	<u>17,469,713</u>	<u>1,555,866</u>	<u>-</u>	<u>19,025,579</u>
Less: Accumulated Depreciation				
Sewer Lines	1,844,164	137,477	-	1,981,641
Water Plant, Tanks, and Wells	3,192,411	257,354	-	3,449,765
Drainage System	664,302	100,413	-	764,715
Buildings	178,456	5,733	-	184,189
Furniture and Equipment	<u>588,227</u>	<u>20,907</u>	<u>-</u>	<u>609,134</u>
Total Accumulated Depreciation	<u>6,467,560</u>	<u>521,884</u>	<u>-</u>	<u>6,989,444</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 11,002,153</u>	<u>\$ 1,033,982</u>	<u>\$ -</u>	<u>\$ 12,036,135</u>

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

Governmental Activities

General Government	\$ 64,863
Public Safety	286,982
Community Services	410,887
Parks and Recreation	22,727
Community Development	<u>10,634</u>
Total	<u>\$ 796,093</u>

Business-Type Activities

Water and Sewer Utility	\$ 421,471
Drainage Utility	<u>100,413</u>
Total	<u>\$ 521,884</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2017.

	Balance 12/31/16 (as Restated)	Additions	Payments	Balance 12/31/17	Due In One Year
Governmental Activities					
OPEB Liability (Note 9)	\$ 588,651	\$ 21,178	\$ -	\$ 609,829	\$ -
Compensated Absences	<u>610,459</u>	<u>471,877</u>	<u>396,899</u>	<u>685,437</u>	<u>68,544</u>
Total	<u>\$ 1,199,110</u>	<u>\$ 493,055</u>	<u>\$ 396,899</u>	<u>\$ 1,295,266</u>	<u>\$ 68,544</u>

Business-Type Activities

Compensated Absences	<u>\$ 53,348</u>	<u>\$ 34,711</u>	<u>\$ 23,124</u>	<u>\$ 64,935</u>	<u>\$ 6,494</u>
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Compensated Absences are expected to be liquidated with resources of the General and Utility Funds. The City currently estimates that 10% of the accrued compensated absences shown above will be liquidated currently.

The beginning balance of the OPEB Liability has been restated as the City implemented Governmental Accounting Standards Board Statements (GASB) No. 74 and 75.

NOTE 7: DEFINED BENEFIT PENSION PLANS

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

The City has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension fund administered by the Colorado Fire & Police Pension Association ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

General Information about the Pension Plan

Plan Description. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for years of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Funding Policy. An actuary is used to determine the annual required contribution ("ARC") necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the City's monthly benefit amount is over \$450, the State's annual contribution is calculated as the highest State contribution made between 1998 and 2001. If required by the actuarial study, the City would make an additional contribution to support the plan.

The actuarial study as of January 1, 2017, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan, therefore the City did not make contributions to this plan for 2017.

Employees Covered by Benefit Terms

A summary of the current eligible active employees and retirees currently receiving benefit payments is outlined below:

Retirees and Beneficiaries	4
Inactive, Nonretired Members	4
Active Members	<u>8</u>
Total	<u><u>16</u></u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)**Volunteer Firefighters' Pension Plan** (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2017 the City reported asset of \$2,637,375. The net pension asset was measured as of December 31, 2016, and was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

For the year ended December 31, 2017 the City recognized pension income of \$131,700. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$507	\$35,831
Net difference between projected and actual earnings on pension plan investments	\$144,474	N/A
Change in assumptions and other inputs	\$1,775	N/A
Contributions subsequent to the measurement date	N/A	N/A
Total	\$146,756	\$35,831

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2018	\$ 38,976
2019	\$ 38,976
2020	\$ 35,764
2021	\$ 4,741
2022	(\$ 6,631)
Thereafter	(\$ 901)

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions: Method, and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Open*
Remaining Amortization Period:	20 years*
Asset Valuation Method:	5-Year smoothed fair value
Inflation	3.00%
Salary Increases:	N/A
Investment Rate of Return:	7.50%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment. Disabled: RP-2000 Disabled Mortality. All tables projected with Scale AA.

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

Assumption Changes: The assumptions shown above pertain to the actuarial valuation as of January 1, 2015 and the associated Actuarially Determined Contribution for the year ending December 31, 2016. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)**Volunteer Firefighters' Pension Plan** (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation 2.50%

Mortality **Pre-retirement:** RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.

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: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	6.75%
Equity Long/Short	10.0%	4.85%
Illiquid Alternatives	23.0%	8.25%
Fixed Income	15.0%	.50%
Absolute Return	10.0%	4.05%
Managed Futures	4.0%	3.00%
Cash	2.0%	0.00%*
Total	100.0%	

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

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 payment) to determine the total pension liability.

Sensitivity of the City's net pension asset to changes in the discount rate. The following presents the net pension asset calculated using the discount rate of 7.50 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset	(\$2,597,594)	(\$2,637,375)	(\$2,669,173)

FPPA System Description. The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The City contributes to the Statewide Defined Benefit Pension Plan ("SWDB Plan"), a cost-sharing multiple employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. Assets of the SWDB Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund.

General Information about the Pension Plan

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits provided. 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 SWDB 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 percent or the Consumer Price Index.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension 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 a least five years of accredited service may leave contributions with the SWDP 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.

Contributions. The SWDB Plan 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.

Members of the SWDB Plan and their employers are contributing at the rate of 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2016. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. 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.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 percent of base salary in 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.5 and 4 percent, respectively, of base salary for a total contribution rate of 8.5 percent in 2016. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

At December 31, 2017 the City reported a liability in the amount of \$179,887 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The City's proportion of the net pension asset was based on the City's contributions to the SWDB Plan for the calendar year 2016 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2016, the City's proportion was 0.49783%, which was a decrease of 0.02740% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017 the City recognized pension expense of \$328,752. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$160,617	\$9,148
Net difference between projected and actual earnings on pension plan investments	\$485,552	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$38,450	\$20,757
Change in assumptions and other inputs	\$122,877	N/A
Contributions subsequent to the measurement date	\$192,308	N/A
Total	\$999,804	\$29,905

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$192,308 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2018	\$ 187,907
2019	\$ 187,907
2020	\$ 187,907
2021	\$ 62,405
2022	\$ 35,144
Thereafter	\$ 116,321

Actuarial assumptions. The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2017
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent

*Includes Inflation at 2.5%

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2016
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.0 – 14.0 percent
Cost of Living Adjustments (COLA)	0.00 percent

*Includes Inflation at 2.5%

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions** (Continued)

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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 Fire & Police Pension Association'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, 2017 and were used in the roll-forward calculation of the total pension liability as of December 31, 2016. Actuarial assumptions effective for actuarial valuations prior to January 1, 2017 were used in the determination of the actuarially determined contributions as of December 31, 2016. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	9.25%
Equity Long/Short	10.0%	7.35%
Illiquid Alternatives	23.0%	10.75%
Fixed Income	15.0%	4.10%
Absolute Return	10.0%	6.55%
Managed Futures	4.0%	5.50%
Cash	2.0%	0.00%*
Total	100.0%	

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

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 payment) to determine the total pension liability.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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 expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (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%.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$1,530,544	\$179,886	(\$941,902)

Pension plan fiduciary net position. Detailed information about the SWDB Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: DEFINED CONTRIBUTION PENSION PLANS (Continued)

FPPA Statewide Hybrid Plan – Money Purchase Component

The City contributes to the Statewide Hybrid Plan – Money Purchase Component (“SWH”) offered by the Fire and Police Pension Association of Colorado on behalf of its full time sworn police officers and full-time paid firefighters and paramedics. For the City, the member contributions are equally split by the City and the employee at either the 16% or 20% rate depending upon the date of hire. Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer’s contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members. During the years ended December 31, 2017 and 2016, the City and the plan members both made the required contributions of \$6,104 and \$6,114, respectively. The Plan investments are managed by FPPA.

General Employees Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of all full-time employees not covered by the Fire and Police Money Purchase Pension Plan. The General Employees Money Purchase Pension Plan was established and is managed by the City under the authority granted by CRS 24-54-108.

Both the City and the employee contribute 3% of the employee’s base salary as established by City Council. The City will also match up to the 2% of additional employee contributions up to a maximum contribution of 5% per employee. The employees are also eligible to make additional contributions to the extent allowed by the Internal Revenue Service. The five-year vesting schedule is as follows: 0% before one-year full-time service; 20% at 1 year; 40% at 2 years; 60% at 3 years; 80% at 4 years; and 100% at 5 years. During the years ended December 31, 2017, 2016, and 2015, the City made contributions of \$101,893, \$97,548, and \$97,697, and the employees made contributions of \$93,833, \$87,934, and \$87,515 to the Plan, respectively. The Plan investments are managed by ICMA, however, some plan investments are through AETNA.

