

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017



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Office of the State Auditor

June 14, 2018



City of Thornton, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended

December 31, 2017

Prepared by the Finance Department

City of Thornton, Colorado

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Thornton, Colorado 80229-4326

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

May 25, 2018

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Thornton (the City) for the year ended December 31, 2017. This report was prepared by the City's Finance Department and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information contained in this report.

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

The City's financial statements have been audited by RSM US, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2017, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit evidence obtained, that there was a sufficient and appropriate basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2017, are fairly presented in conformity with US GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City incorporated in 1956 and became a Home-Rule City in 1967. Thornton operates under a council-manager form of government. The City Manager, the City Attorney and the Presiding Municipal Judge are appointed by City Council. Thornton employs approximately 983 full-time employees. The City is a full-service municipality providing police and fire protection, ambulance services, infrastructure construction and maintenance, city planning and development, recreational facilities and services and operates the Thorncreek Golf Course. In addition, the City provides water, sanitary sewer, and solid waste collection all of which are reported as enterprise operations.

The City is located in Adams County in the northeast Denver Metropolitan area and encompasses 37 square miles. It is a suburban community of 137,443 residents with a retail-oriented business sector and some light industrial businesses.

Major Initiatives

In response to the growing needs of the community, City Council initiated and continued multiple projects and programs during 2017 including the following:

- Continued to work with the Regional Transportation District (RTD) on the N Line, a 13-mile commuter rail line that will provide service from Union Station north through Denver, Commerce City, Thornton, and Northglenn. Four stations will serve Thornton residents, including Original Thornton (88th Avenue), Thornton Crossroads (104th Avenue), Northglenn (112th Avenue), and Eastlake (124th Avenue). It is anticipated that the line will open for service in late 2019.
- Broke ground on the Public Safety Facility, which is being built on City-owned land at 132nd Avenue and Quebec Street in northeast Thornton. The 30,000-square-foot facility will house a new fire station and a police substation, and will open in mid-2018.
- Work ramped up on the City's long-term water supply project, the Thornton Water Project. 2017 activities included permitting, land acquisition, and the construction of the first pipeline segment. The project, when completed in 2025, will bring water from northern Colorado into Thornton in order to provide a reliable supply of water for current and future residents and businesses.
- Made significant progress on the replacement of the Thornton Water Treatment Plant at the intersection of Thornton Parkway and Washington Street. The existing facility is nearing the end of its useful life, a water treatment plant will be built on land immediately east of the existing treatment plant. Design and initial site work occurred in 2017, with a 2018 groundbreaking planned. The new water treatment plant will be up and running in 2020.
- Continued to invest in new park and recreational amenities for residents. Design continued on the future Trail Winds Recreation Center, which will be constructed on City-owned property at the Trail Winds Park and Open Space complex at 136th Avenue and Holly Street. When it opens in late 2019, the recreation center will be the City's second full-service recreation center and will include an indoor aquatics area, gymnasium, and fitness area, among other amenities.
- Work also continued on the Thorncreek Golf Course renovation (opening mid-2018), and a new four-plex baseball complex at 98th Avenue and Riverdale Road (anticipated opening late 2019).
- Received \$697,556 in Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD), which funds affordable housing programs, drainage improvements, emergency rent/mortgage/utility assistance programs, first-time homebuyer education programs, home maintenance workshops, and other fair housing activities.

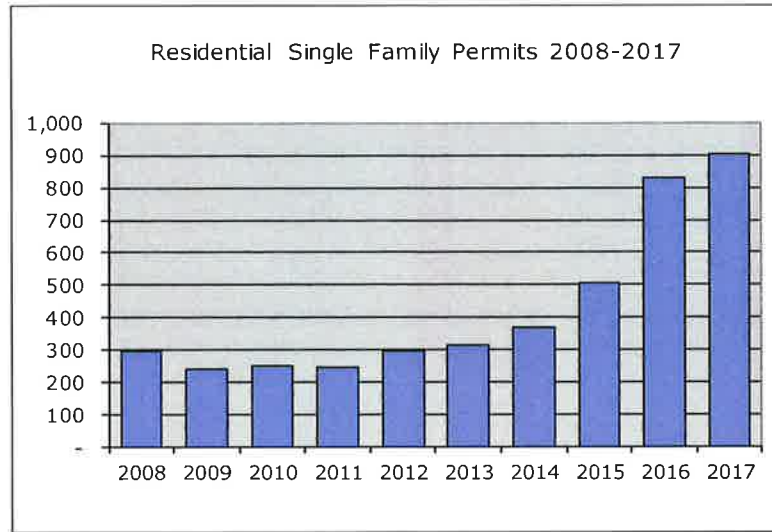
Factors Affecting Financial Condition

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

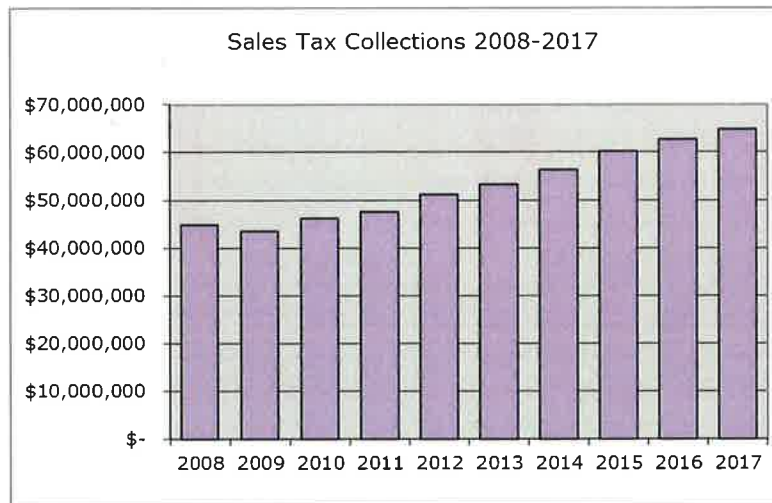
Local Economy

The pace of new development within the City accelerated in 2017. The City issued 902 single family permits (attached and detached) for residential construction with an estimated value of \$312.7 million. It was a record year for new commercial construction; the City issued 31 commercial building permits with an estimated value of \$221.0 million. Within the next year, the City will welcome a new 2.4 million square foot Amazon Warehouse, the Hilton Garden Inn featuring 180 rooms and a full service restaurant, Johnny's Italian Steakhouse, and the Denver Premium Outlet Center, a 350,000 square feet retail center featuring over 80 shops and restaurants new to the City.

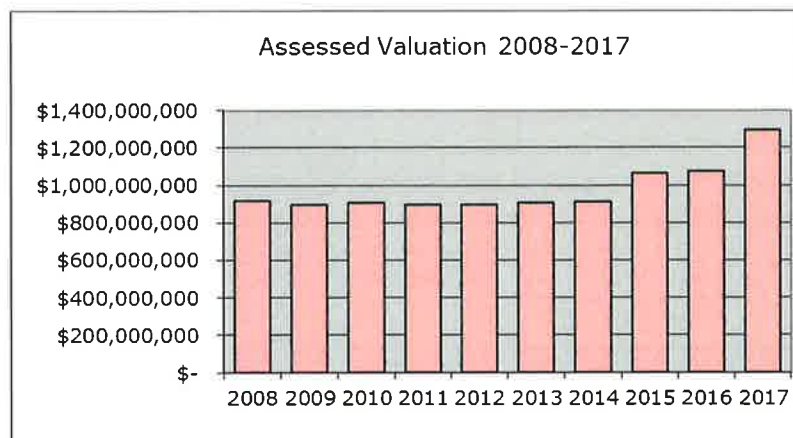
Local Economy (Continued)



Sales tax collections in 2017 (including retail and audit assessments), the largest single revenue stream received by the general government, totaled \$64.8 million, an increase of 3.4% over 2016.



Property values increased 21% from 2016, totaling \$1.3 billion in assessed value for 2017. The property taxes associated with this assessed valuation will be collected in 2018.



Long Term Financial Planning

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

Credit Ratings

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

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

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

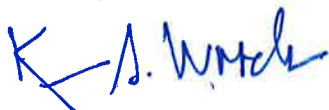
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2016. This is the thirty-second consecutive year the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Sincerely,



Kevin S. Woods
City Manager



Maria Ostrom, CPA
Finance Director

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Thornton City Officials

December 31, 2017

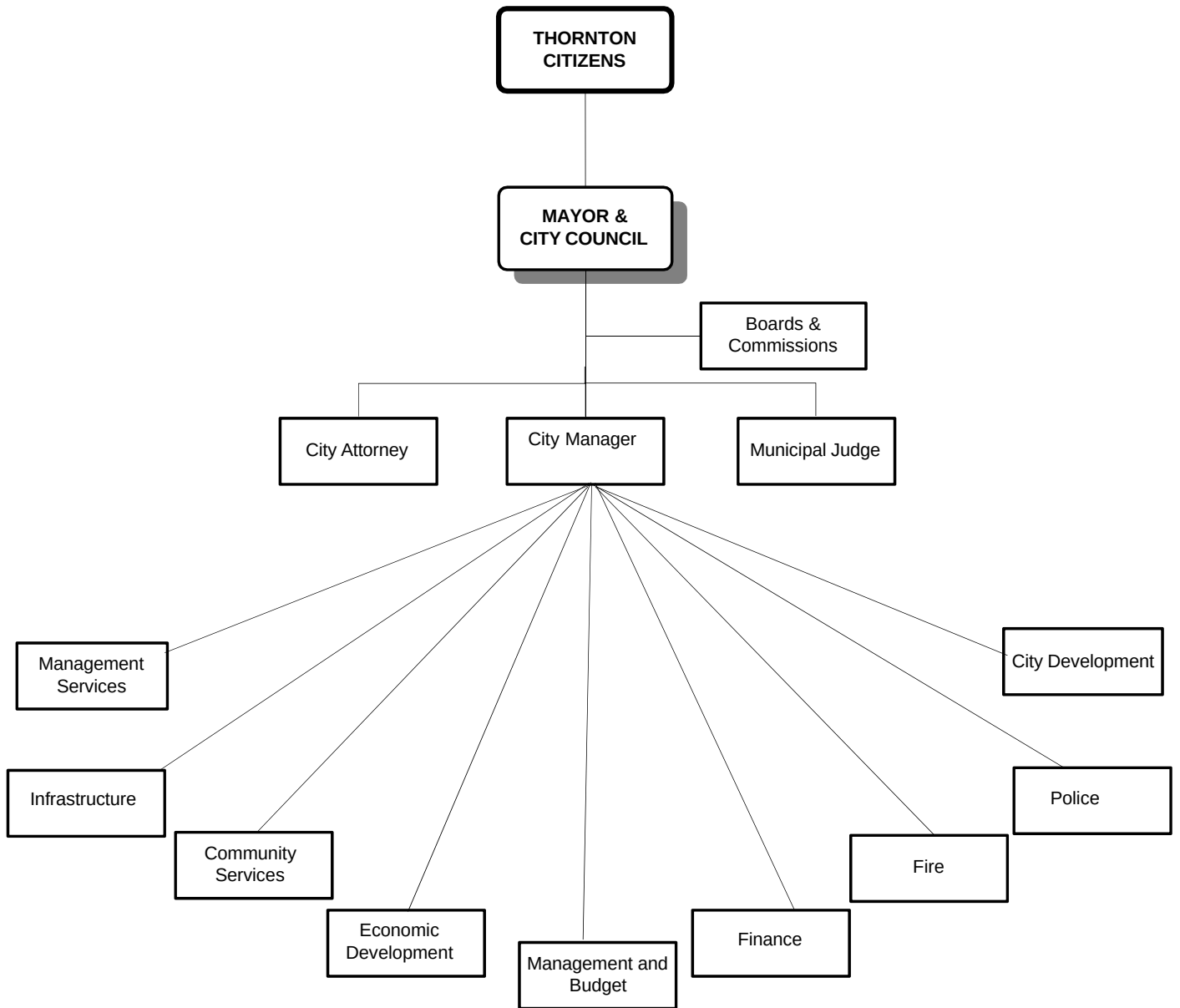
Mayor and City Council

Mayor	Heidi K. Williams
Council Members	
Ward 1	Sherry Goodman
Ward 1	Jacque Phillips
Ward 2	Eric Montoya
Ward 2	Jessica Sandgren
Ward 3	Sam Nizam
Ward 3	Josh Zygielbaum
Ward 4	Janifer Kulmann
Ward 4	Adam Matkowsky

Administrative

City Manager	Kevin Woods
City Attorney	Luis Corchado
Presiding Municipal Judge	Charles Rose
Assistant City Manager	Joyce Hunt
Assistant City Manager	Robb Kolstad
Deputy City Manager – City Development	Jeff Coder
Executive Director – Infrastructure	Brett Henry
Executive Director – Management Services	Chris Molison
Executive Director – Community Services	Mike Soderberg
Police Chief	Randy Nelson
Fire Chief	Gordie Olson
Director – Economic Development	John Cody
Director – Finance	Maria Ostrom

City Government Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Thornton
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrell

Executive Director/CEO

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council and City Manager
City of Thornton, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thornton, Colorado (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thornton, Colorado, as of December 31, 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 the General fund budgetary comparison and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thornton, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules and other schedules, listed in the table of contents as supplementary information, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory, statistical sections and other schedules, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018 on our consideration of the City of Thornton, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Thornton, Colorado's internal control over financial reporting and compliance.

RSM US LLP

Denver, Colorado
May 25, 2018

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City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2017

As management of the City of Thornton ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report, and the City's financial statements which follow this section.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,165,853,891. This total is divided between Governmental Activities of \$415,210,053 and Business-type Activities of \$750,643,838.
- The City's total net position increased by \$69,714,657. This total is divided between an increase in Governmental Activities of \$22,258,570 and an increase in Business-type Activities of \$47,456,087.
- The City's Governmental Activities show revenues of \$185,397,401. The largest revenue source is sales and use taxes (\$104,489,333) followed by capital grants and contributions (\$27,183,807) and charges for services (\$19,651,513). Charges for services consists of license, permits and inspection fees (\$7,623,869, 38.8%), recreation and related charges (\$3,038,140, 15.5%), the administrative fee charged to the enterprise funds (\$4,210,199, 21.4%), ambulance charges (\$2,244,421, 11.4%), fines and forfeitures (\$1,662,594, 8.5%), and other miscellaneous charges (\$872,290, 4.4%). The Governmental expenses were \$163,138,831. More details are provided in the Government-wide Financial Analysis section.
- The City's Business-type Activities show revenues of \$102,228,435. The largest revenue source is charges for services (\$66,197,435) followed by capital contributions (\$30,493,138). Capital contributions consists of payments for connections to the City's water and sewer systems (\$24,383,000, 80.0%), and infrastructure donated to the City by developers (\$6,110,138, 20.0%). The Business-type expenses were \$54,772,348. More details are provided in the Government-wide Financial Analysis section.
- The total fund balance for the General Fund increased by \$9,937,904, (36.4%) from prior year. City Council policy requires the General Fund to maintain a total fund balance at an amount equal to 17% of the current year budget, and TABOR reserve per State Statute. At the end of the current fiscal year, total fund balance was \$37,237,471, or 30.3% of General Fund budgeted expenditures.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2017

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

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

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

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

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget, which can be found on page 60 of this report.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the basic financial statements. Combining statements and budgetary schedules can be found on pages 70-106 of this report. The Schedule of Investments and Local Highway Finance Report can be found in other schedules on pages 109-111 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$1,165,853,891 at the close of the most recent fiscal year (see Table 1).

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2017

Government-wide Financial Analysis (Continued)

By far the largest portion of the City's net position (74.6%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$252,889,724) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Table 1
Net Position
As of December 31,

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 190,618,275	\$ 192,088,584	\$ 180,801,700	\$ 151,471,040	\$ 371,419,975	\$ 343,559,624
Capital assets	347,974,816	323,795,676	616,685,321	598,733,650	964,660,137	922,529,326
Total assets	538,593,091	515,884,260	797,487,021	750,204,690	1,336,080,112	1,266,088,950
Deferred outflows of resources	1,623,920	705,415	1,950,306	2,065,595	3,574,226	2,771,010
Long-term liabilities outstanding	57,047,847	63,546,481	38,277,304	42,989,576	95,325,151	106,536,057
Other liabilities	50,540,941	45,262,116	10,516,185	6,092,958	61,057,126	51,355,074
Total liabilities	107,588,788	108,808,597	48,793,489	49,082,534	156,382,277	157,891,131
Deferred inflows of resources	17,418,170	14,829,595	-	-	17,418,170	14,829,595
Net position:						
Net investment in capital assets	289,933,156	259,179,659	579,737,175	560,279,776	869,670,331	819,459,435
Restricted	40,196,389	8,241,309	3,097,447	2,980,644	43,293,836	11,221,953
Unrestricted	85,080,508	125,530,515	167,809,216	139,927,331	252,889,724	265,457,846
Total net position	\$ 415,210,053	\$ 392,951,483	\$ 750,643,838	\$ 703,187,751	\$ 1,165,853,891	\$ 1,096,139,234

The government's net position increased by \$69,714,657 during the current fiscal year. This increase is primarily due to revenues exceeding expenses (186.6%) for business-type activities, which are explained below.

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

- Governmental activities increased the City's net position by \$22,258,570.
- Sales and use taxes (\$104,489,333, 56.4% of total revenues), capital grants and contributions (\$27,183,807, 14.7% of total revenues) and charges for services (\$19,651,513, 10.6% of total revenues) represent the three largest inflows.
- Governmental revenues increased by \$19,500,969 (11.8%) from 2016, this increase is primarily related to the sustained increase in development activity around the City. Sales and use taxes (\$8,042,459), capital grants and contributions (\$6,824,455), and earnings on investments (\$1,692,781), represent the largest increases for a total of \$16,559,695.
- Governmental expenses increased by \$10,635,419 (7.0%) from 2016. The majority of this increase was Police (\$5,423,951) due to an increase in personnel levels and Community Services (\$5,374,895) mostly due to capital investment in the Thorncreek Golf Course. The golf course closed for renovation in late 2016 and will re-open in the summer of 2018.