City Manager Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of the City Manager. Both the City and the employee contribute 5% of the employee’s base salary as established by City Council. The employee is fully vested in all contributions immediately. During the years ended December 31, 2017, 2016, and 2015, the City and employee each made contributions of \$9,891, \$9,424, and \$9,170 to the Plan, respectively. The Plan investments are managed by ICMA.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: DEFINED CONTRIBUTION PENSION PLANS (Continued)

City Council Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of the mayor and members of City Council. The members are required to make a one-time contribution election and may contribute up to 15% of their base salary. The City matches this contribution at a maximum of 10%. The employee is fully vested in all contributions immediately. During the years ended December 31, 2017, 2016, and 2015, the City and plan members each made contributions of \$6,720, \$6,905, and \$5,845 to the Plan, respectively. The Plan investments are managed by ICMA.

NOTE 9: POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description

The City of Federal Heights Retiree Health Care Plan (the “Retiree Health Care Plan”) is a single employer defined benefit plan. The Retiree Health Care Plan provides a retiree health care benefit by policy to retired employees. The City provides a benefit to regular employees that have completed either 20 years of continuous service, or have completed 10 years of continuous service and have reached age 60. During the year ended December 31, 2011, the City made modifications to the plan to only allow coverage until a retiree is Medicare eligible with a maximum benefit of \$300 per month. Employees hired after September 30, 2011 are not allowed to participate in the plan. This plan is a substantive plan as it is not formalized into a formal plan document. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

Benefits Provided

The City provides a subsidy to offset the retiree contributions. The City provides a subsidy of 50% of the monthly contribution for the retiree only tier, 40% for the retiree and spouse tier, and 33% for the retiree and family tier. In all instances, the City does not pay more than \$300 per month for both medical and dental benefits.

Funding Policy

The plan is funded on a pay-as-you-go basis with payments made by the City’s General Fund.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

A summary of the current eligible active employees and retirees currently receiving benefit payments is outlined below:

Inactive Employees Currently Receiving Benefit Payments	4
Eligible Active Employees	<u>28</u>
Total	<u><u>32</u></u>

Total OPEB Liability

The City's total OPEB liability of \$609,829 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	12/31/2017
Discount Rate	3.78% per annum (Beginning of year) 3.44% per annum (End of year)
Salary Increase Rate	3.5% per annum
Inflation Rate	2.5% per annum
Census Data	The census was provided by the City as of August 2017.
Marriage Rate	The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.
Spouse Age	Spouse dates of birth were not provided by the City. Male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

Amortization Method	<i>Experience gains</i> and losses are amortized over a closed period of 5.6 years starting on January 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service) <i>Investment gains</i> and losses are amortized over a closed period of five years starting on January 1, 2017.
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of all employees and their dependents who are eligible for retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	RP-2014 generational table scaled using MP-16 and applied on a gender-specific basis

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

Balance at January 1, 2017	\$ 588,651
Service Cost	16,613
Interest Cost	20,236
Changes in Assumptions or Other Inputs	18,468
Benefit Payments	<u>(\$34,139)</u>
Balance at December 31, 2017	<u>\$ 609,829</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% as of the January 1, 2017 to 3.44% as of December 31, 2017.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)**Changes in the Total OPEB Liability** (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44%) or 1-percentage-point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Proportionate share of the net pension liability (asset)	\$554,000	\$609,829	\$673,000

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.50%) or 1-percentage-point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.50%)	Current Health Care Cost Trend (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Proportionate share of the net pension liability (asset)	\$577,000	\$609,829	\$668,000

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of resources Related to OPEB

For the year ended December 31, 2017, the City recognized OPEB expense of \$40,133. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	N/A
Change in assumptions and other inputs	\$15,185	N/A
Total	\$15,185	\$0

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of resources Related to OPEB

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31	
2018	\$ 3,283
2019	\$ 3,283
2020	\$ 3,283
2021	\$ 3,283
2022	\$ 2,053

NOTE 10: RISK RELATED ACTIVITIES

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for workers' compensation claims. Settlements have not exceeded insurance coverage in the past three years.

For other risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2). The purposes of CIRSA are to provide members defined liability, property, and workers' compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

The City self-insures for an employee short-term disability plan. Claims paid during the years ended December 31, 2017, 2016, and 2015 were \$7,011, \$415, and \$9,637, respectively. All transactions of the Plan are recorded in the General Fund.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 11: COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in various lawsuits. The outcome of this litigation cannot be determined at this time.

Grants

Grants from governmental entities are governed by various rules and regulations of the grantor agencies. Under the term of the grants, costs charged to the grant programs are subject to audit and adjustment by the grantor agency. Such audit could lead to reimbursement to the grantor agency. Management believes there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants the City has received. Therefore, no provision has been recorded in the accompanying financing statements for such contingencies.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$390,000 was recorded in the General Fund.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 12: CONSERVATION TRUST FUND

The City annually receives funds through the State of Colorado that are restricted for use pursuant to Colorado Revised Statutes Article 21 of Title 29. Funds are to be utilized primarily for parks and recreation purposes. The following is a summary of the City's Conversation Trust activity for the year ended December 31, 2017:

	<u>General Fund</u>	<u>Open Space</u>	<u>Total</u>
Balance 12/31/16	\$ 17,517	\$ 482,589	\$ 500,106
Receipts	45,970	15,323	61,293
Interest Earned	-	4,493	3,529
Expenditures	<u>(46,589)</u>	<u>-</u>	<u>(47,432)</u>
Balance 12/31/17	<u>\$ 16,898</u>	<u>\$ 502,405</u>	<u>\$ 519,303</u>

NOTE 13: RESTATEMENT OF NET POSITION

The Beginning Net Position of the Government Type Activities was increased by \$115,987 to \$30,895,513 as the City implemented Governmental Accounting Standards Board Statements (GASB) No. 74 and 75.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FEDERAL HEIGHTS, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2017

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Taxes	\$ 8,036,107	\$ 8,577,778	\$ 541,671	\$ 8,005,963
Licenses and Permits	127,200	204,649	77,449	200,161
Intergovernmental	785,392	697,146	(88,246)	688,239
Charges for Services	520,200	496,656	(23,544)	550,302
Court Revenues	447,950	399,701	(48,249)	406,745
Miscellaneous	32,000	106,453	74,453	112,575
Interest	80,000	108,038	28,038	117,063
TOTAL REVENUES	10,028,849	10,590,421	561,572	10,081,048
EXPENDITURES				
Current				
General Government	2,226,024	1,993,027	232,997	2,086,425
Public Safety	5,334,485	4,944,336	390,149	4,835,191
Community Services	1,604,591	1,405,795	198,796	1,362,429
Victim Advocate	134,476	76,905	57,571	110,063
Intergovernmental Services	66,691	70,910	(4,219)	72,713
Capital Outlay	14,645	53,099	(38,454)	14,470
TOTAL EXPENDITURES	9,380,912	8,544,072	836,840	8,481,291
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	647,937	2,046,349	1,398,412	1,599,757
OTHER FINANCING SOURCES(USES)				
Transfers In	340,000	340,000	-	295,000
Transfers Out	(985,000)	(985,000)	-	(1,438,000)
TOTAL OTHER FINANCING SOURCES (USES)	(645,000)	(645,000)	-	(1,143,000)
NET CHANGE IN FUND BALANCE	2,937	1,401,349	1,398,412	456,757
FUND BALANCE, Beginning	7,189,327	7,845,720	656,393	7,388,963
FUND BALANCE, Ending	\$ 7,192,264	\$ 9,247,069	\$ 2,054,805	\$ 7,845,720

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

 REDEVELOPMENT AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2017

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Property Taxes	\$ 1,848,200	\$ 1,846,624	\$ (1,576)	\$ 1,882,640
Charges for Services	1,200	-	(1,200)	-
Interest	-	30,817	30,817	20,299
Change in Value of Asset	-	-	-	(261,433)
TOTAL REVENUES	1,849,400	1,877,441	28,041	1,641,506
EXPENDITURES				
Community Development	5,356,779	143,964	5,212,815	141,576
Debt Service				
Principal	-	-	-	-
Interest	65,200	63,999	1,201	74,956
TOTAL EXPENDITURES	5,421,979	207,963	5,214,016	216,532
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,572,579)	1,669,478	5,242,057	1,424,974
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(166,917)	(166,917)	(499,829)
TOTAL OTHER FINANCING SOURCES (USES)	-	(166,917)	(166,917)	(499,829)
NET CHANGE IN FUND BALANCE	(3,572,579)	1,502,561	5,075,140	925,145
FUND BALANCE (DEFICIT), Beginning	1,873,742	2,338,811	465,069	1,413,666
FUND BALANCE (DEFICIT), Ending	\$ (1,698,837)	\$ 3,841,372	\$ 5,540,209	\$ 2,338,811

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF CONTRIBUTIONS

December 31, 2017

<u>FY Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2008	\$ -	\$ -	\$ -	N/A	N/A
2009	-	-	-	N/A	N/A
2010	-	-	-	N/A	N/A
2011	-	-	-	N/A	N/A
2012	-	-	-	N/A	N/A
2013	-	-	-	N/A	N/A
2014	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

VOLUNTEER FIREFIGHTERS' PENSION PLAN

Measurement Period Ending December 31,	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 8,261	\$ 9,684	\$ 9,684
Interest on the Total Pension Liability	18,016	19,258	20,578
Benefit Changes	-	-	-
Difference Between Expected and Actual Experiences	930	-	(42,807)
Assumption Changes	-	-	2,120
Benefit Payments	(11,340)	(11,340)	(11,340)
Net Change in Total Pension Liability	15,867	17,602	(21,765)
Total Pension Liability - Beginning	241,722	257,589	275,191
Total Pension Liability - Ending	\$ 257,589	\$ 275,191	\$ 253,426
Plan Fiduciary Net Position			
Employer Contribution	\$ -	\$ -	\$ -
Pension Plan Net Investment Income	175,814	48,972	149,764
Benefit Payments	(11,340)	(11,340)	(11,340)
Pension Plan Administrative Expenses	(4,992)	(5,673)	(5,274)
State of Colorado Supplemental Discretionary Payment	-	-	-
Net Change in Plan Fiduciary Net Position	159,482	31,959	133,150
Plan Fiduciary Net Position - Beginning	2,566,210	2,725,692	2,757,651
Plan Fiduciary Net Position - Ending	2,725,692	2,757,651	2,890,801
Net Pension Liability/(Asset)	\$ (2,468,103)	\$ (2,482,460)	\$ (2,637,375)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	1058.16%	1002.09%	1140.69%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's proportionate share of the Net Pension Liability (Asset)	0.562%	0.502%	0.525%	0.498%
City's proportionate share of the Net Pension Liability (Asset)	\$ (502,336)	\$ (566,954)	\$ (9,256)	\$ 179,887
City's covered-employee payroll	\$ 2,198,747	\$ 2,080,599	\$ 2,345,907	\$ 2,328,554
City's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	-22.8%	-27.2%	-0.4%	7.7%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF THE CITY'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contributions	195,203	\$ 180,731	\$ 203,697	\$ 203,826	\$ 192,308
Contributions in relation to the Statutorily required contributions	<u>195,203</u>	<u>180,731</u>	<u>203,697</u>	<u>203,826</u>	<u>192,308</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,198,747	\$ 2,080,599	\$ 2,345,907	\$ 2,328,554	\$ 2,303,527
Contributions as a percentage of covered-employee payroll	8.88%	8.69%	8.68%	8.75%	8.35%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH CARE PLAN

Years Ended December 31,

Measurement Period Ending December 31,	2017
Total Pension Liability	
Service Cost	\$ 16,613
Interest	20,238
Benefit Changes	-
Difference Between Expected and Actual Experience	-
Assumption Changes	18,468
Benefit Payments	<u>(34,141)</u>
Net Change in Total OPEB Liability	21,178
Total OPEB Liability - Beginning, As Restated	<u>588,651</u>
Total OPEB Liability - Ending	<u><u>\$ 609,829</u></u>
Covered Employee Payroll	N/A
Total OPEB Liability as a Percentage of Covered Employee Payroll	N/A

Notes:

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% as of the January 1, 2017 to 3.44% as of December 31, 2017.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF FEDERAL HEIGHTS, COLORADO

ROAD IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2017

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Licenses and Permits	\$ 1,000	\$ -	\$ (1,000)	\$ -
Intergovernmental	3,420,000	999,412	(2,420,588)	615,404
Interest	12,000	25,784	13,784	20,685
Other	-	-	-	39,510
TOTAL REVENUES	3,433,000	1,025,196	(2,407,804)	675,599
EXPENDITURES				
Community Services	235,550	48,203	187,347	99,933
Capital Outlay	6,374,125	1,613,611	4,760,514	1,333,090
TOTAL EXPENDITURES	6,609,675	1,661,814	4,947,861	1,433,023
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,176,675)	(636,618)	2,540,057	(757,424)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,675,000	786,917	(1,888,083)	1,579,829
Transfers Out	(60,000)	(60,000)	-	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,615,000	726,917	(1,888,083)	1,539,829
NET CHANGE IN FUND BALANCE	(561,675)	90,299	651,974	782,405
FUND BALANCE, Beginning	2,311,318	2,569,753	258,435	1,787,348
FUND BALANCE, Ending	\$ 1,749,643	\$ 2,660,052	\$ 910,409	\$ 2,569,753

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2017

	SPECIAL REVENUE		CAPITAL PROJECTS		
	SPECIAL	OPEN SPACE	CAPITAL	TOTALS	
	INVESTIGATIONS	FUND	IMPROVEMENT	2017	2016
	FUND	FUND	FUND		
ASSETS					
Cash and Investments	\$ 20,670	\$ 1,453,097	\$ 977,798	\$ 2,451,565	\$ 2,806,091
Accounts Receivable	-	43,053	12,180	55,233	56,404
TOTAL ASSETS	<u>\$ 20,670</u>	<u>\$ 1,496,150</u>	<u>\$ 989,978</u>	<u>\$ 2,506,798</u>	<u>\$ 2,862,495</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 111	\$ 25,849	\$ 25,960	\$ 29,141
Due to Other Funds	-	-	11,083	11,083	-
TOTAL LIABILITIES	<u>-</u>	<u>111</u>	<u>36,932</u>	<u>37,043</u>	<u>29,141</u>
FUND BALANCES					
Restricted	<u>20,670</u>	<u>1,496,039</u>	<u>953,046</u>	<u>2,469,755</u>	<u>2,833,354</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,670</u>	<u>\$ 1,496,150</u>	<u>\$ 989,978</u>	<u>\$ 2,506,798</u>	<u>\$ 2,862,495</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2017

	SPECIAL REVENUE		CAPITAL PROJECTS		
	SPECIAL	OPEN SPACE	CAPITAL	TOTALS	
	INVESTIGATIONS	FUND	IMPROVEMENT	2017	2016
	FUND	FUND	FUND		
REVENUES					
Taxes	\$ -	\$ 86,665	\$ -	\$ 86,665	\$ 46,221
Intergovernmental	-	15,323	69,289	84,612	357,981
Miscellaneous	-	-	10,582	10,582	18,042
Interest	10	12,680	11,567	24,257	26,786
TOTAL REVENUES	10	114,668	91,438	206,116	449,030
EXPENDITURES					
Parks and Recreation	-	7,006	-	7,006	7,101
Capital Outlay	-	-	927,709	927,709	746,816
TOTAL EXPENDITURES	-	7,006	927,709	934,715	753,917
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10	107,662	(836,271)	(728,599)	(304,887)
OTHER FINANCING SOURCES					
Transfers In	-	-	365,000	365,000	358,000
CHANGE IN FUND BALANCES	10	107,662	(471,271)	(363,599)	53,113
FUND BALANCES, Beginning	20,660	1,388,377	1,424,317	2,833,354	2,780,241
FUND BALANCES, Ending	\$ 20,670	\$ 1,496,039	\$ 953,046	\$ 2,469,755	\$ 2,833,354

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

OPEN SPACE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2017

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Taxes	\$ 86,500	\$ 86,665	\$ 165	\$ 46,221
Intergovernmental	15,000	15,323	323	17,045
Interest	10,000	12,680	2,680	12,844
TOTAL REVENUES	111,500	114,668	3,168	76,110
EXPENDITURES				
Parks and Recreation	19,500	7,006	12,494	7,101
Capital Outlay	20,000	-	20,000	-
TOTAL EXPENDITURES	39,500	7,006	32,494	7,101
NET CHANGE IN FUND BALANCE	72,000	107,662	35,662	69,009
FUND BALANCE, Beginning	1,406,989	1,388,377	(18,612)	1,319,368
FUND BALANCE, Ending	<u>\$ 1,478,989</u>	<u>\$ 1,496,039</u>	<u>\$ 17,050</u>	<u>\$ 1,388,377</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2017

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Intergovernmental	\$ 57,108	\$ 69,289	\$ 12,181	\$ 340,936
Miscellaneous	55,000	10,582	(44,418)	18,042
Interest	-	11,567	11,567	13,931
TOTAL REVENUES	112,108	91,438	(20,670)	372,909
EXPENDITURES				
Capital Outlay	1,001,955	927,709	74,246	746,816
TOTAL EXPENDITURES	1,001,955	927,709	74,246	746,816
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(889,847)	(836,271)	53,576	(373,907)
OTHER FINANCING SOURCES (USES)				
Transfers In	365,000	365,000	-	358,000
NET CHANGE IN FUND BALANCE	(524,847)	(471,271)	53,576	(15,907)
FUND BALANCE, Beginning	1,396,425	1,424,317	27,892	1,440,224
FUND BALANCE, Ending	\$ 871,578	\$ 953,046	\$ 81,468	\$ 1,424,317