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2017

Table 2
Changes in Net Position
For Years Ended December 31,

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 19,651,513	\$ 18,033,942	\$ 66,197,435	\$ 62,108,439	\$ 85,848,948	\$ 80,142,381
Operating grants and contributions	6,322,021	5,941,237	-	-	6,322,021	5,941,237
Capital grants and contributions	27,183,807	20,359,352	30,493,138	29,850,742	57,676,945	50,210,094
General revenues:						
Sales and use taxes	104,489,333	96,446,874	-	-	104,489,333	96,446,874
Property taxes	14,798,204	14,503,019	-	-	14,798,204	14,503,019
Franchise taxes	5,809,945	5,387,163	-	-	5,809,945	5,387,163
E911 taxes	1,076,442	1,072,485	-	-	1,076,442	1,072,485
Other taxes	2,661,479	2,414,341	-	-	2,661,479	2,414,341
Earnings on investments	1,748,964	56,183	1,537,970	948,963	3,286,934	1,005,146
Gain on sale of assets	148,555	188,110	221,759	722,012	370,314	910,122
Miscellaneous	1,507,138	1,493,726	3,778,133	4,209,522	5,285,271	5,703,248
Total revenues	185,397,401	165,896,432	102,228,435	97,839,678	287,625,836	263,736,110
Expenses:						
General government	20,448,504	21,317,628	-	-	20,448,504	21,317,628
Police	37,997,781	32,573,830	-	-	37,997,781	32,573,830
Fire	18,630,926	18,718,470	-	-	18,630,926	18,718,470
City development	17,902,336	16,511,773	-	-	17,902,336	16,511,773
Streets, traffic, and engineering	33,403,367	33,737,170	-	-	33,403,367	33,737,170
Community services	32,313,390	26,938,495	-	-	32,313,390	26,938,495
Interest on long-term debt	2,442,527	2,706,046	-	-	2,442,527	2,706,046
Water	-	-	35,762,949	34,885,132	35,762,949	34,885,132
Sewer	-	-	14,071,493	15,011,361	14,071,493	15,011,361
Sanitation	-	-	4,937,906	4,729,623	4,937,906	4,729,623
Total expenses	163,138,831	152,503,412	54,772,348	54,626,116	217,911,179	207,129,528
Increase (decrease) in net position before transfers	22,258,570	13,393,020	47,456,087	43,213,562	69,714,657	56,606,582
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	22,258,570	13,393,020	47,456,087	43,213,562	69,714,657	56,606,582
Net position, Jan 1	392,951,483	379,558,463	703,187,751	659,974,189	1,096,139,234	1,039,532,652
Net position, Dec 31	\$ 415,210,053	\$392,951,483	\$ 750,643,838	\$703,187,751	\$ 1,165,853,891	\$ 1,096,139,234

City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2017

Business-type activities. Below is information regarding Business-type activities (see Table 2).

- Business-type activities increased the City's net position by \$47,456,087, accounting for 68.1% of the total growth in the government's net position.
- Charges for services (\$66,197,435, 64.8% of total revenues), tap fees (\$24,383,000, 23.9% of total revenues) and contributed capital (\$6,110,138, 6.0% of total revenues), the latter two of which are included in capital contributions, represent the three largest inflows to business-type activities.
- Revenues increased by \$4,388,757 (4.5%) in 2017 compared to 2016. The primary increase in revenue was in charges for services (\$4,088,996). Water consumption is largely weather dependent; 2017 was a mild irrigation season compared to the dry extended irrigation season in 2016. Water consumption declined slightly in 2017. However, total rate revenue increased in 2017 due to the water rate increase of 12.5% that was effective in January 2017 and growth in customer accounts throughout the year as residential and commercial development activity around the City remained strong. Expenses increased \$146,232 (0.3%) from 2016. Expense increases in the Water Fund of \$877,817 (2.5%) and the Sanitation Fund of \$208,283 (4.4%) were offset by a decrease in expenses in the Sewer Fund of \$939,868 (6.3%).

Financial Analysis of the Government's Funds

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

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

- The City governmental funds reported combined ending fund balances of \$137,062,307, a decrease of \$9,263,196.
- The decrease in fund balance was due to increased capital spending that was expensed in 2017. Renovation work at the Thorncreek golf course (\$5,618,004), school tributary drainage improvement (\$700,000), a joint project with Urban Drainage and Flood Control District, and soil mitigation work at the Justice Center (\$632,850) were the largest of the expenses.

Approximately 54.4% of year end fund balance (\$74,590,508) is available for spending at the government's discretion. The remainder of fund balance (\$62,471,799) is nonspendable, restricted or committed to indicate that it is not available for new spending. The largest component is restricted (\$40,196,389, 64.3%).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was 25.8% (\$9,613,998) of total fund balance (\$37,273,471). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.1% of total actual General Fund expenditures, while total fund balance represents 31.2% of that same amount.

The Governmental Capital Projects Fund is funded primarily with sales and use taxes and provides for the repair, replacement and planned growth of infrastructure and other capital assets of the City government. At the end of the current fiscal year, assigned fund balance was equal to total fund balance (\$38,100,789).

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

Unrestricted net position of the Water, Sewer, and Sanitation Funds at the end of the year amounted to \$144,191,936, \$16,249,545, and \$7,367,735 respectively. The change in net position for the funds was an increase in Water of \$41,048,708, an increase in Sewer of \$5,943,412, and an increase in Sanitation of \$463,967.

General Fund Budgetary Highlights

Combined revenues (General Fund and Governmental Capital Fund) were greater than budgetary estimates and General Fund expenditures were less than appropriations. Licensing and Permits were up 53.7% (\$2,664,254), and Governmental sales and use taxes were up 8.3% (\$8,042,459) in 2017 compared to 2016. The majority of governmental sales and use tax, 80.8% (\$84,413,048) is available for general fund operations and governmental capital projects. General Fund expenditures were under budget by \$3,281,640 in 2017. Vacancy savings (\$1,689,934), lower than projected utilities (\$541,536), and lower than projected internal service charges (\$421,537) accounted for the majority of the savings.

City of Thornton, Colorado
Management's Discussion and Analysis
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Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$963,001,729 (net of accumulated depreciation). This investment in capital assets includes land and water rights, building and improvements, leisure areas and improvements, general equipment, and infrastructure (see Table 3).

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

- Governmental capital assets increased in the current year by \$22,520,732 net of accumulated depreciation. The City's capital spending increased 41.8% from 2016. Of the \$54,287,245 spent on capital outlay in 2017, \$29,653,784 (54.6%) was capitalized or carried in construction in progress with the remaining \$24,633,461 of capital outlay being directly expensed, as the projects were ineligible for capitalization under the City's policies and procedures. The largest portion of spending that was capitalized in 2017 was related to fleet replacement of (\$5,295,014), the Sack Creek Drainage project (\$2,876,441), Fastracks Trails Project (\$1,313,149), and the McKay Bridge project (\$1,227,254).
- Proprietary capital assets increased by \$17,951,671 net of accumulated depreciation, with the largest increase occurring in construction in progress (\$16,038,369). The majority of the increase was related to costs associated with improvements to the West Sprat Platte Reservoir (\$5,717,574), the Thornton Water Treatment Plant replacement project (\$4,250,742), and the Northern Water Project (\$2,714,356). The second largest increase was in land, water and land rights (\$3,337,042) related to the Thornton Water Treatment Plant replacement project.

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

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land, water and land rights	\$ 49,277,635	\$ 48,839,244	\$ 201,720,850	\$ 198,383,808	\$ 250,998,485	\$ 247,223,052
Source of supply	-	-	118,615,009	118,596,142	118,615,009	118,596,142
Water treatment plant	-	-	57,121,601	58,859,228	57,121,601	58,859,228
Collection, transmission, & distribution	-	-	184,346,326	183,113,227	184,346,326	183,113,227
Streets, traffic, and engineering	172,076,011	166,005,011	-	-	172,076,011	166,005,011
Buildings, structures and improvements	44,756,428	45,613,582	11,981,758	12,324,292	56,738,186	57,937,874
Leisure areas and improvements	41,703,054	40,218,151	-	-	41,703,054	40,218,151
General equipment	22,327,784	17,672,907	6,261,244	6,856,789	28,589,028	24,529,696
Construction in progress	17,833,904	5,446,781	36,638,533	20,600,164	54,472,437	26,046,945
Total	<u>\$ 347,974,816</u>	<u>\$ 323,795,676</u>	<u>\$ 616,685,321</u>	<u>\$ 598,733,650</u>	<u>\$ 964,660,137</u>	<u>\$ 922,529,326</u>

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$91,310,000 (see Table 4). The City's debt represents certificates of participation of \$14,965,000 and revenue bonds of \$76,345,000. The revenue bonds outstanding are comprised of four issues: \$1,730,000 related to the 2010 Open Space and Parks Sales and Use Tax Revenue Refunding Bonds serviced by parks and open space sales tax, \$12,185,000 related to the Thornton Development Authority Tax Increment Revenue Refunding Bonds, Series 2015, serviced by 50% of the property tax increment and 50% of the general sales tax collected within the boundaries of that urban renewal plan area, \$26,340,000 related to the Thornton Development Authority Tax Increment Revenue Bonds, Series 2015B, serviced by 100% of the property tax increment and 100% of the general sales tax collected, net of other obligations, within the boundaries of that plan area, and \$36,090,000 related to Water Revenue Refunding Bonds supported by a pledge of charges for services of the Water Fund.

The City's total debt decreased by \$7,865,000 (7.9%) during the current fiscal year due to debt service payments throughout the year.

**City of Thornton, Colorado
Management's Discussion and Analysis
December 31, 2017**

Long-term debt (Continued)

In 2017, the Standard & Poor's rating on the Sales and Use Tax Bonds, Series 2010 was AA+; the Water Enterprise Revenue Refunding Bonds, Series 2013, was AA; on the Certificates of Participation was AA-, and on the Tax Increment Bonds, Series 2015 and 2015B, was A. In 2017, Moody's rated the Water Revenue Refunding Bonds Series 2013, Aa2, the Sales and Use Tax, Series 2010, and the Certificates of Participation, Aa3. The Tax Increment Bonds, Series 2015 and 2015B were not rated by Moody's.

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ 40,255,000	\$ 43,410,000	\$ 36,090,000	\$ 37,545,000	\$ 76,345,000	\$ 80,955,000
Certificates of participation	14,965,000	18,220,000	-	-	14,965,000	18,220,000
Total	<u>\$ 55,220,000</u>	<u>\$ 61,630,000</u>	<u>\$ 36,090,000</u>	<u>\$ 37,545,000</u>	<u>\$ 91,310,000</u>	<u>\$ 99,175,000</u>

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

Economic Factors and Next Year's Budgets and Rates

- The December 31, 2017 unemployment rate for the City was 3.0%, which is lower than last year. The City has the same unemployment rate as the state, is lower than the county's (Adams) rate of 3.3%, and lower than the national rate of 4.1%.
- The national inflation rate increased in 2017 to 2.1% from 1.3% in 2016. The Consumer Price Index for the Denver area increased in 2017 to 3.4% from 2.8% in 2016.
- In 2017, the City's occupancy rate is approximately 93.1% for retail space, 87.6% for office space and 94.2% for industrial space.
- The City's population has increased by 3,294 people.
- The City's yield on cash and investments increased slightly to 1.33% in 2017. The current projection for 2018's rate is 1.75%. The City invests available funds with safety as the primary goal.

All of these factors were considered in preparing the City's budget for the 2018 fiscal year.

Ending unassigned fund balance in the General Fund was \$9,613,998. Anticipated revenues and the use of this fund balance are expected to be adequate to fund necessary governmental operations and to keep the fund balance in harmony with the City Council's fund balance policy.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

City of Thornton, Colorado

Statement of Net Position December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 153,755,058	\$ 169,498,304	\$ 323,253,362
Receivables, net			
Taxes	28,502,664	-	28,502,664
Accounts	3,510,094	7,277,635	10,787,729
Interest and other	574,675	677,582	1,252,257
Internal balances	(107,910)	107,910	-
Inventory of supplies	76,812	-	76,812
Prepays and other assets	70,598	443	71,041
Land held for resale	543,098	142,379	685,477
Restricted assets			
Equity in pooled cash and investments	3,693,186	3,097,447	6,790,633
Capital assets			
Land, water rights, and construction in progress	67,111,539	356,974,392	424,085,931
Depreciable buildings, property, and equipment, net	280,863,277	259,710,929	540,574,206
Total assets	538,593,091	797,487,021	1,336,080,112
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	1,950,306	1,950,306
Deferred outflow to pension	1,623,920	-	1,623,920
Total deferred outflows of resources	1,623,920	1,950,306	3,574,226
LIABILITIES			
Accounts payable	13,368,771	4,630,631	17,999,402
Retainage payable	1,019,843	579,886	1,599,729
Accrued interest payable	211,661	113,054	324,715
Third party development advances	12,332,516	-	12,332,516
Unearned revenue	149,018	123,649	272,667
Other	3,912,640	177,735	4,090,375
Noncurrent liabilities			
Due within one year	11,078,795	4,891,230	15,970,025
Due in more than one year	57,323,543	38,277,304	95,600,847
Net OPEB obligation	2,771,000	-	2,771,000
Net pension liability	5,421,001	-	5,421,001
Total liabilities	107,588,788	48,793,489	156,382,277
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property tax	17,374,744	-	17,374,744
Deferred gain on refunding	42,006	-	42,006
Deferred inflows related to pensions	1,420	-	1,420
Total deferred inflows of resources	17,418,170	-	17,418,170
NET POSITION			
Net investment in capital assets	289,933,156	579,737,175	869,670,331
Restricted for			
Capital projects	6,073,518	-	6,073,518
Communications	672,266	-	672,266
Debt service	3,671,617	3,097,447	6,769,064
Emergencies	4,709,861	-	4,709,861
Parks and open space	24,899,679	-	24,899,679
Public safety	142,460	-	142,460
Other purposes	26,988	-	26,988
Unrestricted	85,080,508	167,809,216	252,889,724
Total net position	\$ 415,210,053	\$ 750,643,838	\$ 1,165,853,891

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

City of Thornton, Colorado

Statement of Activities For the year ended December 31, 2017

Functions / Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 20,448,504	\$ 4,730,914	\$ -	\$ -	\$ (15,717,590)		\$ (15,717,590)
Police	37,997,781	1,717,764	718,391	37,249	(35,524,377)		(35,524,377)
Fire	18,630,926	2,622,926	295,480	553,233	(15,159,287)		(15,159,287)
City development	17,902,336	7,540,989	487,383	-	(9,873,964)		(9,873,964)
Streets, traffic & engineering	33,403,367	-	4,784,426	20,760,551	(7,858,390)		(7,858,390)
Community services	32,313,390	3,038,920	36,341	5,832,774	(23,405,355)		(23,405,355)
Interest on long-term debt	2,442,527	-	-	-	(2,442,527)		(2,442,527)
Total governmental activities	163,138,831	19,651,513	6,322,021	27,183,807	(109,981,490)		(109,981,490)
Business-type:							
Water	35,762,949	45,776,729	-	25,921,840		35,935,620	35,935,620
Sewer	14,071,493	15,128,165	-	4,571,298		5,627,970	5,627,970
Sanitation	4,937,906	5,292,541	-	-		354,635	354,635
Total business-type activities	54,772,348	66,197,435	-	30,493,138		41,918,225	41,918,225
Total City of Thornton	\$ 217,911,179	\$ 85,848,948	\$ 6,322,021	\$ 57,676,945	(109,981,490)	41,918,225	(68,063,265)
General revenues:							
Sales and use taxes					104,489,333	-	104,489,333
Property taxes					14,798,204	-	14,798,204
Franchise taxes					5,809,945	-	5,809,945
E911 taxes					1,076,442	-	1,076,442
Other taxes					2,661,479	-	2,661,479
Earnings on investments					1,748,964	1,537,970	3,286,934
Gain on sale of capital assets					148,555	221,759	370,314
Miscellaneous					1,507,138	3,778,133	5,285,271
Total general revenues					132,240,060	5,537,862	137,777,922
Change in net position					22,258,570	47,456,087	69,714,657
Net position, January 1					392,951,483	703,187,751	1,096,139,234
Net position, December 31					\$ 415,210,053	\$ 750,643,838	\$ 1,165,853,891

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

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FUND FINANCIAL STATEMENTS

City of Thornton, Colorado

Balance Sheet Governmental Funds December 31, 2017

	General Fund	Governmental Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments				
Unrestricted	\$ 39,333,019	\$ 47,671,695	\$ 60,270,421	\$ 147,275,135
Restricted	-	-	3,693,186	3,693,186
Receivables, net				
Taxes	20,764,390	795,005	6,943,269	28,502,664
Accounts	2,119,498	1,033,497	142,840	3,295,835
Interest and other	110,984	189,297	248,467	548,748
Due from other funds	-	1,699,775	-	1,699,775
Inventory of supplies	76,812	-	-	76,812
Prepaid items and other assets	70,598	-	-	70,598
Advance to other funds	100,000	-	-	100,000
Land held for resale	-	-	543,098	543,098
Total assets	<u>\$ 62,575,301</u>	<u>\$ 51,389,269</u>	<u>\$ 71,841,281</u>	<u>\$ 185,805,851</u>
LIABILITIES				
Accounts payable	\$ 10,147,543	\$ 1,509,254	\$ 490,301	\$ 12,147,098
Retainage payable	-	719,179	300,664	1,019,843
Due to other funds	107,910	-	1,699,775	1,807,685
Third party development advances	-	10,906,019	1,426,497	12,332,516
Unearned revenue	139,418	-	9,600	149,018
Other	1,818,452	154,028	1,940,160	3,912,640
Total liabilities	<u>12,213,323</u>	<u>13,288,480</u>	<u>5,866,997</u>	<u>31,368,800</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>13,088,507</u>	<u>-</u>	<u>4,286,237</u>	<u>17,374,744</u>
Total deferred inflows	<u>13,088,507</u>	<u>-</u>	<u>4,286,237</u>	<u>17,374,744</u>
FUND BALANCES				
Nonspendable				
Advances	100,000	-	-	100,000
Inventories	76,812	-	-	76,812
Prepays	70,598	-	-	70,598
Restricted				
Parks and open space	-	-	24,899,679	24,899,679
Capital projects	-	-	6,073,518	6,073,518
Communications	672,266	-	-	672,266
Debt service	-	-	3,671,617	3,671,617
Emergencies - TABOR	4,709,861	-	-	4,709,861
Public safety	1,936	-	140,524	142,460
Other purposes	-	-	26,988	26,988
Committed				
Emergencies	22,028,000	-	-	22,028,000
Assigned				
Capital projects	-	38,100,789	25,486,713	63,587,502
Debt service	-	-	180,195	180,195
Land held for resale	-	-	543,098	543,098
Parks and open space	-	-	358,745	358,745
Other purposes	-	-	306,970	306,970
Unassigned	<u>9,613,998</u>	<u>-</u>	<u>-</u>	<u>9,613,998</u>
Total fund balances	<u>37,273,471</u>	<u>38,100,789</u>	<u>61,688,047</u>	<u>137,062,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,575,301</u>	<u>\$ 51,389,269</u>	<u>\$ 71,841,281</u>	<u>\$ 185,805,851</u>