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL

Year Ended December 31, 2017

	2017		VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Water Sales	\$ 2,436,536	\$ 2,721,930	\$ 285,394	\$ 2,561,703
Sewer Fees	1,535,303	1,623,799	88,496	1,551,968
Other Income	-	9,193	9,193	9,679
Tap Fees and Other Contributions	-	380,199	380,199	256,322
Interest	40,000	65,183	25,183	70,561
TOTAL REVENUES	4,011,839	4,800,304	788,465	4,450,233
EXPENDITURES				
Water Supply	2,183,659	2,230,731	(47,072)	2,046,292
Water Distribution	291,966	236,443	55,523	187,762
Sewer Collection and Treatment	1,165,494	1,116,667	48,827	1,109,151
General and Administrative	65,902	59,610	6,292	58,277
Capital Outlay	1,577,250	880,630	696,620	722,413
Transfer Out	225,000	225,000	-	200,000
TOTAL EXPENDITURES	5,509,271	4,749,081	760,190	4,323,895
NET INCOME, Budget Basis	\$ (1,497,432)	51,223	\$ 1,548,655	126,338
GAAP BASIS ADJUSTMENTS				
Capital Outlay		880,630		722,413
Depreciation Expense		(421,471)		(401,520)
NET INCOME, GAAP Basis		510,382		447,231
NET POSITION, Beginning		15,198,304		14,751,073
NET POSITION, Ending		\$ 15,708,686		\$ 15,198,304

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL
Year Ended December 31, 2017

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Drainage Fees	\$ 385,000	\$ 397,591	\$ 12,591	\$ 379,773
Other Income	2,700	1,263	(1,437)	1,743
Interest	15,000	15,226	226	17,427
TOTAL REVENUES	402,700	414,080	11,380	398,943
EXPENDITURES				
General and Administrative	325,285	95,168	230,117	99,757
Capital Outlay	1,732,500	675,237	1,057,263	487,466
Transfers Out	55,000	55,000	-	55,000
TOTAL EXPENDITURES	2,112,785	825,405	1,287,380	642,223
NET INCOME, Budget Basis	<u>\$ (1,710,085)</u>	(411,325)	<u>\$ 1,298,760</u>	(243,280)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		675,237		487,466
Depreciation Expense		(100,413)		(80,691)
NET INCOME, GAAP Basis		163,499		163,495
NET POSITION, Beginning		3,523,684		3,360,189
NET POSITION, Ending		<u>\$ 3,687,183</u>		<u>\$ 3,523,684</u>

See the accompanying independent auditors' report.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Federal Heights' 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.

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<u>Financial Trends</u>	59
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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

<u>Revenue Capacity</u>	63
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These schedules contain information to help the reader assess the government's most significant local revenue sources – sales taxes and property taxes.

<u>Debt Capacity</u>	69
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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.

<u>Demographic and Economic Information</u>	74
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

<u>Operating Information</u>	76
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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.

City of Federal Heights
Net Position By Component
Fiscal Years 2008 - 2017
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net Investment in capital assets										
Restricted	11,220,908	11,702,310	\$ 11,729,592	\$ 11,777,253	\$ 11,402,905	\$ 11,815,536	\$ 11,713,411	\$ 12,018,995	\$ 12,963,928	\$ 14,082,864
Unrestricted	280,000	280,000	280,000	4,315,692	5,081,452	4,990,859	4,990,859	5,015,859	6,103,682	9,726,902
	2,339,271	1,740,993	2,658,430	233,937	1,221,810	2,478,838	4,557,394	10,392,172	11,711,916	10,791,780
Total governmental activities net position	13,840,179	13,723,303	14,668,022	16,326,882	17,706,167	19,285,233	21,261,664	27,427,026	30,779,526	34,601,546
Business Type Activities										
Net Investment in capital assets										
Restricted	6,388,332	7,110,356	7,519,123	7,799,863	8,089,939	8,750,906	9,737,609	10,274,485	11,002,153	12,036,135
Unrestricted	-	-	-	-	-	-	-	-	-	-
	7,920,825	7,688,353	7,745,493	8,085,842	8,603,756	8,476,924	8,111,694	7,836,777	7,719,835	7,359,734
Total business-type activities net position	14,309,157	14,798,709	15,264,616	15,885,705	16,693,695	17,227,830	17,849,303	18,111,262	18,721,988	19,395,869
Primary government										
Net Investment in capital assets										
Restricted	17,609,240	18,812,666	19,248,715	19,577,116	19,492,844	20,566,442	21,451,020	22,293,480	23,966,081	26,118,999
Unrestricted	280,000	280,000	280,000	4,315,692	5,081,452	4,990,859	4,990,859	5,015,859	6,103,682	9,726,902
	10,260,096	9,429,346	10,403,923	8,319,779	9,825,566	10,955,762	12,669,088	18,228,949	19,431,751	18,151,514
Total primary government net position	\$ 28,149,336	\$ 28,522,012	\$ 29,932,638	\$ 32,212,587	\$ 34,399,862	\$ 36,513,063	\$ 39,110,967	\$ 45,538,288	\$ 49,501,514	\$ 53,997,415

Source: City of Federal Heights Financial Statements.

City of Federal Heights
Changes in Net Position
Fiscal Years 2008-2017
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 1,827,296	\$ 1,784,710	\$ 1,719,000	\$ 1,948,092	\$ 2,286,479	\$ 2,498,600	\$ 2,195,756	\$ 2,690,058	\$ 2,760,615	\$ 2,958,274
Public Safety	4,778,864	4,713,953	4,722,786	4,459,743	4,757,564	4,968,971	4,894,313	4,419,375	4,862,109	5,236,063
Community Services	1,683,716	1,632,503	1,618,589	1,658,326	1,534,548	1,788,926	1,737,252	1,820,951	1,870,024	1,864,885
Parks and Recreation	68,848	68,681	101,636	85,895	70,222	71,534	62,961	44,243	30,147	29,733
Community Development	160,224	159,059	171,039	181,372	303,260	64,800	351,074	132,285	151,832	154,598
Interest on Long-Term Debt	428,061	379,694	331,910	280,794	239,196	186,796	117,767	75,482	74,956	63,999
Total governmental activities expenses	8,947,009	8,738,600	8,664,960	8,614,222	9,191,269	9,579,627	9,359,123	9,182,394	9,749,683	10,307,552
Business-type activities:										
Utility	2,740,766	2,688,569	2,777,072	2,920,773	3,163,249	3,213,755	3,341,407	3,585,736	3,803,002	4,064,922
Drainage	100,216	166,865	124,037	98,753	128,306	121,180	121,595	157,072	180,448	195,581
Fire Academy	105	101	101	101	50	-	-	-	-	-
Total business-type activities expenses	2,841,087	2,855,535	2,901,210	3,019,627	3,291,605	3,334,935	3,463,002	3,742,808	3,983,450	4,260,503
Total primary government expenses	11,788,096	11,594,135	11,566,170	11,633,849	12,482,874	12,914,562	12,822,125	12,925,202	13,733,133	14,568,055
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	20,847	27,261	22,774	26,696	42,491	130,259	696,936	511,420	550,302	496,656
Public Safety	1,367,805	1,260,987	1,263,825	1,322,184	1,294,416	1,286,289	476,099	479,961	406,745	399,701
Community Services	95,300	84,346	101,667	172,011	149,676	74,926	137,945	206,367	200,161	204,649
Parks and Recreation	529	1,900	-	-	-	-	-	-	-	-
Operating grants and contributions	277,979	332,213	347,603	374,246	611,879	369,615	555,306	680,833	688,239	585,028
Capital grants	170,103	204,865	137,082	372,986	50,286	460,312	304,919	385,488	973,385	1,196,142
Total governmental activities program revenues	1,932,563	1,911,572	1,872,951	2,268,123	2,148,748	2,321,401	2,171,205	2,264,069	2,818,832	2,882,176
Business-type activities:										
Charges for services										
Utility	2,861,059	2,915,395	2,973,843	3,174,933	3,503,115	3,557,308	3,542,121	3,803,009	4,369,993	4,345,729
Drainage	374,211	371,105	369,096	367,252	364,608	371,893	372,657	378,926	379,773	397,591
Capital grants and contributions	72,680	63,929	54,830	-	300,033	-	-	-	-	380,199
Total business-type activities program revenues	3,307,950	3,350,429	3,397,769	3,542,185	4,167,756	3,929,201	3,914,778	4,181,935	4,749,766	5,123,519
Total primary government program revenues	5,240,513	5,262,001	5,270,720	5,810,308	6,316,504	6,250,602	6,085,983	6,446,004	7,568,598	8,005,695
Net (Expense)/Revenue										
Government activities	(7,014,446)	(6,827,028)	(6,792,009)	(6,346,099)	(7,042,521)	(7,258,226)	(7,187,918)	(6,918,325)	(6,930,851)	(7,425,376)
Business-type activities	466,863	494,894	496,559	522,558	876,151	594,266	451,776	439,127	766,316	863,016
Total primary government net expense	(6,547,583)	(6,332,134)	(6,295,450)	(5,823,541)	(6,166,370)	(6,663,960)	(6,736,142)	(6,479,198)	(6,164,535)	(6,562,360)
General Revenues										
Governmental activities:										
Taxes										
Property Taxes	31,046	31,432	29,338	28,716	28,205	29,080	30,170	31,596	39,128	39,489
Sales & Admissions Taxes	4,978,733	4,742,454	5,197,996	5,467,205	5,999,533	6,138,605	6,660,358	7,110,293	7,547,332	8,159,783
Property Tax Increment Financing	1,193,998	1,326,828	1,371,232	1,382,277	1,368,167	1,379,632	1,637,035	1,779,492	1,882,640	1,846,624
Other Taxes	997,071	647,477	634,197	653,958	468,193	505,267	501,502	739,941	465,724	507,374
Interest	385,636	263,985	252,196	198,909	135,155	96,061	125,751	120,863	184,833	188,896
Miscellaneous	90,963	(514,024)	16,769	38,894	192,384	86,892	131,564	50,930	170,127	117,035
Transfers	212,000	212,000	235,000	235,000	230,169	252,155	252,597	255,000	255,000	280,000
Loss On Disposal of Assets -Special Item	-	-	-	-	-	-	(174,628)	(11,983)	-	(7,792)
Capital Contributions - Special Item	-	-	-	-	-	349,600	-	-	-	-
Change in Value of Asset	-	-	-	-	-	-	-	-	(261,433)	-
Total governmental activities	7,889,447	6,710,152	7,736,728	8,004,959	8,421,806	8,837,292	9,164,349	10,076,132	10,283,351	11,131,409
Business-type activities:										
Infrastructure Fees	-	-	-	132,011	-	-	-	-	-	-
Interest	353,133	206,658	204,666	180,120	150,695	82,273	105,836	69,502	87,988	80,409
Miscellaneous	-	-	(318)	21,400	11,313	16,601	10,343	8,330	11,422	10,456
Transfers	(212,000)	(212,000)	(235,000)	(235,000)	(230,169)	(252,155)	(252,597)	(255,000)	(255,000)	(280,000)
Capital Contributions - Special Item	-	-	-	-	-	93,150	306,115	-	-	-
Total business-type activities	141,133	(5,342)	(30,652)	98,531	(68,161)	(60,131)	169,697	(177,168)	(155,590)	(189,135)
Total primary government	8,030,580	6,704,810	7,706,076	8,103,490	8,353,645	8,777,161	9,334,046	9,898,964	10,127,761	10,942,274
Change in Net Position										
Governmental activities	875,001	(116,876)	944,719	1,658,860	1,379,285	1,579,066	1,976,431	3,157,807	3,352,500	3,706,033
Business-type activities	607,996	489,552	465,907	621,089	807,990	534,135	621,473	261,959	610,726	673,881
Total Change in Net Position	\$ 1,482,997	\$ 372,676	\$ 1,410,626	\$ 2,279,949	\$ 2,187,275	\$ 2,113,201	\$ 2,597,904	\$ 3,419,766	\$ 3,963,226	\$ 4,379,914

Source: City of Federal Heights Financial Statements.

City of Federal Heights
Fund Balance, Governmental Funds
Fiscal Years 2008 - 2017
(modified accrual basis of accounting)

	2008	2009	2010
General Fund			
Reserved for			
Advances to Other Funds	\$ 3,280,953	\$ 3,479,874	\$ 3,396,503
Prepays and Inventory	44,228	10,791	15,669
Emergencies	280,000	280,000	280,000
Unreserved reported in General Fund			
Designated for Victim Advocate	227,389	227,389	227,389
Designated for Graffiti	5,644	5,644	5,644
Undesignated	1,186,147	777,931	1,107,442
Total General Fund	5,024,361	4,781,629	5,032,647
All Other Governmental Funds			
Reserved for:			
Prepays and Inventory	2,121,814	1,568,233	1,568,233
Unreserved, reported in:			
Special revenue funds			
Designated for Curb, Gutter & Sidewalk	406,869	406,869	406,869
Undesignated	(3,188,334)	(4,531,906)	(3,862,589)
Capital projects funds	645,237	648,240	744,560
Total all other governmental funds	(14,414)	(1,908,564)	(1,142,927)
Total Fund Balance	\$ 5,009,947	\$ 2,873,065	\$ 3,889,720

	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	\$ 2,288,577	\$ 2,114,195	\$ 1,701,066	\$ 1,256,806	\$ 866,309	\$ 912,356	\$ 962,268
Restricted	1,153,925	1,385,545	568,119	531,641	524,463	700,575	755,723
Committed	270,856	323,939	332,783	329,526	316,542	295,290	282,703
Unassigned	1,905,502	2,597,318	3,298,843	4,215,706	5,681,649	5,937,499	7,246,375
Total General Fund	5,618,860	6,420,997	5,900,811	6,333,679	7,388,963	7,845,720	9,247,069
All Other Governmental Funds							
Nonspendable	1,568,233	1,568,231	1,568,233	1,568,233	1,568,233	1,306,800	-
Restricted	3,161,767	3,695,907	4,422,740	4,620,699	4,567,589	5,403,107	8,971,179
Assigned	234,077	-	-	-	-	-	-
Unassigned	(4,987,696)	(4,195,457)	(3,130,804)	(1,743,648)	(154,567)	1,032,011	-
Total all other governmental funds	(23,619)	1,068,681	2,860,169	4,445,284	5,981,255	7,741,918	8,971,179
Total Fund Equity	\$ 5,595,241	\$ 7,489,678	\$ 8,760,980	\$ 10,778,963	\$ 13,370,218	\$ 15,587,638	\$ 18,218,248

Source: City of Federal Heights Financial Statements
Financial Information beginning in 2011 presented separately with the implementation of GASB 54.

City of Federal Heights
Changes in Fund Balances, Governmental Funds
Fiscal Years 2008 - 2017
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 6,700,036	\$ 6,557,085	\$ 7,050,525	\$ 7,344,556	\$ 7,864,098	\$ 8,052,584	\$ 8,829,065	\$ 9,661,322	\$ 9,934,824	\$ 10,511,067
Licenses and Permits	83,654	84,381	101,255	161,172	152,220	105,732	137,945	206,367	200,161	204,649
Intergovernmental	948,641	726,411	665,323	932,384	662,166	846,250	860,225	1,066,321	1,661,624	1,781,170
Charges for Services	749,273	671,224	703,615	706,477	762,282	758,592	696,936	511,420	550,302	496,656
Court revenues	714,471	636,876	624,078	668,551	572,080	627,150	476,099	479,961	406,745	399,701
Interest	385,636	263,985	252,196	198,909	135,155	96,061	125,751	120,863	184,833	188,896
Miscellaneous	36,699	(527,943)	13,581	27,629	192,384	70,569	131,564	50,930	170,127	117,035
Change in Value of Asset									(261,433)	
Total revenues	9,618,410	8,412,019	9,410,573	10,039,678	10,340,385	10,556,938	11,257,585	12,097,184	12,847,183	13,699,174
Expenditures										
General Government	1,658,518	1,666,275	1,640,193	1,838,381	1,951,040	1,972,136	2,040,551	2,096,601	2,086,425	1,993,027
Public Safety	4,307,244	4,330,404	4,307,890	4,182,092	4,498,433	4,729,285	4,706,213	4,541,834	4,835,191	4,944,336
Community Services	1,126,639	1,071,563	1,083,895	1,098,790	1,193,203	1,380,800	1,373,876	1,441,761	1,462,362	1,453,998
Victim Advocate	75,162	106,591	106,498	75,458	90,595	103,177	99,215	95,214	110,063	76,905
Parks and Recreation	25,353	43,880	47,877	10,736	8,069	7,823	5,145	6,304	7,101	7,006
Community Development	240,681	151,762	161,290	170,687	290,980	52,520	70,167	121,030	141,576	143,964
Intergovernmental Services	26,384	26,632	26,881	25,221	34,919	36,121	39,244	49,244	72,713	70,910
Capital outlay	911,170	1,302,539	922,484	886,998	369,682	1,069,133	1,040,021	1,333,459	2,094,376	2,594,419
Debt service										
Interest	444,227	428,061	331,910	280,794	239,196	186,796	117,767	75,482	74,956	63,999
Principal	541,622	1,681,561	-	-	-	-	-	-	-	-
Total expenditures	9,357,000	10,809,268	8,628,918	8,569,157	8,676,117	9,537,791	9,492,199	9,760,929	10,884,763	11,348,564
Excess of revenues over (under) expenditures	261,410	(2,397,249)	781,655	1,470,521	1,664,268	1,019,147	1,765,386	2,336,255	1,962,420	2,350,610
Other Financing Sources (Uses)										
Transfers in	939,997	680,778	715,000	715,000	719,723	1,884,670	1,171,202	1,138,000	2,232,829	1,491,917
Transfers out	(727,997)	(468,778)	(480,000)	(480,000)	(489,554)	(1,632,515)	(918,605)	(883,000)	(1,977,829)	(1,211,917)
Total other financing sources (uses)	212,000	212,000	235,000	235,000	230,169	252,155	252,597	255,000	255,000	280,000
Net changes in fund balances	473,410	(2,185,249)	1,016,655	1,705,521	1,894,437	1,271,302	2,017,983	2,591,255	2,217,420	2,630,610
Debt services as a percentage of noncapital expenditures (a)	11.5%	21.9%	4.2%	3.6%	2.9%	2.2%	1.4%	0.9%	0.8%	0.7%

Source: City of Federal Heights Financial Statements.