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

City of Thornton, Colorado

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2017

Total fund balances for governmental funds (page 18) \$ 137,062,307

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. Those assets consist of:

Land and land rights	49,277,635
Construction in progress	17,833,904
Streets, Traffic & Engineering, net of \$228,880,223 accumulated depreciation	172,076,011
Buildings and improvements, net of \$29,501,847 accumulated depreciation	44,743,580
Leisure areas & improvements, net of \$42,828,511 accumulated depreciation	41,703,053
General equipment, net of \$25,831,643 accumulated depreciation	<u>20,682,225</u>

Total capital assets 346,316,408

Internal service funds are used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

2,371,974

Governmental funds report the effect of deferred charges on refunding debt when it is first issued, whereas these amounts are amortized over the life of the bonds in the government wide financial statements

(42,006)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at December 31, 2017 are:

Accrued interest on bonds and certificates of participation	(211,661)
Bonds payable, net of unamortized premium	(43,156,675)
Obligation under certificates of participation	(14,884,985)
Post employment benefits	(2,771,000)
Compensated absences	(5,675,808)
Net pension liability	<u>(5,421,001)</u>

Total long-term liabilities (72,121,130)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows relating to pensions	1,623,920
Deferred inflows relating to pensions	<u>(1,420)</u>

Total deferred items 1,622,500

Total net position governmental activities (page 14) \$ 415,210,053

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

City of Thornton, Colorado

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the year ended December 31, 2017

	General Fund	Governmental Capital Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Sales and use	\$ 75,550,014	\$ 8,863,314	\$ 20,076,005	\$ 104,489,333
Property	10,821,256	-	3,976,948	14,798,204
Franchise	5,809,945	-	-	5,809,945
E911	-	-	1,076,442	1,076,442
Other	2,661,479	-	-	2,661,479
Licenses and permits	7,623,869	-	-	7,623,869
Intergovernmental	6,244,316	3,261,086	5,323,933	14,829,335
Governmental grants	581,123	3,177,792	537,693	4,296,608
Charges for services	9,690,537	-	-	9,690,537
Fines and forfeitures	1,662,594	-	-	1,662,594
Lease	-	207,648	-	207,648
Investment earnings	315,972	670,660	762,332	1,748,964
Miscellaneous	913,578	349,338	118,009	1,380,925
	<u>121,874,683</u>	<u>16,529,838</u>	<u>31,871,362</u>	<u>170,275,883</u>
Total revenues				
EXPENDITURES				
Current				
General government	19,108,028	-	-	19,108,028
Police	36,305,515	-	-	36,305,515
Fire and ambulance	17,693,181	-	-	17,693,181
City development	9,265,248	-	-	9,265,248
Streets, traffic and engineering	11,562,412	1,268,138	693,987	13,524,537
Community services	20,472,485	-	81,028	20,553,513
Capital outlay	5,018,633	23,980,622	25,287,990	54,287,245
Debt service				
Principal retirement	-	3,255,000	3,155,000	6,410,000
Interest and bond fees	-	716,936	1,930,807	2,647,743
	<u>119,425,502</u>	<u>29,220,696</u>	<u>31,148,812</u>	<u>179,795,010</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>2,449,181</u>	<u>(12,690,858)</u>	<u>722,550</u>	<u>(9,519,127)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,455,000	-	1,843,637	9,298,637
Transfers out	(42,837)	-	(9,255,800)	(9,298,637)
Sale of general capital assets	76,560	179,371	-	255,931
	<u>7,488,723</u>	<u>179,371</u>	<u>(7,412,163)</u>	<u>255,931</u>
Total other financing sources (uses)				
Net change in fund balances	9,937,904	(12,511,487)	(6,689,613)	(9,263,196)
Fund balances, January 1	27,335,567	50,612,276	68,377,660	146,325,503
Fund balances, December 31	<u>\$ 37,273,471</u>	<u>\$ 38,100,789</u>	<u>\$ 61,688,047</u>	<u>\$ 137,062,307</u>

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

City of Thornton, Colorado

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended December 31, 2017

Net change in fund balances - total governmental funds (page 20) \$ (9,263,196)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlays (\$29,653,784) less work in progress deletions (\$27,006), exceeded depreciation (\$20,527,940) in the current period. 9,098,838

The net effect of various miscellaneous transactions involving capital assets is to increase net position (contributions of \$14,865,587 plus the gain of \$148,555 less the revenue recognized at the fund level of \$255,931 on the sale of capital assets. 14,758,211

Repayment of bond and lease principal is reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities on the Statement of Net Position, so this transaction has no effect on net position.

Repayments:

To bond holders	3,155,000	
To Capital Asset Finance Corporation for certificates of participation	3,255,000	
Net adjustment		6,410,000

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 168,264

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes:

Adjustment to net post employment benefit obligation	(176,000)	
Adjustment to compensated absences	140,201	
Accrued interest on bonds	36,952	
Combined adjustment		1,153

City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is a change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities. 493,798

Internal service funds are used by the City to account for the financing of goods or services provided by one department or agency to other departments or agencies. The net revenues of the internal service funds are reported with governmental activities. 591,502

Change in net position governmental activities (page 15) \$ 22,258,570

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

City of Thornton, Colorado

Statement of Net Position Proprietary Funds December 31, 2017

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Other Enterprise Funds	
ASSETS				
Current assets				
Equity in pooled cash and investments - unrestricted	\$ 146,307,415	\$ 16,174,235	\$ 7,016,654	\$ 169,498,304
Equity in pooled cash and investments - restricted	3,097,447	-	-	3,097,447
Receivables, net				
Accounts	4,739,733	2,043,621	494,281	7,277,635
Interest and other	460,519	52,900	22,090	535,509
Due from other funds	-	-	107,910	107,910
Prepays and other assets	272	171	-	443
Land held for resale	142,379	-	-	142,379
Total current assets	154,747,765	18,270,927	7,640,935	180,659,627
Noncurrent assets				
Loan receivable, net of current portion	142,073	-	-	142,073
Capital assets				
Land and water rights	201,664,920	55,930	-	201,720,850
Source of supply	118,615,009	-	-	118,615,009
Water treatment plant	83,708,473	-	-	83,708,473
Collection, transmission, and distribution	216,400,152	80,853,935	-	297,254,087
Transportation equipment	2,002,084	1,201,866	4,319,657	7,523,607
General equipment	8,532,016	1,377,853	634,639	10,544,508
Buildings and improvements	19,135,953	2,095,443	359,559	21,590,955
Less accumulated depreciation	(115,245,457)	(42,866,284)	(2,798,960)	(160,910,701)
Construction in progress	24,902,925	11,595,897	139,711	36,638,533
Total noncurrent assets	559,858,148	54,314,640	2,654,606	616,827,394
Total assets	714,605,913	72,585,567	10,295,541	797,487,021
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,950,306	-	-	1,950,306
Total deferred outflows of resources	1,950,306	-	-	1,950,306

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

	Business-type Activities Enterprise Funds				Governmental Activities
	Other Enterprise Funds			Total	Internal Service Funds
	Water	Sewer			
LIABILITIES					
Current liabilities					
Accounts payable	\$ 2,691,372	\$ 1,743,173	\$ 196,086	\$ 4,630,631	\$ 1,221,673
Retainage payable	331,595	248,291	-	579,886	-
Other	3,153,235	-	-	3,153,235	-
Unearned revenue	123,649	-	-	123,649	-
Payable from restricted assets					
Accrued bond interest payable	113,054	-	-	113,054	-
Revenue bonds payable	1,500,000	-	-	1,500,000	-
Compensated absences	372,507	21,737	21,486	415,730	55,999
Outstanding reserves and incurred but not reported claims	-	-	-	-	2,152,671
Total current liabilities	8,285,412	2,013,201	217,572	10,516,185	3,430,343
Long-term liabilities					
Revenue bonds payable, excluding current portion, net of other unamortized costs	37,398,452	-	-	37,398,452	-
Compensated absences	269,441	8,181	55,628	333,250	263,589
Advances from other funds	-	-	-	-	100,000
Other obligations	545,602	-	-	545,602	-
Outstanding reserves and incurred but not reported claims	-	-	-	-	2,212,611
Total long-term liabilities	38,213,495	8,181	55,628	38,277,304	2,576,200
Total liabilities	46,498,907	2,021,382	273,200	48,793,489	6,006,543
NET POSITION					
Net investment in capital assets	522,767,929	54,314,640	2,654,606	579,737,175	1,658,408
Restricted for debt service	3,097,447	-	-	3,097,447	-
Unrestricted	144,191,936	16,249,545	7,367,735	167,809,216	713,566
Total net position	\$ 670,057,312	\$ 70,564,185	\$ 10,022,341	\$ 750,643,838	\$ 2,371,974

City of Thornton, Colorado

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the year ended December 31, 2017

	Business-type Activities Enterprise Funds			Governmental Activities
	Water	Sewer	Other Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services pledged for debt	\$ 45,776,729	\$ -	\$ -	\$ 45,776,729
Charges for services	-	15,128,165	5,292,541	20,420,706
Miscellaneous revenue	161,602	113,909	13,548	289,059
Interfund services	-	-	-	18,097,035
Total operating revenues	45,938,331	15,242,074	5,306,089	66,486,494
OPERATING EXPENSES				
Source of supply	6,001,553	-	-	6,001,553
Water treatment	9,043,175	-	-	9,043,175
Collection, transmission distribution, and trash removal	4,474,609	2,176,938	2,673,777	9,325,324
Sewage treatment-Metro Wastewater	-	8,304,959	-	8,304,959
Insurance premiums	-	-	-	887,136
Claims and reserves for claims	-	-	-	3,929,640
Other operating expenses	1,478,009	149,636	836,501	2,464,146
Administration	6,432,171	1,358,470	928,025	8,718,666
Depreciation	6,987,254	2,081,490	499,603	9,568,347
Total operating expenses	34,416,771	14,071,493	4,937,906	53,426,170
Operating income	11,521,560	1,170,581	368,183	13,060,324
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on sale (disposal) of capital assets	191,878	6,692	23,189	221,759
Interest income	1,275,737	189,638	72,595	1,537,970
Interest and bond amortization expense	(1,346,178)	-	-	(1,346,178)
Miscellaneous, net	3,483,871	5,203	-	3,489,074
Total nonoperating revenues	3,605,308	201,533	95,784	3,902,625
Income before capital contributions and transfers	15,126,868	1,372,114	463,967	16,962,949
Capital contributions	25,921,840	4,571,298	-	30,493,138
Change in net position	41,048,708	5,943,412	463,967	47,456,087
Net position, January 1	629,008,604	64,620,773	9,558,374	703,187,751
Net position, December 31	\$ 670,057,312	\$ 70,564,185	\$ 10,022,341	\$ 750,643,838

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

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City of Thornton, Colorado

Statement of Cash Flows Proprietary Funds For the year ended December 31, 2017

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Sewer	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and others	\$ 45,176,938	\$ 14,712,883	\$ 5,257,903	\$ 65,147,724
Receipts from interfund services	-	-	-	18,086,178
Payments to suppliers	(17,285,827)	(10,681,394)	(2,594,384)	(30,561,605)
Payments to employees	(8,749,644)	(1,006,549)	(1,837,181)	(11,593,374)
Net cash provided by operating activities	19,141,467	3,024,940	826,338	22,992,745
				824,101
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant	201,234	-	-	201,234
Repayment from other funds	-	-	110,069	110,069
Receipts from nonoperating leases	3,313,040	-	-	3,313,040
Net cash provided by noncapital financing activities	3,514,274	-	110,069	3,624,343
				-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases and construction of capital assets	(14,970,544)	(6,420,357)	(360,783)	(21,751,684)
Proceeds from sale of capital assets	206,467	7,335	23,189	236,991
Principal paid on bonds and other obligations	(1,455,000)	-	-	(1,455,000)
Interest and fees paid on capital debt	(1,400,544)	-	-	(1,400,544)
Capital contributions	22,215,890	2,167,110	-	24,383,000
Net cash provided by (used in) capital and related financing activities	4,596,269	(4,245,912)	(337,594)	12,763
				(698,451)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	103,695,000	12,474,309	5,540,601	121,709,910
Purchases of investments	(109,840,644)	(9,401,715)	(5,219,988)	(124,462,347)
Interest on investments	1,244,545	216,255	72,809	1,533,609
Net cash provided by (used in) investing activities	(4,901,099)	3,288,849	393,422	(1,218,828)
				712,663
Net increase in cash and cash equivalents	22,350,911	2,067,877	992,235	25,411,023
Cash and cash equivalents, Jan. 1	10,517,708	1,493,220	551,396	12,562,324
Cash and cash equivalents, Dec. 31	\$ 32,868,619	\$ 3,561,097	\$ 1,543,631	\$ 37,973,347
				\$ 1,279,213
Cash and cash equivalents	\$ 32,868,619	\$ 3,561,097	\$ 1,543,631	\$ 37,973,347
Investments	116,536,243	12,613,138	5,473,023	134,622,404
Total cash and investments	\$ 149,404,862	\$ 16,174,235	\$ 7,016,654	\$ 172,595,751
				\$ 6,479,923
Equity in pooled cash and investments	\$ 146,307,415	\$ 16,174,235	\$ 7,016,654	\$ 169,498,304
Restricted cash and investments	3,097,447	-	-	3,097,447
Total cash and investments	\$ 149,404,862	\$ 16,174,235	\$ 7,016,654	\$ 172,595,751
				\$ 6,479,923

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

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Sewer	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 11,521,560	\$ 1,170,581	\$ 368,183	\$ 13,060,324	\$ 499,985
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	6,987,254	2,081,490	499,603	9,568,347	373,517
Miscellaneous receipts	167,690	5,203	-	172,893	20,463
Change in assets and liabilities:					
Increase in accounts receivable, net	(981,763)	(527,696)	(48,185)	(1,557,644)	(11,320)
Decrease in loans receivable	41,165	-	-	41,165	-
Increase in other assets	(272)	(171)	-	(443)	-
Increase (decrease) in accounts payable	1,425,832	305,179	15,529	1,746,540	(509,433)
Increase (decrease) in other liabilities	(31,515)	(9,646)	(8,792)	(49,953)	450,889
Increase in unearned revenue	11,516	-	-	11,516	-
Net cash provided by operating activities	<u>\$ 19,141,467</u>	<u>\$ 3,024,940</u>	<u>\$ 826,338</u>	<u>\$ 22,992,745</u>	<u>\$ 824,101</u>

NON-CASH TRANSACTIONS:

Water and sewer lines contributed by developers	\$ 3,705,950	\$ 2,404,188	\$ -	\$ 6,110,138	\$ -
Decrease in the fair value of investments	(517,234)	(19,346)	(18,955)	(555,535)	(28,639)
Bond amortization premiums	50,728	-	-	50,728	-
Loss on disposal of capital assets	(14,589)	(643)	-	(15,232)	(2,842)

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

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

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

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

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

2. Basis of Presentation

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

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation (Continued)

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund type:

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

3. Measurement Focus, Basis of Accounting

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end, with the exception of grants, for revenue where all eligibility requirements have been met and revenue is collected within 120 days, sales tax, for which revenues collected and held by vendors at year end on behalf of the City is recognized as revenue if collected within thirty days after year end, and property taxes, for which revenues collected within thirty days after year end are recognized.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting (Continued)

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

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

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

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

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

4. Budgets and Budgetary Accounting

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

- a. The City Manager submits to the Mayor and the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures of all funds and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to the end of the fiscal year, the budget for the next fiscal year is legally adopted through passage of a resolution. An appropriation ordinance, based on the adopted budget, is enacted on or before the last day of December.
- d. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- e. The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for each fund in total. All appropriations for operating budgets lapse at year end.
- f. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are legally adopted for most governmental funds. In any given year, an individual fund may not be budgeted if expenditures for the year are not anticipated. In 2017, all governmental funds had legally adopted annual budgets. Notes 4g. and 4h. explain funds with budgets that are on a non-GAAP basis. Note 4i. explains budgetary practices for capital project funds/accounts.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets and Budgetary Accounting (Continued)

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

In 2017, five budget amendments were approved by ordinance or resolution. The effect of these amendments was an overall increase in appropriations of \$11,116,832, broken down by fund type as follows:

General Fund	\$ 761,895
Special Revenue Funds	1,900,000
Capital Projects Funds	6,605,046
Enterprise Funds	1,811,113
Internal Service Funds	38,778
	<u>\$ 11,116,832</u>

5. Investments

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

6. Receivables and Payables

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

7. Inventories

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Construction Advances

Third party development advances for construction represent the deposits made by developers for specific improvements to be made either by a developer or the City at a future date. If the developer completes the improvement, then the deposit is returned to the developer upon satisfactory completion. If the City completes the improvement, then the deposit is used towards the cost of the improvement. The City recognizes revenue for these deposits when it is determined that the City, and not a developer, will incur the costs of the improvements, and the deposit will not be returned to the developer.