(a) Debt service as a percentage of noncapital expenditures is calculated using interest expense divided by total expenditures adjusted for the amount of capitalized assets as shown on the *Reconciliation of the Statement of Revenues Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities*. As of 12/31/2009 the city has no outstanding debt or capital leases. Interest expense for 2010 - 2017 is interfund interest from the Redevelopment Fund to the Utility Fund and General Fund.

(b) *The Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds* includes a \$80,326 prior period adjustment in the Redevelopment Agency in 2008.

(c) In 2016, the fair market value of land held for sale is adjusted and reduced by \$261,433.

City of Federal Heights
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

City of Federal Heights		Assessed Value and Actual Value of Taxable Property							Assessed Value as a Percentage of Actual Value	
Fiscal Year Ended	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value		
December 31	Property	Property	Property	Assessed	Property	Value	Tax Rate	Value		
2008	23,384,320	22,628,330	803,220	147,720	-	46,963,590	0.68	375,080,692	13%	
2009	20,199,710	23,023,830	801,500	80,300	-	44,105,340	0.68	336,198,408	13%	
2010	20,096,760	22,182,170	717,660	81,900	-	43,078,490	0.68	331,719,204	13%	
2011	19,372,880	22,019,830	669,860	117,930	-	42,180,500	0.68	322,024,855	13%	
2012	21,376,171	20,535,769	729,970	51,090	-	42,693,000	0.68	342,051,169	12%	
2013	22,971,140	22,258,530	624,700	79,200	-	45,933,570	0.68	367,762,954	12%	
2014	23,411,400	23,006,870	581,690	79,780	-	47,079,740	0.68	375,728,031	13%	
2015	33,515,490	24,052,810	575,260	77,190	-	58,220,750	0.68	506,239,421	12%	
2016	34,309,890	23,621,780	494,110	68,240	-	58,494,020	0.68	514,422,321	11%	
2017	39,682,870	26,430,400	642,640	67,280	-	66,823,190	0.68	644,738,283	10%	

Redevelopment Agency		Assessed Value and Actual Value of Taxable Property							Assessed Value as a Percentage of Actual Value	
Fiscal Year Ended	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value		
December 31	Property	Property	Property	Assessed	Property	Value	Tax Rate	Value		
2008	3,390,240	8,959,160	531,140	-	-	12,880,540	na	75,316,127	17%	
2009	2,995,790	9,746,970	489,540	-	-	13,232,300	na	72,933,863	18%	
2010	3,117,770	9,988,100	495,000	-	-	13,600,870	na	75,316,586	18%	
2011	2,806,280	9,896,080	507,850	-	-	13,210,210	na	71,130,395	19%	
2012	2,921,120	10,009,430	420,220	-	-	13,350,770	na	72,661,798	18%	
2013	3,995,350	12,347,940	399,990	-	-	16,743,280	na	94,151,219	18%	
2014	4,205,750	12,678,560	381,480	2,640	-	17,268,430	na	97,879,779	18%	
2015	5,244,820	13,500,030	376,910	2,450	-	19,124,210	na	113,749,664	17%	
2016	5,334,030	12,675,080	304,880	2,260	-	18,316,250	na	111,776,703	16%	
2017	7,225,830	14,209,110	395,170	2,370	-	21,832,480	na	150,726,509	14%	

Source: Adams County Assessors Office.

(a) Property in Federal Heights is reassessed every two years by Adams County. For 2017, the county assessed property at approximately 7.20% of actual for residential properties, at 87.5% for oil and gas, and at 29% for all others. The city does not have oil and gas property. Estimated actual value is calculated by dividing assessed value by those percentages.

(b) Tax rates are per \$1,000 of assessed value. Source documents from the Assessor's Office do not include assessed values for tax exempt properties.

(c) The Redevelopment Agency is a component unit within the City of Federal Heights Financial Statements. The property values are separately identified as a large source of property tax revenues. Revenues are determined by an incremental formula based on an amount of tax generated over a base rather than a direct tax rate.

City of Federal Heights
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Total Direct Rate	Overlapping Rates						
			Adams County	Urban Drainage District	School District 12	School District 50	Westminster Public Schools FKA #50	Hyland Hills Recreation District	Rangeview Library District
2008	0.680	0.680	26.809	0.589	69.671	56.970		5.541	3.659
2009	0.680	0.680	26.824	0.569	70.179	59.704		5.617	3.659
2010	0.680	0.680	26.883	0.680	70.359	58.722		5.557	3.659
2011	0.680	0.680	26.806	0.623	70.276	61.473		5.588	3.659
2012	0.680	0.680	26.903	0.657	70.602	59.983		5.587	3.659
2013	0.680	0.680	26.815	0.672	68.605	58.451		5.515	3.659
2014	0.680	0.680	27.042	0.700	68.781	59.695		5.565	3.659
2015	0.680	0.680	26.817	0.611	66.017	56.994		5.372	3.659
2016	0.680	0.680	27.055	0.559	65.922	na		56.896	3.659
2017	0.680	0.680	26.929	0.557	63.259	na		51.807	3.669

Source: Adams County Assessors Office.

Overlapping Rates are those of local and county governments that apply to property owners within the City of Federal Heights. Not all overlapping rates apply to all Federal Heights property owners; for example although the county property tax rate applies to all city property owners, the Adams County School District 50 rate applies only to city property owners whose property is located within that district's geographic boundaries. In 2016, Adams County School District 50 reorganized. Westminster Public Schools FKA #50 includes portions of Federal Heights.

The city's basic property tax rate may be increased only by a majority vote of the city's residents.

The city's basic property tax rate is assessed per \$1,000 of assessed valuation. As of 12/31/17 there are no direct debt service mills.

**City of Federal Heights
Principal Property Tax Payers
Current Year and Ten Years Ago**

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
MAR Legacy Heights LLC	5,109,860	1	8%	-	-	-
Public Service Co of Colorado	4,440,160	2	7%	1,371,500	5	3%
CR Tuscan Heights Communities LLC	4,257,560	3	6%	-	-	-
MHC Holiday Hills Village LLC	3,347,570	4	5%	1,201,970	6	3%
ROC II CO Lodge on 84th LLC	2,375,990	5	4%	-	-	-
Hunters Cove Apartments	2,091,330	6	3%	967,150	9	2%
Kimberly Hills	2,086,810	7	3%	893,880	10	2%
ADLP - 84th LLC	2,030,000	8	3%	1,371,960	4	3%
Dean Ventures LLC	1,821,220	9	3%	-	-	-
AMC Countryside Village Denver LLC	1,539,460	10	2%	-	-	-
Buckingham West - Federal Plaza LLC	-	-	-	2,152,970	2	5%
Fairfield Legacy Heights	-	-	-	2,469,700	1	5%
Safeway Stores 45 Inc	-	-	-	1,374,810	3	3%
Maples LLC	-	-	-	1,114,400	8	2%
Miller International Inc	-	-	-	1,183,750	7	3%
Total	<u>29,099,960</u>		<u>44%</u>	<u>14,102,090</u>		<u>30%</u>

Source: Adams County Assessor's Office.

City of Federal Heights
Taxable Sales & Admissions and Sales & Admissions Taxes Collections By Category
Fiscal Years 2008 - 2017

<u>Taxable Sales</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Utility	\$ 13,868,575	\$ 12,304,300	\$ 12,657,525	\$ 13,258,875	\$ 13,321,850	\$ 13,778,325	\$ 14,124,025	\$ 14,043,325	\$ 14,794,200	\$ 15,281,309
Grocery	36,473,750	34,405,425	33,039,525	34,829,900	35,550,100	35,657,900	39,442,600	40,305,125	41,706,475	42,557,550
Retail	15,218,675	14,719,550	15,157,050	15,486,750	18,136,450	21,201,925	22,434,300	24,965,850	26,103,850	34,069,950
Entertainment	4,547,650	4,095,875	3,710,900	3,978,457	4,132,075	4,198,125	3,690,775	3,685,250	3,648,750	3,382,175
Eating and drinking establishments	15,992,000	17,956,775	18,135,550	19,424,575	21,083,500	21,466,250	23,114,750	25,228,725	26,029,900	28,098,250
Auto sales, dealers and auto supplies (a)	6,247,675	23,092,850	22,872,575	24,303,850	27,481,275	31,752,575	34,497,025	46,844,500	41,254,075	42,730,225
Liquor stores	2,450,675	5,969,500	5,891,950	5,894,825	5,727,700	6,762,550	7,751,225	8,313,550	8,989,750	9,368,300
Building materials (b)	4,967,225	1,527,350	1,626,200	2,533,675	6,086,100	1,735,949	4,055,325	453,825	6,384,700	7,193,450
All other outlets		4,468,700	5,638,125	5,323,125	6,008,150	5,596,175	6,444,525	6,789,825	8,304,975	10,247,900
Total	\$ 124,468,325	\$ 118,561,325	\$ 118,729,400	\$ 125,033,832	\$ 137,528,200	\$ 142,152,799	\$ 155,554,550	\$ 170,631,975	\$ 177,116,675	\$ 192,917,109
Taxable Admissions (c)										
	\$ -	\$ -	\$ 11,220,500	\$ 11,646,300	\$ 12,460,125	\$ 11,312,325	\$ 10,954,400	\$ 11,798,175	\$ 11,566,625	\$ 11,077,475
Total Taxable Sales & Admissions	\$ 124,468,325	\$ 118,561,325	\$ 129,949,900	\$ 136,680,132	\$ 149,988,325	\$ 153,465,124	\$ 166,508,950	\$ 182,430,150	\$ 188,683,300	\$ 203,994,584
<u>Sales Tax Collected</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Utility	\$ 554,743	\$ 492,172	\$ 506,301	\$ 530,355	\$ 532,874	\$ 551,133	\$ 564,961	\$ 561,813	\$ 591,768	\$ 611,252
Grocery	1,458,950	1,376,217	1,321,581	1,393,196	1,422,004	1,426,316	1,577,704	1,612,205	1,668,259	1,702,302
Retail	608,747	588,782	606,282	619,470	725,458	848,077	897,372	998,634	1,044,154	1,362,798
Entertainment	181,906	163,835	148,436	159,138	165,283	167,925	147,631	147,410	145,950	135,287
Eating and drinking establishments	639,680	718,271	725,422	776,893	843,340	858,650	924,590	1,009,149	1,041,196	1,123,450
Auto sales, dealers and auto supplies (a)	988,084	923,714	914,903	972,154	1,099,251	1,270,224	1,379,881	1,873,780	1,650,163	1,709,209
Liquor stores	249,907	238,780	235,678	235,785	229,108	270,502	310,049	332,542	355,590	374,732
Building materials (b)	98,027	61,094	65,048	101,347	243,444	69,438	162,213	18,153	255,388	287,738
All other outlets	198,689	179,588	225,525	212,925	240,366	223,847	257,781	271,593	332,199	409,916
Total	\$ 4,978,733	\$ 4,742,453	\$ 4,749,176	\$ 5,001,353	\$ 5,501,128	\$ 5,686,112	\$ 6,222,182	\$ 6,825,279	\$ 7,084,667	\$ 7,716,684
Admissions Tax Collected (c)										
	\$ -	\$ -	\$ 448,820	\$ 485,852	\$ 498,405	\$ 452,493	\$ 438,176	\$ 471,927	\$ 462,665	\$ 443,099
Total Sales & Admissions Tax Collected	\$ 4,978,733	\$ 4,742,453	\$ 5,197,996	\$ 5,487,205	\$ 5,999,533	\$ 6,138,605	\$ 6,660,358	\$ 7,297,206	\$ 7,547,332	\$ 8,159,783

(a) Auto revenues include sales on motorized vehicles garaged in the city at the time the vehicle is titled.

(b) Building materials includes revenues from construction projects in the city. Building Use Tax of \$186,813 is included in Other Taxes in the Statement of Activities in 2015.

(c) In November 2009, the citizens of Federal Heights passed a 4% admissions tax to take effect January 1, 2010.

Revenues and sales taxes are reported by category. Publication of revenues and sales taxes paid by specific individual business is prohibited (Municipal Code 54-40).

Source: City of Federal Heights Finance Department.

**City of Federal Heights
Direct and Overlapping Sales Tax Rates
Last Ten Years**

Fiscal Year	City Direct Rate	Adams County	State of Colorado	Regional Transportation District	Scientific Cultural Facilities District	Stadium District	Total
2008	4.00%	0.75%	2.90%	1.00%	0.10%	0.10%	8.85%
2009	4.00%	0.75%	2.90%	1.00%	0.10%	0.10%	8.85%
2010	4.00%	0.75%	2.90%	1.00%	0.10%	0.10%	8.85%
2011	4.00%	0.75%	2.90%	1.00%	0.10%	0.10%	8.85%
2012	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2013	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2014	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2015	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2016	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2017	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%

Source: State of Colorado, City of Federal Heights

City of Federal Heights
Property Tax Levies and Collections
Fiscal Years 2008 - 2017

Fiscal Year Ended Dec 31	Taxes Levied for the Fiscal Year (a)	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years (b)	Total Collections to Date	
		Amount (b)	Percentage of Levy		Amount	Percentage of Levy
2008	1,397,899	-	-	1,358,260	1,358,260	97.2%
2009	1,443,182	-	-	1,400,570	1,400,570	97.0%
2010	1,483,260	-	-	1,410,993	1,410,993	95.1%
2011	1,442,247	-	-	1,396,371	1,396,371	96.8%
2012	1,442,219	-	-	1,408,712	1,408,712	97.7%
2013	1,771,362	-	-	1,667,205	1,667,205	94.1%
2014	1,839,187	-	-	1,811,088	1,811,088	98.5%
2015	1,980,153	-	-	1,921,768	1,921,768	97.1%
2016	1,899,688	-	-	1,886,113	1,886,113	99.3%
2017	2,187,076	-	-			

Sources: Adams County Assessors Office, Finance Department City of Federal Heights

(a) Property tax collections are presented for the City of Federal Heights and the Federal Heights Redevelopment Agency. The Redevelopment Agency receives a percentage of the Adams County mill levy within which the properties are located. The Redevelopment Agency has no specific mill levy.

(b) Property taxes are levied in year x1 and are paid the following year x2.

City of Federal Heights
Ratios of Outstanding Debt By Type
Fiscal Years 2008 - 2017

Fiscal Year	Governmental Activities		Business - Type Activities	Total Primary Government	Percentage of Personal Income	Outstanding Debt Per Capita
	Sales and Use Tax Revenue Bonds	Capital Leases	Capital Leases			
2008	1,665,000	16,561	-	1,681,561	0.83%	\$ 139
2009	-	-	-	-	na	na
2010	-	-	-	-	na	na
2011	-	-	-	-	na	na
2012	-	-	-	-	na	na
2013	-	-	-	-	na	na
2014	-	-	-	-	na	na
2015	-	-	-	-	na	na
2016	-	-	-	-	na	na
2017	-	-	-	-	na	na

Source: Details regarding the city's outstanding debt can be found in the city's financial statements.

Note 1: As of December 31, 2009 the City of Federal Heights has no outstanding bonds or capital leases.

City of Federal Heights
Ratios of General Obligation Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Debt Outstanding
2008	(1)
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017	

(1) No general obligation debt is outstanding for the years presented.

City of Federal Heights
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

<u>Governmental Unit</u>	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Adams County	\$ -	na	\$ -
Adams County School District 12	\$ 496,735,000	3%	\$ 16,224,109
Westminster Public Schools	\$ 67,472,500	10%	\$ 6,536,897
Rangeview Library District	\$ 39,193,981	1%	\$ 566,238
Hyland Hills Recreation District	\$ 6,225,000	6%	\$ 370,055
Urban Drainage	\$ -	na	\$ -
Subtotal Overlapping Debt	<u>\$ 609,626,481</u>		<u>\$ 23,697,299</u>
City Direct Debt	\$ -	-	\$ -
Total Direct and Overlapping Debt	<u><u>\$ 609,626,481</u></u>		<u><u>\$ 23,697,299</u></u>

Sources:

Adams County Assessors Office
Adams County Finance Office
Adams County School Districts 12
Hyland Hills Recreation District
City of Federal Heights
Rangeview Library District

Overlapping debt is determined by multiplying the debt outstanding as provided by the local governments by the percentage applicable to the residents of Federal Heights. Overlapping debt percentage is calculated using Federal Heights total assessed value divided by the local government's assessed value as provided by Adams County.