9. Capital Assets

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

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

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

<u>Asset Class</u>	<u>Estimated useful life</u>
Infrastructure	5-75 years
Buildings, Structures and improvements	10-50 years
Leisure Areas and improvements	5-50 years
Collection, transmission, and distribution	7-50 years
Equipment	2-30 years

10. Compensated Absences

Eligible City employees earn vacation leave at a variable rate, dependent on years of service, and sick leave at the rate of 8 hours per month. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Accumulated vacation leave cannot exceed 240 hours at the end of the year and any excess cannot be carried forward to the next year unless pre-authorized by the City Manager. For employees hired before January 1, 1995, all sick leave earned prior to December 31, 2002 is compensable. After 20 years of service or at age 62 and 10 years of service, 100% of the unused sick leave over 384 hours plus accumulated vacation leave are paid upon termination, retirement or death. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances, as described above. Compensated absences are liquidated by the respective fund where the liability was originally accrued.

11. Long-Term Obligations

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

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Long-Term Obligations (Continued)

GASB 49 addresses accounting and financial reporting for pollution remediation obligations. The Thornton Development Authority, a component unit of the City, owns property which falls under voluntary remediation and had a plan with the State to actively treat subsurface contamination. The total amount spent as of year end 2010 on remediation was \$1,437,056. In 2010, the City received approval from the State to stop remediation and move to monitoring only. The City has spent a total of \$225,384 as of year-end 2017 for monitoring.

12. Fund Equity

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

Nonspendable fund balances indicate amounts that cannot be spent either due to form (for example inventories or prepaids) or due to legal or contractual requirements. Restricted fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority (ordinance). It would require an ordinance by the City Council to remove or change the constraints placed on the resources. Assigned fund balances are established by City Council by resolution and as intended for a specific purpose (such as the purchase of capital assets, construction, or debt service). Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

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

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

13. Interfund Transactions

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

14. Statement of Cash Flows

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

15. Contraband Forfeitures

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

16. Use of Estimates

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Sales Tax

As a home rule city, Thornton collects its own sales taxes. Within the general government, the ten largest retailers remit approximately 46% of the sales tax collected.

18. Deferred Outflows and Deferred Inflows of Resources

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

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

19. Implementation of New GASB Statements

The following statements issued by the Governmental Accounting Standards Board (GASB) effective 2017, did not require a change to reporting of current or past transactions. GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets – this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans – this statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 80, Blending Requirements for Certain Component Units – this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 81, Irrevocable Split-Interest Agreements – this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement 82, Pension Issues – this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

20. Jointly Governed Organization

Woman Creek Reservoir Authority. The City participates as an equal partner with the Cities of Northglenn and Westminster in the operation of the Woman Creek Reservoir Authority. It has no financial interest in the Authority. The Authority began operation in 1996 with funding from a grant by the federal government's Environmental Protection Agency. The grant's purpose was to supply sufficient funds to mitigate and/or clean up any hazardous effects to the water supply of the three cities from the previous production of nuclear weapons at the Rocky Flats facility located near the Woman Creek Reservoir. The Authority contracted with the Church Ditch Water Authority to supply maintenance and monitoring services for the reservoir. Copies of the Woman Creek Reservoir Authority's financial statements may be obtained from the City of Westminster, Finance Department, 4800 West 92nd Avenue, Westminster, Colorado 80031.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Compliance with Finance-Related Legal and Contractual Provisions

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE C - DEPOSITS AND INVESTMENTS

1. Equity in Pooled Cash and Investments

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

2. Deposits

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

At December 31, 2017, the City's deposits had a carrying amount of \$1,163,150 and a bank balance of \$10,023,053. Of the bank balance, \$1,000,000 was covered by federal depository insurance. The remainder of the bank balance, \$9,023,053, was uninsured and collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

3. Investments

The City's Charter allows investment in one or more of the securities permitted by the statutes of Colorado for the investment of state funds or municipal funds, bonds payable out of the revenues of any service or facility furnished by the City, or in general obligation bonds of the City. The City's internal investment policy further restricts investments to the following securities: United States Treasury, Government Sponsored Enterprises, State & Local Government taxable general or revenue obligations, Corporate Bonds and Commercial Paper, Local Government Investment Pools, Money Market Mutual Funds, Repurchase Agreements, Reverse Repurchase Agreements, Securities Lending Agreements, and Deposits in State or Nationally Chartered Depository Institutions. Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below. At December 31, 2017, the City had the following investments and maturities:

Investment Type	Fair Value	< 1 Year	2-3 Years	4-5 Years
U.S. Government Treasuries	\$ 49,654,493	\$ 9,990,625	\$ 24,845,313	\$ 14,818,555
Corp Bonds	33,584,956	4,999,005	28,585,951	-
U.S. Government Agencies	174,442,795	29,008,327	61,296,600	84,137,868
Local Gov't Investment Pools	71,198,601	71,198,601	-	-
Total	<u>\$ 328,880,845</u>	<u>\$ 115,196,558</u>	<u>\$ 114,727,864</u>	<u>\$ 98,956,423</u>

Unrealized gains or losses resulting from changes in the fair value of the investment portfolio are recognized as increases to or reductions from interest income in the financial statements. The only time a realized gain or loss is recognized on investment transactions is when they are sold prior to their stated maturity. Present cash flow needs of the City are being met without premature liquidation of investments. The City generally holds investments until maturity and redeems them at par. The City has no unfunded commitments related to these investments and there are no withdrawal restrictions.

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

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

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

Level 3: Unobservable inputs for an asset or liability

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

3. Investments (Continued)

There have been no significant changes in the valuation techniques during the year ended December 31, 2017. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At December 31, 2017, U.S. Government Treasuries, Corporate Securities and U.S. Government Agencies, are classified within Level 1 hierarchy. Participant balances in the Local government pools Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust) are stated at net asset value. The underlying securities in CSAFE are measured at amortized cost and are so close to fair value when measured at amortized cost that they are generally equivalent. Securities in Colotrust, other than agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities, repurchase agreements are recorded at cost, which approximates fair value.

Interest Rate Risk – The City's internal investment policy is designed to reduce interest rate risk. The maximum duration of the portfolio is limited to 4.0 years. At December 31, 2017, the weighted-average maturity of the City's portfolio was 30.2 months.

Credit Risk – The City minimizes credit risk, the risk of loss due to the failure of the security issuers or banker, by diversifying the investment portfolio so that potential losses on individual securities are minimized and by limiting investments to specified credit ratings. No security may be purchased unless the security is rated AA-/Aa3 or better by Standard & Poor's and Moody's respectively. As of December 31, 2017, the City's investment in U.S. Treasuries, FHLB, FFCB, FNMA, FHLMC, and Corporates were all rated AA- or better by Standard & Poor's and Aa3 or better by Moody's.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the entity will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2017, no investments were held by a counterparty, and all investments were registered in the City's name.

Concentration of Credit Risk – The City's internal investment policy limits the amount the City may invest in one issuer except for U.S. Treasuries, which are unlimited because they are backed by the full faith and credit of the U.S. Government. No more than 5% of the portfolio may be invested in a single corporation and no more than 30% may be invested in a single government sponsored enterprise. As of December 31, 2017, the City's investment in U.S. Treasuries was 15.1%, FHLB was 15.1%, FFCB was 16.5%, FNMA was 14.0%, FHLMC was 6.0%, TVA was 1.5%, Corporate Bonds was 10.2%, Local Government Investment Pools were 21.6%.

Local Government Investment Pools – As of December 31, 2017, the City had \$67,533,374 invested in Colotrust and \$3,665,227 invested in CSAFE. These investment vehicles were established for local government entities in Colorado to pool surplus resources; it is overseen by the Colorado Securities Commissioner and governed by CRS 24-75-701. A designated custodial bank provides safekeeping and depository services. The custodian's internal records identify the investments owned by the participating governments. Both pools operate similarly to a money market fund and each share is equal to \$1.00 in value. Colotrust and CSAFE are rated AAAm by Standard & Poor's.

NOTE D - PROPERTY TAXES AND RECEIVABLES

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

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

Ambulance receivables and revenues are reported net of contractual allowances and uncollectible amounts. As of December 31, 2017, total accounts receivable were \$1,273,038 with an allowance for bad debt of \$207,231. Write-offs, which include contractual allowances and uncollectible amounts related to the current period, are \$3,434,626.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning balances	Additions & transfers	Deletions & transfers	Ending balances
Governmental activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 48,839,244	\$ 438,391	\$ -	\$ 49,277,635
Construction in progress	5,446,781	14,789,006	(2,401,883)	17,833,904
Total capital assets not being depreciated	54,286,025	15,227,397	(2,401,883)	67,111,539
Capital assets being depreciated:				
Streets, traffic, and engineering	382,939,841	18,016,393	-	400,956,234
Buildings and improvements	73,478,800	785,097	-	74,263,897
Leisure areas and improvements	79,919,674	4,758,830	(146,939)	84,531,565
General equipment	42,865,533	8,819,572	(1,826,940)	49,858,165
Total capital assets being depreciated	579,203,848	32,379,892	(1,973,879)	609,609,861
Less accumulated depreciation for:				
Streets, traffic, and engineering	216,934,830	11,945,393	-	228,880,223
Buildings and improvements	27,865,218	1,642,251	-	29,507,469
Leisure areas and improvements	39,701,523	3,257,012	(130,024)	42,828,511
General equipment	25,192,626	4,071,391	(1,733,636)	27,530,381
Total accumulated depreciation	309,694,197	20,916,047	(1,863,660)	328,746,584
Total capital assets being depreciated, net	269,509,651	11,463,845	(110,219)	280,863,277
Governmental activity capital assets, net	\$ 323,795,676	\$ 26,691,242	\$ (2,512,102)	\$ 347,974,816
Business-type activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 198,383,808	\$ 3,342,243	\$ (5,201)	\$ 201,720,850
Source of supply	118,596,142	18,867	-	118,615,009
Construction in progress	20,600,164	19,604,569	(3,566,200)	36,638,533
Total capital assets not being depreciated	337,580,114	22,965,679	(3,571,401)	356,974,392
Capital assets being depreciated:				
Water treatment plant	83,708,473	-	-	83,708,473
Collection, transmission, and distribution	289,773,736	7,520,772	(40,421)	297,254,087
Transportation equipment	7,231,153	644,721	(352,267)	7,523,607
General equipment	10,522,851	34,879	(13,222)	10,544,508
Buildings and improvements	21,631,963	-	(41,008)	21,590,955
Total capital assets being depreciated	412,868,176	8,200,372	(446,918)	420,621,630
Less accumulated depreciation for:				
Water treatment plant	24,849,245	1,737,627	-	26,586,872
Collection, transmission, and distribution	106,660,509	6,287,415	(40,163)	112,907,761
Transportation equipment	3,760,651	665,987	(278,536)	4,148,102
General equipment	7,136,564	534,784	(12,579)	7,658,769
Buildings and improvements	9,307,671	342,534	(41,008)	9,609,197
Total accumulated depreciation	151,714,640	9,568,347	(372,286)	160,910,701
Total capital assets being depreciated, net	261,153,536	(1,367,975)	(74,632)	259,710,929
Business-type capital assets, net	\$ 598,733,650	\$ 21,597,704	\$ (3,646,033)	\$ 616,685,321

Government-type activities additions and transfers includes the transfer of an asset from business activities in the following category: transportation equipment valued at \$14,590 with accumulated depreciation of \$14,590.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE E - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/activities as follows:

<u>Governmental activities:</u>	
General government	\$ 1,072,331
Police	1,615,561
Fire	672,877
City development	350,362
Streets, traffic & engineering	12,801,713
Community services	4,015,096
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.	<u>373,517</u>
Total governmental activities depreciation	20,901,457
Add accumulated depreciation for transportation equipment transferred into General Fund (net)	<u>14,590</u>
Additions and transfers per Note E for accumulated depreciation for government activities	<u><u>\$ 20,916,047</u></u>
<u>Business-type activities:</u>	
Water	\$ 6,987,254
Sewer	2,081,490
Sanitation	<u>499,603</u>
Total business-type activities depreciation	<u><u>\$ 9,568,347</u></u>

NOTE F – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The outstanding interfund balance consists of a payable in the amount of \$107,910 in the General Fund due to the Sanitation Fund, to be paid in 2018, related to an advance recorded in 2014, and an outstanding balance in the amount of \$1,699,775 related to an advance in the Parks and Open Space Fund due to the Governmental Capital Fund that was recorded in 2015.

The outstanding interfund receivable and payable balance of \$100,000 in the Consolidated Service Center Fund due to the General Fund is for a long term capital loan between funds for the year ended December 31, 2017.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) to close an existing fund, or (4) to move funds related to a prior year expense error. The composition of transfers at December 31, 2017 is as follows:

Transfers out:	Transfers in:		
	General	Government Non Major	Total
General	\$ -	\$ 42,837	\$ 42,837
Government Non-Major	7,455,000	1,800,800	9,255,800
	<u>\$7,455,000</u>	<u>\$1,843,637</u>	<u>\$ 9,298,637</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE G - LONG-TERM DEBT

1. Bonds Payable

Bonds payable at December 31, 2017 are comprised of:

Revenue Bonds

\$39,380,000, April 29, 2013 Water Enterprise Revenue Refunding Bonds, Series 2013, annual installments of \$1,500,000 to \$2,765,000 through December 1, 2034, interest at 3.00% to 5.00%

\$ 36,090,000

Plus unamortized premium

2,808,452

\$ 38,898,452

At December 31, 2017, deferred charges were \$1,950,306 for the Water Enterprise Revenue Refunding Bonds.

Tax Increment Bonds

\$13,900,000, September 22, 2015 Thornton Development Authority (component unit) Tax Increment Revenue Refunding Bonds, Series 2015, annual installments of \$905,000 to \$1,365,000 through December 1, 2028, interest at 2.00% to 5.00% (This issue will be serviced solely by 50% of the property tax increment and 50% of the sales tax collected within the boundaries of the North Washington Street Corridor Area. Although the obligation is reported within the governmental activities funds, it is neither a general nor a limited obligation of the City). For the year ended December 31, 2017 sales and property taxes were \$6,632,204, principal and interest paid were \$865,000, and \$540,963 respectively.

\$ 12,185,000

\$27,580,000, December 2, 2015 Thornton Development Authority (component unit) Tax Increment Revenue Bonds, Series 2015B, annual installments of \$645,000 to \$2,170,000 through December 1, 2037, interest at 2.00% to 5.00% (This issue will be serviced solely by 100% of the property tax increment and sales tax collected, net other obligations, within the boundaries of the East 144th Ave. and I-25 Area. Although the obligation is reported within the governmental activities funds, it is neither a general nor a limited obligation of the City). For the year ended December 31, 2017 sales and property taxes were \$2,795,074, principal and interest paid were \$625,000, and \$1,183,944 respectively.

26,340,000

Plus unamortized premium

2,792,224

\$ 41,317,224

At December 31, 2017, the deferred gain was \$42,006 for the Tax Increment Revenue Refunding Bonds.

Sales and Use Tax Bonds

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

\$ 1,730,000

Plus unamortized premium

109,451

\$ 1,839,451

There are limitations and restrictions in the various bond indentures. As of December 31, 2017 the City believes it is in compliance with all significant limitations and restrictions.

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE G - LONG-TERM DEBT (CONTINUED)

2. Certificates of Participation

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

The 2007 Amended and Restated Master Lease Purchase Agreement totaling \$32,820,000, is due in annual installments of \$2,765,000 to \$3,230,000 through December 1, 2022 with interest at 3.88% to 4.00% and currently amounts to \$14,965,000. The 2007 Amended and Restated Lease Agreement discount was \$80,015 at December 31, 2017.

3. Other Obligations

In 1986, the City entered into a settlement agreement with the Water Supply and Storage Company ("the Company"), a mutual ditch company. Among the terms and conditions of the settlement, the City agreed to make certain capital contributions to the Company in the form of direct payments in the years 1987, 1988, and 1989, and committed to contribute an additional \$5,000,000 toward future mutually beneficial capital projects or improvements to the system. As of December 31, 2017 the remaining amount owed under this portion of the agreement is \$3,521,102, (\$2,975,500 due within one year). This balance does not accrue interest and is not required to be paid before any specific date in accordance with the agreement.

4. Leases

Operating Leases

The government leases a milling machine used for street operations. The Information Technology Fund (an internal service fund) leases multi-function printers, copiers, scanners, and fax machines used by City departments. Total costs for the leases were \$96,448 for the government, \$148,644 for Information Technology, and \$1,214 for Reprographics for the year ended December 31, 2017. The Reprographics lease ended in 2017. The table below presents the future minimum lease payments by year for each of these leases:

Year Ended	Information Technology	
December 31	Government	Fund
2018	\$ 96,448	\$ 148,644
2019	96,448	148,644
2020	-	37,161
	<u>\$ 192,896</u>	<u>\$ 334,449</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE G - LONG-TERM DEBT (CONTINUED)

5. Long-Term Obligation Activity

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due within one year
<u>Governmental activities:</u>					
Sales and use tax bonds	\$ 3,395,000	\$ -	\$ 1,665,000	\$ 1,730,000	\$ 1,730,000
Tax increment bonds	40,015,000	-	1,490,000	38,525,000	1,550,000
Add: unamortized premium	3,215,268	-	313,593	2,901,675	-
Total bonds payable	46,625,268	-	3,468,593	43,156,675	3,280,000
Certificates of participation	18,220,000	-	3,255,000	14,965,000	2,765,000
Less unamortized discount	(96,018)	-	(16,003)	(80,015)	-
Compensated absences:					
Government	5,816,009	4,079,057	4,219,258	5,675,808	2,825,125
Internal service	339,851	317,024	337,287	319,588	55,999
Risk	3,894,130	3,929,640	3,458,488	4,365,282	2,152,671
Governmental activities:					
Total long-term liabilities	<u>\$ 74,799,240</u>	<u>\$ 8,325,721</u>	<u>\$ 14,722,623</u>	<u>\$ 68,402,338</u>	<u>\$ 11,078,795</u>
<u>Business-type activities:</u>					
Revenue bonds	\$ 37,545,000	\$ -	\$ 1,455,000	\$ 36,090,000	\$ 1,500,000
Add: unamortized premium	2,974,469	-	166,017	2,808,452	-
Total bonds payable	40,519,469	-	1,621,017	38,898,452	1,500,000
Compensated absences	828,333	587,317	666,670	748,980	415,730
Other	3,521,102	-	-	3,521,102	2,975,500
Business-type activities:					
Total long-term liabilities	<u>\$ 44,868,904</u>	<u>\$ 587,317</u>	<u>\$ 2,287,687</u>	<u>\$ 43,168,534</u>	<u>\$ 4,891,230</u>

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

6. Debt Service Requirements

Debt service requirements on long-term debt at December 31, 2017 are as follows:

Year ending Dec 31,	GOVERNMENTAL ACTIVITIES						BUSINESS-TYPE ACTIVITIES	
	Sales and use tax bonds		Tax increment bonds		Certificates of participation		Revenue bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,730,000	\$ 69,200	\$ 1,550,000	\$ 1,671,556	\$ 2,765,000	\$ 591,550	\$ 1,500,000	\$ 1,356,644
2019	-	-	1,590,000	1,627,656	2,875,000	484,406	1,560,000	1,296,644
2020	-	-	1,640,000	1,577,456	2,990,000	373,000	1,620,000	1,234,244
2021	-	-	1,705,000	1,511,856	3,105,000	253,400	1,700,000	1,153,244
2022	-	-	1,765,000	1,450,756	3,230,000	129,200	1,785,000	1,068,244
2023-2027	-	-	11,085,000	5,895,280	-	-	10,245,000	4,033,568
2028-2032	-	-	9,305,000	3,389,158	-	-	12,240,000	2,036,324
2033-2037	-	-	9,885,000	1,397,688	-	-	5,440,000	266,663
	<u>\$ 1,730,000</u>	<u>\$ 69,200</u>	<u>\$ 38,525,000</u>	<u>\$ 18,521,406</u>	<u>\$ 14,965,000</u>	<u>\$ 1,831,556</u>	<u>\$ 36,090,000</u>	<u>\$ 12,445,575</u>

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE G - LONG-TERM DEBT (CONTINUED)

7. Revenues Pledged for Debt Service

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$39,380,000 in water revenue refunding bonds. Proceeds from the bonds were used for rejuvenation of the water treatment facilities, improving and expanding water storage, and various other projects. The bonds are payable solely from water customer net revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require less than 13% of net revenues. The total principal and interest remaining to be paid on the bonds is \$48.5 million. For the year ended December 31, 2017 net available revenues were \$45,423,397, principal and interest paid were \$1,455,000, and \$1,400,294 respectively.

The City has pledged revenues consisting of the Open Space Sales and Use Tax Revenues and the General Sales and Use Tax Revenues, including investment income thereon to repay \$12,170,000 in Open Space and Parks Sales and Use Tax Revenue Refunding Bonds payable through 2018. The total principal and interest remaining to be paid on the bonds is \$1.8 million. For the year ended December 31, 2017 sales taxes were \$91,378,445, principal and interest paid were \$1,665,000, and \$135,800 respectively.

NOTE H - UNEARNED REVENUE

The General Fund includes unearned revenue of \$139,418, which is related to funds received for the future dissolution of a metropolitan district. The Open Space Fund has \$9,600 for a property lease. The Water Fund has \$123,649 for water and farm leases.

NOTE I - RETIREMENT PLANS

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

In early 2017, City Council passed a resolution to reaffiliate with the Fire and Police Pension Association (FPPA), a multiple-employer defined benefit plan. Sworn police and firefighters hired before July 10, 2017 were given the option to remain in the City's local money purchase plan or reenter FPPA. Sworn police and firefighters hired on or after July 10, 2017 are enrolled in the FPPA Statewide Defined Benefit plan (SWDB).

At December 31, 2017, the City reported the following aggregate amounts related to the FPPA plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net pension liabilities	\$ 5,421,001
Deferred outflows of resources	1,623,920
Deferred inflows of resources	1,420
Pension expense	(493,798)

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

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I - RETIREMENT PLANS (CONTINUED)

A description of each plan and selected financial information follows.

1. Defined Contribution Money Purchase Plans

a. Regular Employee Money Purchase Plan

Plan Description. The Regular Employee Money Purchase Plan is a single employer defined contribution plan maintained for regular employees. Assets are administered and held by ICMA Retirement Corporation. The plan requires mandatory employee pre-tax contributions to the plan of 6% of base pay. The City also contributes 6.85% of employees' base pay to the plan. The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service; and forfeited contributions may be used to offset future employer contributions. Benefit terms are established and amended on the authority of City Council.

Funding. Employer contributions are funded every pay period by the governmental and proprietary funds. The City's contributions for 2017 were \$2,970,611 (which includes the City's match for voluntary contributions). City employees' mandatory contributions for 2017 were \$2,379,089. The City's contributions were offset by \$353,376 in employee forfeitures.

b. City Manager, City Attorney and presiding Municipal Judge Money Purchase Plan

Plan Description. The City Manager, City Attorney and presiding Municipal Judge Money Purchase Plan is a single employer defined contribution plan maintained for The City Manager, City Attorney, and presiding Municipal Judge, each covered under individual plans. Assets are administered and held by ICMA Retirement Corporation.

Funding. The terms of each plan are negotiated every year as a part of their employment contract. The City and employee contributions for 2017 were \$76,381 and \$40,266 respectively.

c. Firefighters Money Purchase Plan

Plan Description. The Firefighters Employee Money Purchase Plan is a single employer defined contribution plan maintained for all full-time firefighters hired on or after January 1, 1994 and before July 10, 2017. Firefighters hired before July 10, 2017 were given the option to remain in the City's local money purchase plan or reenter FPPA. Assets are administered and held by ICMA Retirement Corporation. The plan requires mandatory employee contributions of 8% of base pay. The City's contribution is also 8.0% of base pay. Vesting of employees is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service; and forfeited contributions may be used to offset future employer contributions. Benefit terms are established and amended on the authority of City Council.

Funding. Employer contributions are funded every pay period from the General Fund. The City's contributions for 2017 were \$684,170 (which included the City's match for voluntary contributions). The City firefighters' mandatory contributions for 2017 were \$570,277. The City's contributions were offset by \$38,414 in employee forfeitures.

d. Police Money Purchase Plan

Plan Description. The Police Money Purchase Plan is a single employer defined contribution plan maintained for all full-time, sworn police officers hired before July 10, 2017. Sworn police hired before July 10, 2017 were given the option to remain in the City's local money purchase plan or reenter FPPA. Assets are administered and held by ICMA Retirement Corporation. The plan requires mandatory employee contributions of 10% of base pay. The City's contribution is also 10% of base pay. Vesting of employer contributions is as follows: 0% in employer contributions for the first 2 years, 30% at 3 years, 40% at 4 years, and 100% at 5 years of service; and forfeited contributions may be used to offset future employer contributions. Benefit terms are established and amended on the authority of City Council.

Funding. Employer contributions are funded every pay period from the General Fund. The City's contributions for 2017 were \$1,456,684 (which includes the City's match for voluntary contributions). The City police employees' mandatory contributions for 2017 were \$1,340,875. The City's contributions were offset by \$99,642 in employee forfeitures.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – RETIREMENT PLANS (CONTINUED)

1. Defined Contribution Money Purchase Plans (Continued)

e. Fire and Police Statewide Money Purchase Plan

Plan Description. The Fire & Police Statewide Money Purchase Plan is a multiple-employer defined contribution pension plan, for full-time and part-time firefighters and police officers, as well as its full-time and part-time administrative employees whose services are auxiliary to fire protection. The plan is administered by the Fire & Police Pension Association of Colorado. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Funding. Contributions to the plan are calculated as a percentage of the member's base salary, which is specified by state statute. For Firefighter members, the plan requires mandatory employee contributions of 8% of base pay, which is matched by the City. For Police Officer members the plan requires mandatory employee contributions of 10% of base pay, which is matched by the City.

Employer and member contributions are invested in funds at the discretion of members. Members are always fully vested in their own contributions, and the earnings on those contributions. Vesting in the City's contributions and earnings on those contributions occurs according to the vesting schedule set by state statute at 20% per year after the first year of service to be 100% vested after 5 years of service. Unvested City contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts. Benefit terms are established and amended through collective bargaining agreements between the City of Thornton and the Thornton Firefighters Local Number 2376, International Association of Firefighters and the Fraternal Order of Police, Thornton Lodge 16.

Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. Employer contributions are funded every pay period from the General Fund. For the year ended December 31, 2017, City and employee contributions were \$7,591 and \$7,591, respectively.

2. Fire and Police Pension Plans

a. Fire and Police Pension Old Hire Fire Pension Plan

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

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

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

Funding Policy. The Old Hire Plan funding policy provides for periodic City and participant contributions. As required by the plan, Old Hire Plan participants are currently required to contribute 5.0% of covered payroll and the City is also required to contribute 5.0%. This contribution requirement was not actuarially determined. Firefighters covered under this plan may elect an optional account known as the "deferred retirement option plan" or "DROP" within five years prior to retirement. The purpose of DROP is to allow an eligible participant to elect, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment for a specified period of time not to exceed five years, coupled with the deferral of actual receipt of retirement benefits until the end of such specified period, at which time employment shall cease.

Once a participant elects a DROP, the City is no longer required to match that participant's contribution. As of December 31, 2017, there are no active participants, one member that elected DROP, and 19 inactive employees or beneficiaries currently receiving benefits. In 2017, the participants made contributions of \$6,528.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

a. Fire and Police Pension Old Hire Fire Pension Plan (continued)

Pension Liability. At December 31, 2017, the City reported a net pension liability of \$5,393,070 for the Old Hire Plan. The total pension liability is based on an actuarial valuation performed as of January 1, 2016 and a measurement date of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

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

Actuarial Method	Entry Age Normal
Inflation	2.5%
Salary Increases	N/A
Discount Rate	4.32%
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

Actuarial determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Global Equity	36.0%	6.8%
Equity Long/Short	10.0%	4.9%
Illiquid Alternatives	23.0%	8.3%
Fixed Income	15.0%	0.5%
Absolute Return	10.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0% *
Total	<u>100.0%</u>	

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

a. Fire and Police Pension Old Hire Fire Pension Plan (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 long-term expected rate of return on pension plan investments is 7.50%; the municipal bond interest rate of 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 4.32%. Plan assets are projected to fully fund benefits through at least 2024 (crossover date). Benefit payments in 2025 and forward are made using the high-quality municipal bond interest rate.

The resulting Single Discount Rate for the prior measurement period was 4.68%. This reduction in Single Discount Rate is included in the reconciliation of the Net Pension Liability as an Assumption Change. There were other assumption changes adopted by the Board for the funding valuations which are also included in this amount.

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

Changes in the Net Pension Liability.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 9,498,066	\$ 4,634,035	\$ 4,864,031
Changes for the year:			
Service cost	-	-	-
Interest	427,182	-	427,182
Differences between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	220,309	(220,309)
Benefit payments, including refunds of employee contributions	(749,075)	(749,075)	-
Administrative expense	-	(10,095)	10,095
Change in assumptions	312,071	-	312,071
Net changes	(9,822)	(538,861)	529,039
Balance at December 31, 2016	\$ 9,488,244	\$ 4,095,174	\$ 5,393,070

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 4.32%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 3.32%	Single Discount Rate Assumption 4.32%	1% Increase 5.32%
City's net pension liability	\$ 6,365,540	\$ 5,393,070	\$ 4,569,171

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

a. Fire and Police Pension Old Hire Fire Pension Plan (continued)

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

Pension Expense. For the year ended December 31, 2017, the City recognized an offset against expense of \$40,379 for the Old Hire Plan.

Pension Deferred Outflows/Inflows of Resources. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual investment earnings	255,967	-
City contributions subsequent to the measurement date	551,130	-
Total	<u>\$ 807,097</u>	<u>\$ -</u>

The \$551,130 reported as deferred outflows of resources are related to City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources related to the Old Hire plan will be recognized in pension expense as follows:

Year ending December 31	
2018	81,001
2019	81,003
2020	74,106
2021	19,857
2022	-
Thereafter	-
Total	<u>\$ 255,967</u>

b. Fire and Police Pension Statewide Defined Benefit Plan

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

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

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

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

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

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% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Funding Policy. The Statewide Defined Benefit Plan (SWDB) sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute, and employer contribution rates can only be amended by state statute. The current employer contribution rate is 8% for all firefighters, regardless of hire date, and 8% for all police hired after July 10, 2017. For police hired before July 10, 2017, the statutory required employer contribution is 8%, the City contributes 10% based on an underlying contractual commitment between the City and police.

Member contribution rates can be amended by state statute or election of the membership. The current member contribution rate for of the SWDB is 9.5% of base salary. Firefighters hired before July 10, 2017 that chose to reenter FPPA in 2017, have an additional member contribution of 4%. Sworn Police hired before July 10, 2017 and chose to reenter FPPA in 2017, have an additional member contribution of 2%. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. All new members hired after July 10, 2017 have a required mandatory contribution rate of 9.5%. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Firefighters covered under this plan may elect an optional account known as the "deferred retirement option plan" or "DROP" within five years prior to retirement. The purpose of DROP is to allow an eligible participant to elect, in lieu of immediate termination of employment and receipt of a service retirement benefit, to continue employment for a specified period of time not to exceed five years, coupled with the deferral of actual receipt of retirement benefits until the end of such specified period, at which time employment shall cease. Once a participant elects a DROP, the City is no longer required to match that participant's contribution. As of December 31, 2017, two active participants in this plan had elected a DROP.

The City's contributions to the Plan for the year ending December 31, 2017 were \$486,813. This included the required contribution for the year plus the amounts related to the reentry of 164 current active Police Officers and 69 Firefighters.

Pension Liability. At December 31, 2017, the City reported a liability of \$27,931 for its proportionate share of the SWDB net pension liability. The total pension liability is based on an actuarial valuation performed as of January 1, 2017 and a measurement date of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2016.

The City's reported liability at December 31, 2017, increased to \$27,931 from the City's prior year asset of \$2,478 because of changes in the SWDB net pension asset and the City's proportionate share of that asset. The SWDB publicly available financial report provides details on the change in the net pension asset.

The City's proportion of the net pension (asset)/liability was based on contributions received and processed by employers that were members of the SWDB plan within the year ended December 31, 2016. The City's proportion measured as of December 31, 2016, was 0.077294%, which was a decrease of 0.063391% from its proportion measured as of December 31, 2015.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

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

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended December 31, 2017, the City recognized an offset against pension expense for the SWDB plan of \$422,131. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,937	\$ 1,420
Changes of assumptions	19,078	-
Difference between projected and actual investment earnings	75,387	-
Changes in proportion and differences between City contributions and proportionate share of contributions	179,320	-
City contributions subsequent to the measurement date	486,813	-
Total	<u>\$ 785,535</u>	<u>\$ 1,420</u>

The \$486,813 reported as deferred outflows of resources related to SWDB plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDB plan will be recognized in pension expense as follows:

Year ending December 31	
2018	\$ 50,350
2019	50,350
2020	48,630
2021	32,583
2022	26,631
Thereafter	88,758
Total	<u>\$ 297,302</u>

Actuarial Assumptions. The actuarial valuations for the Statewide Defined Benefit Plan 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 assumption and other inputs:

Actuarial Method	Entry Age Normal
Discount Rate	7.5%
Long-term Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%

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.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I - RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

b. Fire and Police Pension Statewide Defined Benefit Plan (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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Global Equity	36.0%	9.3%
Equity Long/Short	10.0%	7.4%
Illiquid Alternatives	23.0%	10.8%
Fixed Income	15.0%	4.1%
Absolute Return	10.0%	6.6%
Managed Futures	4.0%	5.5%
Cash	2.0%	0.0% *
Total	<u>100.0%</u>	

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

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

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

	<u>1% Decrease 6.5%</u>	<u>Single Discount Rate Assumption 7.5%</u>	<u>1% Increase 8.5%</u>
City's proportionate share of the net pension liability (asset)	\$ 237,632	\$ 27,931	\$ (146,240)

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

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I - RETIREMENT PLANS (CONTINUED)

2. Fire and Police Pension Plans (Continued)

c. Fire and Police Pension Statewide Hybrid Plan – Defined Benefit Component

Plan Description. The Statewide Hybrid Plan (SWH) is a cost-sharing multiple-employer defined benefit pension plan offered to Sworn Police and Firefighters hired before July 10, 2017 that chose to reaffiliate with FPPA in 2017. The SWH is comprised of two components: Defined Benefit and Money Purchase. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report which can be obtained on FPPA's website at <http://www.FPPAco.org>.

The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service. The annual normal pension of the Defined Benefit Component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board's discretion and can range from 0% to 3%. A member is eligible for early retirement at age 50 or after of 30 years of service.

The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5% of the average of the member's highest three years' base salary for each year of credited service.

Funding Policy. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are determined by the City, however, the plan requires a minimum rate for both employer and members be at least 8% of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the FPPA Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. Firefighters have a mandatory 8% member contribution rate and Police Officers have a mandatory 10% contribution rate, both matched equally by the City.

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% per year after the first year of service to be 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

Pension Liability. The total pension liability is based on an actuarial valuation performed as of January 1, 2017 and a measurement date of December 31, 2016. There were no Police Officers or Firefighters enrolled in this plan during the 2016 valuation period, therefore no financial information is presented on this plan.