City of Federal Heights
Legal Debt Margin Information
Fiscal Years 2008 - 2017

<u>Legal Debt Margin Computation for Fiscal Year</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Maximum Debt Allowed:										
Actual value	450,396,819	409,132,271	407,035,790	393,155,250	414,712,966	461,914,172	473,607,810	619,989,085	626,199,024	795,464,791
Debt limit (3% of valuation)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Legal debt limit	\$ 13,511,905	\$ 12,273,968	\$ 12,211,074	\$ 11,794,657	\$ 12,441,389	\$ 13,857,425	\$ 14,208,234	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944
Debt Applicable to Limit:										
Total bonds outstanding	1,665,000	-	-	-	-	-	-	-	-	-
Less: Sales and Use Tax Revenue Bonds	(1,665,000)	-	-	-	-	-	-	-	-	-
Debt subject to limitation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 13,511,905	\$ 12,273,968	\$ 12,211,074	\$ 11,794,657	\$ 12,441,389	\$ 13,857,425	\$ 14,208,234	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 13,511,905	\$ 12,273,968	\$ 12,211,074	\$ 11,794,657	\$ 12,441,389	\$ 13,857,425	\$ 14,208,234	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944
Total net debt applicable to the limit as a percentage of debt limit	0%	na	na	na	na	na	na	na	na	na

Note 1: Colorado statutes limit legal debt margin to 3% of valuation, excepting general obligation debt serviced by enterprise funds and revenue bonds.

Note 2: As of December 31, 2009 the City of Federal Heights has no outstanding bonds or capital leases.

Source: Adams County Assessor's Office and City of Federal Heights Financial Statements.

**City of Federal Heights
Pledged Revenue Coverage
Fiscal Years 2008 - 2017**

Sales and Use Tax					
Fiscal Year	Sales and Use Tax Revenue (1)	Debt Service		Coverage	
		Principal	Interest		
2008	\$ 4,978,733	\$ 2,450,000	\$ 170,947	1.9	
2009	\$ 4,742,453	\$ 1,681,561	\$ 379,694	2.3	
2010	\$ 4,749,176	\$ -	\$ -	na	
2011	\$ 5,001,353	\$ -	\$ -	na	
2012	\$ 5,501,128	\$ -	\$ -	na	
2013	\$ 5,686,112	\$ -	\$ -	na	
2014	\$ 6,222,182	\$ -	\$ -	na	
2015	\$ 6,825,279	\$ -	\$ -	na	
2016	\$ 7,084,667	\$ -	\$ -	na	
2017	\$ 7,716,684	\$ -	\$ -	na	

Source: City of Federal Heights Financial Statements

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

- (1) Sales and Use Tax Revenue Bonds are backed by the general sales and use tax revenue of the city.
- (2) In 2008 the City of Federal Heights retired early \$1,950,000 of its outstanding Sales and Use Tax Revenue Bonds. In 2009 the remaining balance was retired early.

**City of Federal Heights
Demographic and Economic Statistics
Last Ten Years**

Year	Population (a)	Personal Income (a)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (b)	Unemployment Rate (c)
2008	12,065	202,704,065	13,801	31.3	2,365	7%
2009	12,065	202,704,065	13,801	31.3	2,413	9%
2010	11,467	201,429,322	17,566	31.2	2,564	10%
2011	11,467	201,429,322	17,566	31.2	2,606	9%
2012	11,467	201,429,322	17,566	31.2	2,690	9%
2013	11,467	201,429,322	17,566	31.2	2,737	7%
2014	11,467	201,429,322	17,566	31.2	2,783	5%
2015	11,467	201,429,322	17,566	31.2	2,614	4%
2016	11,467	201,429,322	17,566	31.2	2,660	4%
2017	11,467	201,429,322	17,566	31.2	2,493	3%

Source:

(a) US Census 2000 and 2010

(b) City surveys

(c) State of Colorado Department of Labor and Employment

Unemployment rate is for Adams County. A separate unemployment rate is not readily available for Federal Heights.

**City of Federal Heights
Principal Employers
Current and Ten Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Waterworld (seasonal employer)	910	1	<i>Note 1</i>	905	1	<i>Note 1</i>
Comcast	165	2		243	2	
Pinnacle Learning Center	151	3		160	3	
Miller International	118	4		80	5	
King Soopers	100	5		150	4	
City of Federal Heights	88	6		86	6	
McDonalds	75	7		67	7	
Safeway	60	8		60	8	
Federal Heights Elementary	52	9		78	9	
Walgreens	44	10		-	-	
Fresca Foods	-	-		70	10	
Total	<u>1,763</u>			<u>1,899</u>		

Source: City surveys
State of Colorado Department of Labor and Employment.

Note 1: Information not readily available. Adams County employment as of December 31, 2017 is 253,318. Adams County employment as of December 31, 2008 was 210,000.

City of Federal Heights
Full-time Equivalent City Government Employees by Function/Program
Fiscal Years 2008 - 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	13	13	14	14	16	16	13	13	18	18
Public Safety										
Police	37	37	37	37	37	37	37	37	38	38
Fire /Ambulance	19	19	18	18	17	17	18	18	18	18
Public Works/Parks	11	11	11	11	11	12	12	12	8	9
Utility - Water/Sewer/Drainage	6	6	6	6	6	5	6	6	6	5
Total	86	86	86	86	87	87	86	86	87	88

Source: Various City of Federal Heights Departments.

Note: Full time equivalents are for budgeted positions as of December 31.
In 2016 Community Development was reclassified into General Government.

City of Federal Heights Operating Indicators by Function/Program Fiscal Years 2008 - 2017										
Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	1,104	988	1,033	1,184	1,099	924	798	1,303	1,260	1,111
Traffic violations	4,718	5,422	5,129	4,647	3,874	4,120	3,106	2,924	2,385	3,181
Fire/Ambulance										
Ambulance responses	1,216	1,164	1,219	1,110	1,373	1,400	1,465	1,383	1,497	2,065
Fire responses	358	378	377	522	513	432	372	416	449	439
Ambulance transports	832	720	756	824	884	928	986	974	1,162	1,370
Fire inspections	408	425	427	489	417	474	529	637	522	520
Water										
Water gallons billed to customers	459,319,000	382,810,000	415,702,000	423,765,220	459,669,000	431,477,000	411,853,000	433,308,000	451,173,000	445,638,000
Average daily consumption in gallons per person per day	104	87	99	101	110	103	98	104	108	106
Public Works										
Street resurfacing (miles)	0.54	1.4	1.7	0.5	0.15	0.22	0.60	1.20	0.56	0.14
Resurfacing as a percentage of total street miles	3%	8%	9%	3%	1%	1%	3%	7%	3%	1%
Administration										
Business licenses	214	227	219	215	216	216	219	219	219	213

Source: Various City of Federal Heights Departments.

City of Federal Heights
Capital Asset Indicators by Function/Program
Fiscal Years 2008 - 2017

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	8	8	8	8	8	8	8
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Street miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles
Streetslights	310	310	310	310	310	310	310	310	310	310
Traffic signals	3	4	4	4	4	4	4	4	4	4
Total City incorporated area	1.775	1.775	1.775	1.775	1.775	1.775	1.775	1.775	1.775	1.775
Parks and Recreation										
Number of parks	1	1	1	1	1	1	1	1	1	1
Total acreage	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres
Hyland Hills Recreation District acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres
Utility										
Water main miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles
Sanitary system miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles
Storm system miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles

Source: Various City of Federal Heights Departments.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		City of Federal Heights
		YEAR ENDING :
This Information From The Records Of (example - City of _ or County of _):		Prepared By: Tim Weitzman
City of Federal Heights		Phone: 303-412-3531

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	577,771
3. Other local imposts (from page 2)	1,067,371
4. Miscellaneous local receipts (from page 2)	382,542
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,027,684
B. Private Contributions	
C. Receipts from State government (from page 2)	312,878
D. Receipts from Federal Government (from page 2)	641,333
E. Total receipts (A.7 + B + C + D)	2,981,895

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,642,014
2. Maintenance:	6,285
3. Road and street services:	
a. Traffic control operations	4,570
b. Snow and ice removal	63,693
c. Other	71,358
d. Total (a. through c.)	139,622
4. General administration & miscellaneous	121,001
5. Highway law enforcement and safety	982,673
6. Total (1 through 5)	2,891,595
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	2,891,595

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,569,753	2,981,895	2,891,595	2,660,053	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2017	
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	39,489	a. Interest on investments	4,242
b. Other local imposts:		b. Traffic Fines & Penalties	256,141
1. Sales Taxes	786,917	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	240,965	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,027,882	h. Other	122,159
c. Total (a. + b.)	1,067,371	i. Total (a. through h.)	382,542
	(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	271,432	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	41,446	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	641,333
f. Total (a. through e.)	41,446	g. Total (a. through f.)	641,333
4. Total (1. + 2. + 3.f)	312,878	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		914,631	914,631
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		727,383	727,383
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	727,383	727,383
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,642,014	1,642,014
			(Carry forward to page 1)
Notes and Comments:			