Pension Expense and Deferred Outflows/Inflows of Resources. The City's contributions to the Hybrid Plan for the year ended December 31, 2017 were \$31,288, related to the reentry of 11 current active Police Officers and 6 Firefighters. The \$31,288 reported as a deferred outflow of resources resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE J - DEFERRED COMPENSATION

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

The general employees', police, and fire voluntary contributions are made to the 457 plan. Employees can contribute a maximum of \$18,000 per year (\$24,000 if age 50 or more). The City matches 50% of employee contributions up to a maximum of 1% of base pay for general employees and Police, and up to 2% for Fire. For 2017, the general employees' voluntary contributions were \$1,777,269, the police employees' voluntary contributions were \$774,074 and the fire employees' voluntary contributions were \$436,183 for a total of \$2,987,526. Deferred compensation is available for withdrawal any time after the participant reaches age 59½, and must begin at age 70½. Withdrawals can also be made upon termination of employment, death, or unforeseeable emergency. Such withdrawals may be subject to IRS penalties for early withdrawal. Withdrawals can also be made upon termination of the plan.

Additionally, the City offers employees a retirement health savings plan. Participation in the plan is mandatory and contributions are currently made by the City. The annual contribution is determined each year by City Council, for 2017, the amount contributed was \$279,650.

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

NOTE K - HEALTH CARE PLAN

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

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

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

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

In 2017, eligible employees who were enrolled in single coverage paid 12% and eligible retirees paid 100% of the individual premium. Disabled retirees receive a contribution subsidy equal to 88% of the retiree individual premium.

The healthcare plans are funded on a pay as you go basis with the City paying premiums monthly. Expected premiums for permanently disabled and retired employees for all plans totaled \$690,716 in 2017. Retired and permanently disabled employees paid \$247,716 in actual premiums. The City's pay as you go funding totaled \$443,000 during the year.

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

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE K – HEALTH CARE PLAN (CONTINUED)

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

	2017
Annual Required Contribution	\$ 609,000
Interest on net OPEB obligation	97,000
Adjustments to ARC	(87,000)
Annual OPEB cost (expense)	619,000
Contributions Made	(443,000)
Increase in net OPEB obligation	176,000
Net OPEB obligation - beginning of year	2,595,000
Net OPEB obligation - end of year	\$ 2,771,000

The city's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
12/31/2017	\$ 619,000	71.57%	\$ 2,771,000
12/31/2016	560,000	71.61%	2,595,000
12/31/2015	540,000	65.74%	2,436,000

Funded Status and Funding Progress. As of January 1, 2016, the most recent actuarial valuation date, the Plan was not funded. The unfunded actuarial accrued liability (UAAL) was \$6,907,000. The covered payroll in 2017 (annual payroll of eligible employees covered by the Plan) was \$74,181,629. The ratio of the UAAL to covered payroll was 9.3%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial accrued liability or benefits relative to the covered payroll of employees covered by the Plan.

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

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

City of Thornton, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE L - RISK MANAGEMENT

1. General Liability Insurance Pool

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

All operating funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay current-year claims and to establish a reserve for catastrophe losses. The City pays claims up to the self-insured retention. In 2017, the self-insured retention (deductible amount) set by the City was \$250,000 per claim. Through CIRSA, the City purchases commercial excess insurance for claims in excess of \$250,000. Every year the City hires an independent actuary to calculate incurred but not reported claims (IBNR). The City reserves a liability for property/casualty claims of \$1,227,085. There has been no significant reduction in insurance coverage from the prior year. Settlements have not exceeded coverage in the past three years.

	2017	2016
Reserve for unpaid claims, January 1,	\$ 1,302,829	\$ 1,394,841
Incurred claims (including IBNRs)	383,057	643,707
Claim payments	<u>(458,801)</u>	<u>(735,719)</u>
Reserve for unpaid claims, December 31,	<u>\$ 1,227,085</u>	<u>\$ 1,302,829</u>
Unpaid claims to be paid in 1 year	<u>\$ 539,560</u>	<u>\$ 468,068</u>

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

Year*	Fund	PC Pool surplus (deficit) December 31, 2016 **	City of Thornton's contribution ratio	City of Thornton's share of surplus as of December 31, 2016
1996	Loss Fund	\$ 49,494	0.000%	\$ -
1997	Loss Fund	-	0.000%	-
1998	Loss Fund	-	0.000%	-
1999	Loss Fund	-	0.000%	-
2000	Loss Fund	-	0.000%	-
2001	Loss Fund	-	0.000%	-
2002	Loss Fund	-	0.000%	-
2003	Loss Fund	355,719	0.000%	-
2004	Loss Fund	1,340,035	0.768%	10,286
2005	Loss Fund	-	0.000%	-
2006	Loss Fund	2,639,540	0.349%	9,219
2007	Loss Fund	3,564,498	0.000%	16
2008	Loss Fund	2,463,512	0.000%	-
2009	Loss Fund	2,224,181	0.000%	-
2010	Loss Fund	-	0.000%	-
2011	Loss Fund	175,272	0.000%	-
2012	Loss Fund	1,616,572	0.000%	-
2013	Loss Fund	1,137,230	0.000%	-
2014	Loss Fund	1,488,000	0.000%	-
2015	Loss Fund	(1,820,985)	0.000%	-
2016	Loss Fund	(2,699,488)	0.000%	-
ALL	Operating fund	5,387,754	0.938%	50,558
ALL	Excess fund	4,908,611	1.736%	85,232
ALL	Reserve fund	8,670,385	0.763%	66,173
		<u>\$ 31,500,330</u>		<u>\$ 221,484</u>

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE L - RISK MANAGEMENT (CONTINUED)

1. General Liability Insurance Pool (Continued)

Summary of the most recently available financial information for CIRSA (December 31, 2016) is as follows:

Assets	<u>\$ 54,264,239</u>
Liabilities, including incurred but not reported claims	\$ 22,763,909
Members' fund balance	
Accumulated members' equity	<u>31,500,330</u>
Total liabilities and fund balance	<u>\$ 54,264,239</u>
Revenues	\$ 19,923,681
Expenses	<u>19,373,333</u>
Net increase in members' fund balance	<u>\$ 550,348</u>

2. Workers' Compensation

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

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

All operating funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay current year claims and to establish a reserve for catastrophe losses. Every year the City hires an independent actuary to calculate incurred but not reported claims (IBNR). The City reserves a liability for workers' compensation of \$3,038,197. There have been no significant reductions in insurance coverage from the prior year. There have been no settlements of claims exceeding the ceiling of the City's insurance coverage for the last ten years.

	<u>2017</u>	<u>2016</u>
Reserve for unpaid claims, January 1,	\$ 2,493,301	\$ 1,708,884
Incurred claims (including IBNRs)	2,731,611	2,523,637
Claim payments	<u>(2,186,715)</u>	<u>(1,739,220)</u>
Reserve for unpaid claims, December 31,	<u>\$ 3,038,197</u>	<u>\$ 2,493,301</u>
Unpaid claims to be paid in 1 year	<u>\$ 1,513,111</u>	<u>\$ 1,226,615</u>

3. Self-Funded Dental Insurance

The City established two self-funded dental programs effective January 1, 2007: Delta EPO and Delta Premier. The purpose of these programs is to pay the dental claims of eligible City employees and their covered dependents. As of January 1, 2007 the City entered into an administrative services only arrangement with Delta Dental of Colorado, whereby the City pays Delta Dental a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City has recorded a liability in this fund totaling \$86,000 for open and estimated claims not yet reported at December 31, 2017.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE L - RISK MANAGEMENT (CONTINUED)

3. Self-Funded Dental Insurance (Continued)

	2017	2016
Reserve for unpaid claims, January 1,	\$ 83,000	\$ 78,000
Incurring claims (including IBNRs)	698,742	655,962
Claim payments	<u>(695,742)</u>	<u>(650,962)</u>
Reserve for unpaid claims, December 31,	<u>\$ 86,000</u>	<u>\$ 83,000</u>
Unpaid claims to be paid in 1 year	<u>\$ 86,000</u>	<u>\$ 83,000</u>

4. Self-Funded Vision Insurance

The City established a self-funded vision program effective January 1, 2009: Vision Service Plan. The purpose of this program is to pay the vision claims of eligible City employees and their covered dependents. As of January 1, 2009 the City entered into an administrative services only arrangement with Vision Service Plan, whereby the City pays Vision Service Plan a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City has a recorded liability in this fund totaling \$14,000 for open and estimated claims not yet reported at December 31, 2017.

	2017	2016
Reserve for unpaid claims, January 1,	\$ 15,000	\$ 14,000
Incurring claims (including IBNRs)	116,230	115,840
Claim payments	<u>(117,230)</u>	<u>(114,840)</u>
Reserve for unpaid claims, December 31,	<u>\$ 14,000</u>	<u>\$ 15,000</u>
Unpaid claims to be paid in 1 year	<u>\$ 14,000</u>	<u>\$ 15,000</u>

NOTE M - LEGAL RESTRICTION

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

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

TABOR also requires the City to set aside a portion of its spending for an emergency reserve. In 2017, the required reserve of 3% of current year spending, excluding voter approved amounts, federal revenues, bond proceeds, and other restrictions under TABOR, totaled \$4,709,861. The City is not allowed to use the emergency reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE N - COMMITMENTS AND CONTINGENT LIABILITIES

1. Litigation

The City is a defendant in various lawsuits, including claims related to activities or employees of the City. The City maintains a self-funded reserve in the Risk Management fund of \$1,227,085 for general liability and \$3,038,197 for worker's compensation claims. The City believes that final disposition of matters not covered by insurance will not have a material adverse effect on the City's financial condition.

City of Thornton, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE N - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

2. Contracts

The City has \$11,933,043 and \$3,836,219, in outstanding contracts with various contractors for the Governmental Capital Fund and all other governmental funds, respectively. The City has \$11,934,715, \$885,549, and \$586,639 in outstanding contracts with various contractors for the Water Fund, Sewer Fund, and all other proprietary funds, respectively.

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

The City has a collective bargaining agreement between the City of Thornton and the Fraternal Order of Police, Thornton Police Department Colorado Lodge 16, for Police Officers and Police Sergeants. The current agreement is for 2 years and expires January 1, 2020.

Certain City employees have contracts through the fiscal year 2018. Some contracts include severance packages, not exceeding nine months, if the employee is involuntarily terminated.

NOTE O – TAX ABATEMENTS

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

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

Incentive packages vary and may include a direct subsidy for public infrastructure costs or a rebate of permit fees, use taxes, property taxes, or sales taxes. Rebate of sales and use taxes will only be considered for new taxes generated by the business. Unless special circumstances dictate, such rebate will be limited to 50% of the new sales and use taxes generated. The City does not rebate existing sales and uses taxes generated by a business. All incentive agreements are subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter. Some of the agreements have provisions for recapturing the abated taxes if specific performance measures are not maintained. As of December 31, 2017, the City has ten active incentive agreements in place. In 2017, the City's expenditures include \$5,942,668 in tax abatements.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Thornton, Colorado

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budgeted Amounts		Actual	Positive (negative) variance - actual from final
	Original	Final	Amounts	
REVENUES				
Taxes				
Sales and use	\$ 71,850,057	\$ 71,850,057	\$ 75,550,014	\$ 3,699,957
Property	10,813,578	10,813,578	10,821,256	7,678
Franchise	5,597,248	5,597,248	5,809,945	212,697
Other	2,558,711	2,558,711	2,661,479	102,768
Licenses and permits	4,600,000	4,750,000	7,623,869	2,873,869
Intergovernmental	5,834,211	5,834,211	6,244,316	410,105
Governmental grants	375,258	375,258	581,123	205,865
Charges for services	9,834,552	9,834,552	9,690,537	(144,015)
Fines and forfeitures	2,609,200	2,609,200	1,662,594	(946,606)
Investment earnings	343,440	343,440	315,972	(27,468)
Miscellaneous	751,750	601,750	913,578	311,828
Total revenues	115,168,005	115,168,005	121,874,683	6,706,678
EXPENDITURES				
Current				
General government				
Legislative	2,296,430	2,296,430	2,454,808	(158,378)
City manager	3,516,817	3,516,817	3,673,613	(156,796)
Management services	8,867,352	8,867,352	8,849,303	18,049
Miscellaneous	4,907,763	4,907,763	4,131,051	776,712
Police	37,577,864	37,577,864	36,313,292	1,264,572
Fire and ambulance	16,306,873	16,931,129	17,691,182	(760,053)
City development	9,682,745	9,820,384	9,256,958	563,426
Streets, traffic and engineering	12,525,088	12,525,088	11,559,499	965,589
Community services	21,453,753	21,453,753	20,577,748	876,005
Capital outlay	4,911,147	4,911,147	5,018,633	(107,486)
Total expenditures	122,045,832	122,807,727	119,526,087	3,281,640
Excess (deficiency) of revenues over (under) expenditures	(6,877,827)	(7,639,722)	2,348,596	9,988,318
OTHER FINANCING SOURCES (USES)				
Transfers in	7,455,000	7,455,000	7,455,000	-
Transfers out	(42,837)	(42,837)	(42,837)	-
Sales of general capital assets	-	-	76,560	76,560
Total other financing sources	7,412,163	7,412,163	7,488,723	76,560
Excess (deficiency) of revenues and other sources over (under) expenditures and other sources (uses) before reconciling items	<u>\$ 534,336</u>	<u>\$ (227,559)</u>	9,837,319	<u>\$ 10,064,878</u>
RECONCILIATION TO US GAAP BASIS				
Advance payment to Sanitation fund			105,795	
RHS & sick payout			(5,210)	
Total reconciling items			<u>100,585</u>	
Net change in fund balances			9,937,904	
Fund balances, January 1			<u>27,335,567</u>	
Fund balances, December 31			<u>\$ 37,273,471</u>	

City of Thornton, Colorado

Schedule of Proportionate Share of the Net Pension Liability Statewide Defined Benefit Plan (SWDB)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability	0.221023%	0.140685%	0.077294%
City's proportionate share of the net pension liability (asset)	\$ (249,441)	\$ (2,478)	\$ 27,931
City's covered payroll	\$ 993,945	\$ 681,525	\$ 395,575
City's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-25.10%	-0.36%	7.06%
Plan fiduciary net position as a percentage of the total pension liability	106.80%	100.10%	100.10%
Presented as of the measurement date, December 31,	2014	2015	2016

Information for Fiscal Year 2008 through 2014 is not available.

City of Thornton, Colorado

Schedule of Pension Contributions Statewide Defined Benefit Plan (SWDB)

	2015	2016	2017 (1)
Statutorily required contribution	\$ 54,522	\$ 31,646	\$ 486,813
Contributions in relation to the statutorily required contribution	54,522	31,646	486,813
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll firefighters	\$ 681,525	\$ 395,575	\$ 2,027,550
Covered payroll police new hire			309,775
Covered payroll police reentry			2,998,270
Contributions as a percentage of covered payroll			
Firefighters	8.00%	8.00%	8.00%
Police new hire			8.00%
Police reentry			10.00%

Information for Fiscal Year 2008 through 2014 is not available.

Other information:

(1) 2017 includes \$415,740 related to the reentry of Current Police Officers and Firefighters

City of Thornton, Colorado

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

	2015	2016	2017
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest	566,974	549,907	427,182
Benefit changes	-	-	-
Differences between expected and actual experience	-	(305,110)	-
Assumption changes	-	2,319,410	312,071
Benefit payments, including refunds of employee contributions	(806,304)	(782,322)	(749,075)
Net change in total pension liability	<u>(239,330)</u>	<u>1,781,885</u>	<u>(9,822)</u>
Total pension liability - beginning	7,955,511	7,716,181	9,498,066
Total pension liability - ending	<u><u>\$ 7,716,181</u></u>	<u><u>\$ 9,498,066</u></u>	<u><u>\$ 9,488,244</u></u>
Plan fiduciary net position			
Contributions - employer	\$ -	\$ 239,804	\$ -
Contributions - employee	-	-	-
Net investment income	352,452	90,586	220,309
Benefit payments, including refunds of employee contributions	(806,304)	(782,322)	(749,075)
Administrative expense	(11,060)	(9,397)	(10,095)
Other changes	-	-	-
Net change in plan fiduciary net position	<u>(464,912)</u>	<u>(461,329)</u>	<u>(538,861)</u>
Plan fiduciary net position - beginning	5,560,276	5,095,364	4,634,035
Plan fiduciary net position - ending	<u><u>\$ 5,095,364</u></u>	<u><u>\$ 4,634,035</u></u>	<u><u>\$ 4,095,174</u></u>
Net pension liability	2,620,817	4,864,031	5,393,070
Plan fiduciary net position as a percentage of total pension liability	66.03%	48.79%	43.16%
Covered payroll	-	-	-
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A

Information for Fiscal Year 2008 through 2014 is not available.

City of Thornton, Colorado

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

	2014	2015	2016	2017 (3)
Actuarial determined contribution (1)	\$ 192,152	\$ 239,804	\$ 269,653	\$ 269,653
Contributions in relation to the actuarial determined contribution (1)	-	239,804	-	551,130
Contribution deficiency (excess)	<u>\$ 192,152</u>	<u>\$ -</u>	<u>\$ 269,653</u>	<u>\$ (281,477)</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule

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

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

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

Other information:

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

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

(3) 2017 includes a one time contribution of \$281,477 to pay for unfunded liability that resulted from an increase to monthly benefits of certain participants.

Information for Fiscal Year 2008 through 2013 is not available.

City of Thornton, Colorado

Schedule of Funding Progress for the City Retiree Health Care Plan

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

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COMBINING STATEMENTS AND BUDGETARY SCHEDULES

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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City of Thornton, Colorado

Combining Balance Sheet Non-Major Governmental Funds December 31, 2017

	Special Revenue Funds					
	TASHCO	Cash in Lieu	Conservation Trust	Parks	Open Space	Parks & Open Space
ASSETS						
Equity in pooled cash and investments						
Unrestricted	\$ 335,244	\$ 1,775,367	\$ 2,243,861	\$ 3,923,628	\$ 9,368,773	\$ 8,319,881
Restricted	-	-	-	-	-	-
Receivables, net						
Taxes	-	-	-	213,205	213,205	213,205
Accounts	-	-	-	83,240	59,600	-
Interest	1,069	4,479	9,718	16,487	32,000	34,536
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$ 336,313</u>	<u>\$ 1,779,846</u>	<u>\$ 2,253,579</u>	<u>\$ 4,236,560</u>	<u>\$ 9,673,578</u>	<u>\$ 8,567,622</u>
LIABILITIES						
Accounts payable	\$ 2,355	\$ -	\$ 28,580	\$ 113,761	\$ 18,939	\$ 159,580
Retainage payable	-	8,104	8,930	130,789	28,380	33,631
Due to other funds	-	-	-	-	-	1,699,775
Third party advances	-	1,412,997	-	-	-	-
Unearned revenue	-	-	-	-	9,600	-
Other	-	-	-	-	-	-
Total liabilities	<u>2,355</u>	<u>1,421,101</u>	<u>37,510</u>	<u>244,550</u>	<u>56,919</u>	<u>1,892,986</u>
DEFERRED INFLOWS						
Unavailable revenue - property taxes	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted						
Parks and open space	-	-	2,216,069	3,992,010	9,616,659	6,674,636
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Other purposes	26,988	-	-	-	-	-
Assigned						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Parks and open space	-	358,745	-	-	-	-
Other purposes	306,970	-	-	-	-	-
Total fund balances	<u>333,958</u>	<u>358,745</u>	<u>2,216,069</u>	<u>3,992,010</u>	<u>9,616,659</u>	<u>6,674,636</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 336,313</u>	<u>\$ 1,779,846</u>	<u>\$ 2,253,579</u>	<u>\$ 4,236,560</u>	<u>\$ 9,673,578</u>	<u>\$ 8,567,622</u>

Special Revenue Funds					Debt Fund
Adams County Open Space Sales Tax	Adams County Road & Bridge Sales Tax	136th Avenue GID	E911 Authority	Total Special Revenue	Debt Service
\$ 2,456,262	\$ 5,578,109	\$ 1,197	\$ 38,549	\$ 34,040,871	\$ 179,531
-	-	-	-	-	23,067
-	525,981	10,046	100,324	1,275,966	-
-	-	-	-	142,840	-
9,858	20,096	7	1,651	129,901	664
-	-	-	-	-	-
<u>\$ 2,466,120</u>	<u>\$ 6,124,186</u>	<u>\$ 11,250</u>	<u>\$ 140,524</u>	<u>\$ 35,589,578</u>	<u>\$ 203,262</u>
\$ 8,993	\$ 16,660	\$ -	\$ -	\$ 348,868	\$ -
56,822	34,008	-	-	300,664	-
-	-	-	-	1,699,775	-
-	-	-	-	1,412,997	-
-	-	-	-	9,600	-
-	-	-	-	-	-
<u>65,815</u>	<u>50,668</u>	<u>-</u>	<u>-</u>	<u>3,771,904</u>	<u>-</u>
-	-	10,046	-	10,046	-
-	-	10,046	-	10,046	-
2,400,305	-	-	-	24,899,679	-
-	6,073,518	-	-	6,073,518	-
-	-	-	-	-	23,067
-	-	-	140,524	140,524	-
-	-	-	-	26,988	-
-	-	1,204	-	1,204	-
-	-	-	-	-	180,195
-	-	-	-	-	-
-	-	-	-	358,745	-
-	-	-	-	306,970	-
<u>2,400,305</u>	<u>6,073,518</u>	<u>1,204</u>	<u>140,524</u>	<u>31,807,628</u>	<u>203,262</u>
<u>\$ 2,466,120</u>	<u>\$ 6,124,186</u>	<u>\$ 11,250</u>	<u>\$ 140,524</u>	<u>\$ 35,589,578</u>	<u>\$ 203,262</u>

City of Thornton, Colorado

Combining Balance Sheet Non-Major Governmental Funds December 31, 2017

	Capital Funds			Total Capital Projects	Total Non-major Governmental Funds
	TDA South Capital	TDA North Capital	TDA 144th Capital		
ASSETS					
Equity in pooled cash and investments					
Unrestricted	\$ 7,706,274	\$ 16,999,987	\$ 1,343,758	\$ 26,050,019	\$ 60,270,421
Restricted	-	1,411,560	2,258,559	3,670,119	3,693,186
Receivables, net					
Taxes	342,718	3,693,845	1,630,740	5,667,303	6,943,269
Accounts	-	-	-	-	142,840
Interest	25,449	70,094	22,359	117,902	248,467
Land held for resale	543,098	-	-	543,098	543,098
Total assets	<u>\$ 8,617,539</u>	<u>\$ 22,175,486</u>	<u>\$ 5,255,416</u>	<u>\$ 36,048,441</u>	<u>\$ 71,841,281</u>
LIABILITIES					
Accounts payable	\$ -	\$ 141,433	\$ -	\$ 141,433	\$ 490,301
Retainage payable	-	-	-	-	300,664
Due to other funds	-	-	-	-	1,699,775
Third party advances	13,500	-	-	13,500	1,426,497
Unearned revenue	-	-	-	-	9,600
Other	-	1,246,173	693,987	1,940,160	1,940,160
Total liabilities	<u>13,500</u>	<u>1,387,606</u>	<u>693,987</u>	<u>2,095,093</u>	<u>5,866,997</u>
DEFERRED INFLOWS					
Unavailable revenue - property taxes	<u>342,718</u>	<u>2,610,224</u>	<u>1,323,249</u>	<u>4,276,191</u>	<u>4,286,237</u>
Total deferred inflows of resources	<u>342,718</u>	<u>2,610,224</u>	<u>1,323,249</u>	<u>4,276,191</u>	<u>4,286,237</u>
FUND BALANCES					
Restricted					
Parks and open space	-	-	-	-	24,899,679
Capital projects	-	-	-	-	6,073,518
Debt service	-	1,390,000	2,258,550	3,648,550	3,671,617
Public safety	-	-	-	-	140,524
Other purposes	-	-	-	-	26,988
Assigned					
Capital projects	7,718,223	16,787,656	979,630	25,485,509	25,486,713
Debt service	-	-	-	-	180,195
Land held for resale	543,098	-	-	543,098	543,098
Parks and open space	-	-	-	-	358,745
Other purposes	-	-	-	-	306,970
Total fund balances	<u>8,261,321</u>	<u>18,177,656</u>	<u>3,238,180</u>	<u>29,677,157</u>	<u>61,688,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,617,539</u>	<u>\$ 22,175,486</u>	<u>\$ 5,255,416</u>	<u>\$ 36,048,441</u>	<u>\$ 71,841,281</u>

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City of Thornton, Colorado

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds For the year ended December 31, 2017

	Special Revenue Funds					
	TASHCO	Cash in Lieu	Conservation Trust	Parks	Open Space	Parks & Open Space
REVENUES						
Taxes						
Sales and use	\$ -	\$ -	\$ -	\$ 2,321,705	\$ 2,321,706	\$ 2,321,706
Property	-	-	-	-	-	-
E911	-	-	-	-	-	-
Intergovernmental	-	-	1,243,986	-	17,958	-
Governmental grants	35,631	-	-	83,241	50,000	-
Investments						
Investment earnings	3,320	11,308	33,453	56,669	95,891	117,091
Miscellaneous						
Developers' contributions	-	93,901	-	-	-	-
Other	6,446	-	-	-	13,112	-
Total revenues	<u>45,397</u>	<u>105,209</u>	<u>1,277,439</u>	<u>2,461,615</u>	<u>2,498,667</u>	<u>2,438,797</u>
EXPENDITURES						
Current						
Community services	81,028	-	-	-	-	-
Streets, traffic and engineering	-	-	-	-	-	-
Capital outlay	-	93,901	2,324,576	3,789,455	1,987,652	2,448,742
Debt service						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	67,325
Bond fees	-	-	-	-	-	-
Total expenditures	<u>81,028</u>	<u>93,901</u>	<u>2,324,576</u>	<u>3,789,455</u>	<u>1,987,652</u>	<u>2,516,067</u>
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	<u>(35,631)</u>	<u>11,308</u>	<u>(1,047,137)</u>	<u>(1,327,840)</u>	<u>511,015</u>	<u>(77,270)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	42,837	-	-	-	-	-
Transfers out	-	-	-	(814,696)	(468,459)	(517,645)
Total other financing sources (uses)	<u>42,837</u>	<u>-</u>	<u>-</u>	<u>(814,696)</u>	<u>(468,459)</u>	<u>(517,645)</u>
Net change in fund balances	7,206	11,308	(1,047,137)	(2,142,536)	42,556	(594,915)
Fund balances, January 1	<u>326,752</u>	<u>347,437</u>	<u>3,263,206</u>	<u>6,134,546</u>	<u>9,574,103</u>	<u>7,269,551</u>
Fund balances, December 31	<u>\$ 333,958</u>	<u>\$ 358,745</u>	<u>\$ 2,216,069</u>	<u>\$ 3,992,010</u>	<u>\$ 9,616,659</u>	<u>\$ 6,674,636</u>

Special Revenue Funds					Debt Fund
Adams County Open Space Sales Tax	Adams County Road & Bridge Sales Tax	136th Avenue GID	E911 Authority	Total Special Revenue	Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 6,965,117	\$ -
-	-	5,517	-	5,517	-
-	-	-	1,076,442	1,076,442	-
1,053,089	3,008,900	-	-	5,323,933	-
368,821	-	-	-	537,693	-
33,413	60,492	28	5,752	417,417	2,125
-	-	-	-	93,901	-
2,100	-	-	-	21,658	-
<u>1,457,423</u>	<u>3,069,392</u>	<u>5,545</u>	<u>1,082,194</u>	<u>14,441,678</u>	<u>2,125</u>
-	-	-	-	81,028	-
-	-	-	-	-	-
2,372,442	2,617,277	-	-	15,634,045	-
-	-	-	-	-	1,665,000
-	-	-	-	67,325	135,800
-	-	-	-	-	275
<u>2,372,442</u>	<u>2,617,277</u>	<u>-</u>	<u>-</u>	<u>15,782,398</u>	<u>1,801,075</u>
<u>(915,019)</u>	<u>452,115</u>	<u>5,545</u>	<u>1,082,194</u>	<u>(1,340,720)</u>	<u>(1,798,950)</u>
-	-	-	-	42,837	1,800,800
-	-	(7,000)	(1,400,000)	(3,207,800)	-
-	-	(7,000)	(1,400,000)	(3,164,963)	1,800,800
(915,019)	452,115	(1,455)	(317,806)	(4,505,683)	1,850
3,315,324	5,621,403	2,659	458,330	36,313,311	201,412
<u>\$ 2,400,305</u>	<u>\$ 6,073,518</u>	<u>\$ 1,204</u>	<u>\$ 140,524</u>	<u>\$ 31,807,628</u>	<u>\$ 203,262</u>

City of Thornton, Colorado

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) Non-Major Governmental Funds For the year ended December 31, 2017

	Capital Funds			Total Capital Projects	Total Non-major Governmental Funds
	TDA South Capital	TDA North Capital	TDA 144th Capital		
REVENUES					
Taxes					
Sales and use	\$ -	\$ 10,681,933	\$ 2,428,955	\$ 13,110,888	\$ 20,076,005
Property	328,851	2,582,474	1,060,106	3,971,431	3,976,948
E911	-	-	-	-	1,076,442
Intergovernmental	-	-	-	-	5,323,933
Governmental grants	-	-	-	-	537,693
Investments					
Investment earnings	80,389	215,128	47,273	342,790	762,332
Miscellaneous					
Developers' contributions	-	-	-	-	93,901
Other	-	2,450	-	2,450	24,108
Total revenues	409,240	13,481,985	3,536,334	17,427,559	31,871,362
EXPENDITURES					
Current					
Community services	-	-	-	-	81,028
Streets, traffic and engineering	-	-	693,987	693,987	693,987
Capital outlay	129,560	9,524,385	-	9,653,945	25,287,990
Debt service					
Principal retirement	-	865,000	625,000	1,490,000	3,155,000
Interest	-	540,963	1,183,944	1,724,907	1,928,032
Bond fees	-	2,500	-	2,500	2,775
Total expenditures	129,560	10,932,848	2,502,931	13,565,339	31,148,812
Excess (deficiency) of revenues over (under) expenditures before other sources (uses)	279,680	2,549,137	1,033,403	3,862,220	722,550
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,843,637
Transfers out	(200,000)	(4,200,000)	(1,648,000)	(6,048,000)	(9,255,800)
Total other financing sources (uses)	(200,000)	(4,200,000)	(1,648,000)	(6,048,000)	(7,412,163)
Net change in fund balances	79,680	(1,650,863)	(614,597)	(2,185,780)	(6,689,613)
Fund balances, January 1	8,181,641	19,828,519	3,852,777	31,862,937	68,377,660
Fund balances, December 31	\$ 8,261,321	\$ 18,177,656	\$ 3,238,180	\$ 29,677,157	\$ 61,688,047

City of Thornton, Colorado

Thornton Arts, Sciences, and Humanities Council Fund (TASHCO) Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Governmental grants	\$ 35,000	\$ 35,631	\$ 631
Investment earnings	-	3,320	3,320
Miscellaneous			
Other	10,000	6,446	(3,554)
Total revenues	45,000	45,397	397
EXPENDITURES			
Community services	84,710	81,028	3,682
Total expenditures	84,710	81,028	3,682
Deficiency of revenues under expenditures	(39,710)	(35,631)	4,079
OTHER FINANCING SOURCES			
Transfer in	42,837	42,837	-
Total other financing sources	42,837	42,837	-
Net change in fund balance	<u>\$ 3,127</u>	7,206	<u>\$ 4,079</u>
Fund balance, January 1		326,752	
Fund balance, December 31		<u>\$ 333,958</u>	

City of Thornton, Colorado

Cash in Lieu Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Investment earnings	\$ 12,000	\$ 11,308	\$ (692)
Miscellaneous			
Developers' contributions	<u>-</u>	<u>93,901</u>	<u>93,901</u>
Total revenues	<u>12,000</u>	<u>105,209</u>	<u>93,209</u>
EXPENDITURES			
Capital outlay	<u>188,369</u>	<u>93,901</u>	<u>94,468</u>
Total expenditures	<u>188,369</u>	<u>93,901</u>	<u>94,468</u>
Net change in fund balance	<u>\$ (176,369)</u>	11,308	<u>\$ 187,677</u>
Fund balance, January 1		<u>347,437</u>	
Fund balance, December 31		<u>\$ 358,745</u>	

City of Thornton, Colorado

Conservation Trust Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Intergovernmental - State lottery	\$ 1,300,000	\$ 1,243,986	\$ (56,014)
Investment earnings	43,000	33,453	(9,547)
Total revenues	<u>1,343,000</u>	<u>1,277,439</u>	<u>(65,561)</u>
EXPENDITURES			
Capital outlay	<u>3,714,723</u>	<u>2,324,576</u>	<u>1,390,147</u>
Total expenditures	<u>3,714,723</u>	<u>2,324,576</u>	<u>1,390,147</u>
Net change in fund balance	<u>\$ (2,371,723)</u>	(1,047,137)	<u>\$ 1,324,586</u>
Fund balance, January 1		<u>3,263,206</u>	
Fund balance, December 31		<u>\$ 2,216,069</u>	

City of Thornton, Colorado

Parks Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - sales and use	\$ 2,222,630	\$ 2,321,705	\$ 99,075
Governmental grants	83,241	83,241	-
Investment earnings	70,200	56,669	(13,531)
Total revenues	<u>2,376,071</u>	<u>2,461,615</u>	<u>85,544</u>
EXPENDITURES			
Capital outlay	<u>7,498,019</u>	<u>3,789,455</u>	<u>3,708,564</u>
Total expenditures	<u>7,498,019</u>	<u>3,789,455</u>	<u>3,708,564</u>
Deficiency of revenues under expenditures	<u>(5,121,948)</u>	<u>(1,327,840)</u>	<u>3,794,108</u>
OTHER FINANCING USES			
Transfers out	<u>(814,696)</u>	<u>(814,696)</u>	<u>-</u>
Total other financing uses	<u>(814,696)</u>	<u>(814,696)</u>	<u>-</u>
Net change in fund balance	<u>\$ (5,936,644)</u>	<u>(2,142,536)</u>	<u>\$ 3,794,108</u>
Fund balance, January 1		<u>6,134,546</u>	
Fund balance, December 31		<u>\$ 3,992,010</u>	

City of Thornton, Colorado

Open Space Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - sales and use	\$ 2,222,630	\$ 2,321,706	\$ 99,076
Intergovernmental	-	17,958	17,958
Governmental grants	2,259,851	50,000	(2,209,851)
Investment earnings	107,280	95,891	(11,389)
Miscellaneous			
Other	-	13,112	13,112
Total revenues	<u>4,589,761</u>	<u>2,498,667</u>	<u>(2,091,094)</u>
EXPENDITURES			
Capital outlay	<u>10,132,875</u>	<u>1,987,652</u>	<u>8,145,223</u>
Total expenditures	<u>10,132,875</u>	<u>1,987,652</u>	<u>8,145,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,543,114)</u>	<u>511,015</u>	<u>6,054,129</u>
OTHER FINANCING USES			
Transfers out	<u>(468,459)</u>	<u>(468,459)</u>	<u>-</u>
Total other financing uses	<u>(468,459)</u>	<u>(468,459)</u>	<u>-</u>
Net change in fund balance	<u>\$ (6,011,573)</u>	42,556	<u>\$ 6,054,129</u>
Fund balance, January 1		<u>9,574,103</u>	
Fund balance, December 31		<u>\$ 9,616,659</u>	

City of Thornton, Colorado

Parks and Open Space Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 2,222,630	\$ 2,321,706	\$ 99,076
Investment earnings	142,200	117,091	(25,109)
Total revenues	<u>2,364,830</u>	<u>2,438,797</u>	<u>73,967</u>
EXPENDITURES			
Capital outlay	10,593,354	2,448,742	8,144,612
Debt service			
Advance payment	1,699,775	1,699,775	-
Interest	34,000	67,325	(33,325)
Total expenditures	<u>12,327,129</u>	<u>4,215,842</u>	<u>8,111,287</u>
Deficiency of revenues under expenditures	<u>(9,962,299)</u>	<u>(1,777,045)</u>	<u>8,185,254</u>
OTHER FINANCING USES			
Transfers out	<u>(517,645)</u>	<u>(517,645)</u>	<u>-</u>
Total other financing uses	<u>(517,645)</u>	<u>(517,645)</u>	<u>-</u>
Deficiency of revenues under expenditures and other uses before reconciling items	<u>\$ (10,479,944)</u>	<u>(2,294,690)</u>	<u>\$ 8,185,254</u>
RECONCILIATION TO US GAAP BASIS			
Advance payment to govt cap fund		<u>1,699,775</u>	
Total reconciling Items		<u>1,699,775</u>	
Net change in fund balance		(594,915)	
Fund balance, January 1		<u>7,269,551</u>	
Fund balance, December 31		<u>\$ 6,674,636</u>	

City of Thornton, Colorado

Adams County Open Space Sales Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Intergovernmental	\$ 1,066,000	\$ 1,053,089	\$ (12,911)
Governmental grants	891,313	368,821	(522,492)
Investment earnings	39,240	33,413	(5,827)
Miscellaneous			
Other	<u>-</u>	<u>2,100</u>	<u>2,100</u>
Total revenues	<u>1,996,553</u>	<u>1,457,423</u>	<u>(539,130)</u>
EXPENDITURES			
Capital outlay	<u>4,548,134</u>	<u>2,372,442</u>	<u>2,175,692</u>
Total expenditures	<u>4,548,134</u>	<u>2,372,442</u>	<u>2,175,692</u>
Net change in fund balance	<u>\$ (2,551,581)</u>	(915,019)	<u>\$ 1,636,562</u>
Fund balance, January 1		<u>3,315,324</u>	
Fund balance, December 31		<u>\$ 2,400,305</u>	

City of Thornton, Colorado

Adams County Road and Bridge Sales Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Intergovernmental	\$ 2,922,400	\$ 3,008,900	\$ 86,500
Investment earnings	67,400	60,492	(6,908)
Total revenues	<u>2,989,800</u>	<u>3,069,392</u>	<u>79,592</u>
EXPENDITURES			
Capital outlay	<u>8,264,913</u>	<u>2,617,277</u>	<u>5,647,636</u>
Total expenditures	<u>8,264,913</u>	<u>2,617,277</u>	<u>5,647,636</u>
Net change in fund balance	<u>\$ (5,275,113)</u>	452,115	<u>\$ 5,727,228</u>
Fund balance, January 1		<u>5,621,403</u>	
Fund balance, December 31		<u>\$ 6,073,518</u>	

City of Thornton, Colorado

136th Avenue General Improvement District Tax Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - Property	\$ 5,600	\$ 5,517	\$ (83)
Investment earnings	-	28	28
Total revenues	<u>5,600</u>	<u>5,545</u>	<u>(55)</u>
OTHER FINANCING USES			
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Total other financing uses	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,400)</u>	<u>(1,455)</u>	<u>\$ (55)</u>
Fund balance, January 1		<u>2,659</u>	
Fund balance, December 31		<u>\$ 1,204</u>	

City of Thornton, Colorado

E911 Authority Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - E911	\$ 1,085,769	\$ 1,076,442	\$ (9,327)
Investment earnings	-	5,752	5,752
Total revenues	<u>1,085,769</u>	<u>1,082,194</u>	<u>(3,575)</u>
OTHER FINANCING USES			
Transfers out	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>
Total other financing uses	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (314,231)</u>	<u>(317,806)</u>	<u>\$ (3,575)</u>
Fund balance, January 1		<u>458,330</u>	
Fund balance, December 31		<u>\$ 140,524</u>	

City of Thornton, Colorado

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Investment earnings	\$ 3,352	\$ 2,125	\$ (1,227)
Total revenues	<u>3,352</u>	<u>2,125</u>	<u>(1,227)</u>
EXPENDITURES			
Debt service			
Principal retirement	1,665,000	1,665,000	-
Interest	135,800	135,800	-
Bond fees	<u>1,000</u>	<u>275</u>	<u>725</u>
Total expenditures	<u>1,801,800</u>	<u>1,801,075</u>	<u>725</u>
Deficiency of revenues under expenditures	<u>(1,798,448)</u>	<u>(1,798,950)</u>	<u>(502)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,800,800</u>	<u>1,800,800</u>	<u>-</u>
Total other financing sources	<u>1,800,800</u>	<u>1,800,800</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,352</u>	1,850	<u>\$ (502)</u>
Fund balance, January 1		<u>201,412</u>	
Fund balance, December 31		<u>\$ 203,262</u>	

City of Thornton, Colorado

Governmental Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
REVENUES			
Taxes - sales and use	\$ 8,429,336	\$ 8,863,314	\$ 433,978
Intergovernmental	3,144,000	3,261,086	117,086
Governmental grants	5,410,089	3,177,792	(2,232,297)
Lease	211,071	207,648	(3,423)
Investment earnings	789,845	670,660	(119,185)
Miscellaneous			
Developers' contributions	100,000	348,960	248,960
Other	75,000	378	(74,622)
	<u>18,159,341</u>	<u>16,529,838</u>	<u>(1,629,503)</u>
Total revenues			
EXPENDITURES			
Streets, traffic and engineering	1,281,388	1,268,138	13,250
Capital outlay	57,617,854	23,980,622	33,637,232
Debt service			
Principal retirement	3,255,000	3,255,000	-
Interest	1,235,240	715,240	520,000
Bond fees	105,000	1,696	103,304
	<u>63,494,482</u>	<u>29,220,696</u>	<u>34,273,786</u>
Total expenditures			
Deficiency of revenues under expenditures	<u>(45,335,141)</u>	<u>(12,690,858)</u>	<u>32,644,283</u>
OTHER FINANCING SOURCES			
Sales of general capital assets	-	179,371	179,371
	<u>-</u>	<u>179,371</u>	<u>179,371</u>
Total other financing sources			
Net change in fund balance	<u><u>\$ (45,335,141)</u></u>	<u>(12,511,487)</u>	<u><u>\$ 32,823,654</u></u>
Fund balance, January 1		<u>50,612,276</u>	
Fund balance, December 31		<u><u>\$ 38,100,789</u></u>	

City of Thornton, Colorado

Thornton Development Authority South Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes - property	\$ 285,900	\$ 328,851	\$ 42,951
Investments			
Investment earnings	<u>88,000</u>	<u>80,389</u>	<u>(7,611)</u>
Total revenues	<u>373,900</u>	<u>409,240</u>	<u>35,340</u>
EXPENDITURES			
Capital outlay	<u>1,203,182</u>	<u>129,560</u>	<u>1,073,622</u>
Total expenditures	<u>1,203,182</u>	<u>129,560</u>	<u>1,073,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(829,282)</u>	<u>279,680</u>	<u>1,108,962</u>
OTHER FINANCING USES			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing uses	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,029,282)</u>	<u>79,680</u>	<u>\$ 1,108,962</u>
Fund balance, January 1		<u>8,181,641</u>	
Fund balance, December 31		<u>\$ 8,261,321</u>	

City of Thornton, Colorado

Thornton Development Authority North Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes			
Sales and use	\$ 10,347,108	\$ 10,681,933	\$ 334,825
Property	2,586,500	2,582,474	(4,026)
Investment earnings	364,800	215,128	(149,672)
Miscellaneous			
Other		2,450	2,450
	<u>13,298,408</u>	<u>13,481,985</u>	<u>183,577</u>
Total revenues			
EXPENDITURES			
Capital outlay	17,446,035	9,524,385	7,921,650
Debt service			
Principal retirement	865,000	865,000	-
Interest	540,963	540,963	-
Bond fees	2,000	2,500	(500)
	<u>18,853,998</u>	<u>10,932,848</u>	<u>7,921,150</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(5,555,590)</u>	<u>2,549,137</u>	<u>8,104,727</u>
OTHER FINANCING USES			
Transfers out	(4,200,000)	(4,200,000)	-
	<u>(4,200,000)</u>	<u>(4,200,000)</u>	<u>-</u>
Total other financing uses			
Net change in fund balance	<u>\$ (9,755,590)</u>	<u>(1,650,863)</u>	<u>\$ 8,104,727</u>
Fund balance, January 1		<u>19,828,519</u>	
Fund balance, December 31		<u>\$ 18,177,656</u>	

City of Thornton, Colorado

Thornton Development Authority 144th Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
REVENUES			
Taxes			
Sales and use	\$ 2,774,484	\$ 2,428,955	\$ (345,529)
Property	1,027,190	1,060,106	32,916
Investment earnings	46,640	47,273	633
	<u>3,848,314</u>	<u>3,536,334</u>	<u>(311,980)</u>
Total revenues			
EXPENDITURES			
Streets, traffic and engineering	792,710	693,987	98,723
Capital outlay	1,023,140	-	1,023,140
Debt Service			
Principal Retirement	625,000	625,000	-
Interest	1,186,944	1,183,944	3,000
	<u>3,627,794</u>	<u>2,502,931</u>	<u>1,124,863</u>
Total expenditures			
Excess of revenues over expenditures	<u>220,520</u>	<u>1,033,403</u>	<u>812,883</u>
OTHER FINANCING USES			
Transfers out	<u>(1,648,000)</u>	<u>(1,648,000)</u>	<u>-</u>
Total other financing uses	<u>(1,648,000)</u>	<u>(1,648,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,427,480)</u>	<u>(614,597)</u>	<u>\$ 812,883</u>
Net position, January 1		<u>3,852,777</u>	
Net position, December 31		<u>\$ 3,238,180</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Major Enterprise Funds

Enterprise Funds

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

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

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

City of Thornton, Colorado

Water Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services pledged for debt	\$ 46,617,763	\$ 45,776,729	\$ (841,034)
Miscellaneous revenue	162,000	161,602	(398)
Total operating revenues	46,779,763	45,938,331	(841,432)
OPERATING EXPENSES			
Source of supply	6,086,385	6,001,553	84,832
Water treatment	8,996,807	9,043,175	(46,368)
Collection, transmission, and distribution	4,489,177	4,474,609	14,568
Other operating expenses	1,695,682	1,478,009	217,673
Administration	6,565,804	6,493,086	72,718
Total operating expenses	27,833,855	27,490,432	343,423
Operating income	18,945,908	18,447,899	(498,009)
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,266,440	1,275,737	9,297
Capital outlay	(109,436,964)	(14,970,544)	94,466,420
Debt service			
Principal payment	(1,455,000)	(1,455,000)	-
Interest	(1,400,294)	(1,400,294)	-
Bond fees	(3,000)	(250)	2,750
Miscellaneous revenue	3,487,143	3,483,871	(3,272)
Total nonoperating expenses	(107,541,675)	(13,066,480)	94,475,195
Income (Loss) before capital contributions	(88,595,767)	5,381,419	93,977,186
Capital contributions	22,384,933	22,215,890	(169,043)
Excess (Deficiency) of revenues over (under) expenditures before reconciling items	<u>\$ (66,210,834)</u>	27,597,309	<u>\$ 93,808,143</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		60,915	
Add back principal payment		1,455,000	
Change in accrued interest payable		3,638	
Gain on sale of capital assets		191,878	
Depreciation		(6,987,254)	
Capital asset additions (from the City's capital projects)		14,970,544	
Contributed capital assets		3,705,950	
Bond deferred premiums amortized		50,728	
Total reconciling items		13,451,399	
Change in net position		41,048,708	
Net position, January 1		629,008,604	
Net position, December 31		<u>\$ 670,057,312</u>	

City of Thornton, Colorado

Sewer Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Charges for services	\$ 14,868,000	\$ 15,128,165	\$ 260,165
Miscellaneous revenue	<u>112,413</u>	<u>113,909</u>	<u>1,496</u>
Total operating revenues	<u>14,980,413</u>	<u>15,242,074</u>	<u>261,661</u>
OPERATING EXPENSES			
Collection, transmission, and distribution	2,233,308	2,176,938	56,370
Sewage treatment-Metro Wastewater	8,304,959	8,304,959	-
Other operating expenses	198,366	149,636	48,730
Administration	<u>1,368,116</u>	<u>1,368,116</u>	<u>-</u>
Total operating expenses	<u>12,104,749</u>	<u>11,999,649</u>	<u>105,100</u>
Operating income	<u>2,875,664</u>	<u>3,242,425</u>	<u>366,761</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	235,000	189,638	(45,362)
Capital outlay	(9,980,284)	(6,420,357)	3,559,927
Miscellaneous revenue	<u>-</u>	<u>5,203</u>	<u>5,203</u>
Total nonoperating expenses	<u>(9,745,284)</u>	<u>(6,225,516)</u>	<u>3,519,768</u>
Loss before capital contributions and transfers	(6,869,620)	(2,983,091)	3,886,529
Capital contributions	<u>1,818,944</u>	<u>2,167,110</u>	<u>348,166</u>
Deficiency of revenues under expenditures before reconciling items	<u>\$ (5,050,676)</u>	(815,981)	<u>\$ 4,234,695</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		9,646	
Gain on sale of capital assets		6,692	
Depreciation		(2,081,490)	
Capital asset additions (from the City's capital projects)		6,420,357	
Contributed capital assets		<u>2,404,188</u>	
Total reconciling items		<u>6,759,393</u>	
Change in net position		5,943,412	
Net position, January 1		<u>64,620,773</u>	
Net position, December 31		<u>\$ 70,564,185</u>	

City of Thornton, Colorado

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

Enterprise Funds

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

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

City of Thornton, Colorado

Sanitation Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Charges for services	\$ 5,125,210	\$ 5,292,541	\$ 167,331
Miscellaneous revenue	-	13,548	13,548
Total operating revenues	<u>5,125,210</u>	<u>5,306,089</u>	<u>180,879</u>
OPERATING EXPENSES			
Trash removal	2,770,629	2,673,777	96,852
Other operating expenses	791,034	836,501	(45,467)
Administration	<u>960,827</u>	<u>936,817</u>	<u>24,010</u>
Total operating expenses	<u>4,522,490</u>	<u>4,447,095</u>	<u>75,395</u>
Operating income	<u>602,720</u>	<u>858,994</u>	<u>256,274</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	85,200	72,595	(12,605)
Capital outlay	<u>(1,089,724)</u>	<u>(360,783)</u>	<u>728,941</u>
Total nonoperating expenses	<u>(1,004,524)</u>	<u>(288,188)</u>	<u>716,336</u>
Income (loss) before transfers	(401,804)	570,806	972,610
Excess (Deficiency) of revenues over (under) expenditures before reconciling items	<u>\$ (401,804)</u>	570,806	<u>\$ 972,610</u>
RECONCILIATION TO US GAAP BASIS			
Miscellaneous non-cash adjustments		8,792	
Gain on sale of capital assets		23,189	
Depreciation		(499,603)	
Capital asset additions		<u>360,783</u>	
Total reconciling items		<u>(106,839)</u>	
Change in net position		463,967	
Net position, January 1		<u>9,558,374</u>	
Net position, December 31		<u>\$ 10,022,341</u>	

City of Thornton, Colorado

Combining Statements and Budgetary Schedules Fund Descriptions Internal Service Funds

Internal Service Funds

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

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

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

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

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

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

City of Thornton, Colorado

**Combining Statement of Net Position
Internal Service Funds
December 31, 2017**

	Internal Service Funds					
	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
ASSETS						
Current assets						
Equity in pooled cash and investments - unrestricted	\$ 4,695,984	\$ 869,446	\$ 60,878	\$ 161,243	\$ 692,372	\$ 6,479,923
Receivables, net						
Accounts	176,564		-	37,060	635	214,259
Interest and other	15,751	3,990	268	534	5,384	25,927
Total current assets	4,888,299	873,436	61,146	198,837	698,391	6,720,109
Noncurrent assets						
Capital assets						
Transportation equipment	-	20,114	-	-	250,503	270,617
General equipment	-	2,196,130	63,363	-	814,188	3,073,681
Buildings and improvements	-	-	-	-	18,471	18,471
Less accumulated depreciation	-	(1,490,822)	(41,030)	-	(172,509)	(1,704,361)
Total noncurrent assets	-	725,422	22,333	-	910,653	1,658,408
Total assets	4,888,299	1,598,858	83,479	198,837	1,609,044	8,378,517
LIABILITIES						
Current liabilities						
Accounts payable	186,148	361,081	44,757	91,871	537,816	1,221,673
Compensated absences	10,011	17,535	-	-	28,453	55,999
Outstanding reserves/incurred but not reported claims	2,152,671	-	-	-	-	2,152,671
Total current liabilities	2,348,830	378,616	44,757	91,871	566,269	3,430,343
Long-term liabilities						
Compensated absences, excluding current portion	13,413	172,442	-	-	77,734	263,589
Advances from other funds	-	-	-	100,000	-	100,000
Outstanding reserves/incurred but not reported claims	2,212,611	-	-	-	-	2,212,611
Total long-term liabilities	2,226,024	172,442	-	100,000	77,734	2,576,200
Total liabilities	4,574,854	551,058	44,757	191,871	644,003	6,006,543
NET POSITION						
Net investment in capital assets	-	725,422	22,333	-	910,653	1,658,408
Unrestricted	313,445	322,378	16,389	6,966	54,388	713,566
Total net position	\$ 313,445	\$ 1,047,800	\$ 38,722	\$ 6,966	\$ 965,041	\$ 2,371,974

City of Thornton, Colorado

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2017**

	Internal Service Funds					
	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
OPERATING REVENUES						
Interfund services	\$ 5,561,444	\$ 6,920,706	\$ 664,252	\$ 419,316	\$ 4,531,317	\$ 18,097,035
Total operating revenues	5,561,444	6,920,706	664,252	419,316	4,531,317	18,097,035
OPERATING EXPENSES						
Insurance premiums	887,136	-	-	-	-	887,136
Claims and reserves for claims	3,929,640	-	-	-	-	3,929,640
Other operating expenses	-	3,173,828	649,825	419,316	2,416,303	6,659,272
Administration	498,858	3,152,553	-	-	2,096,074	5,747,485
Depreciation	-	295,390	7,932	-	70,195	373,517
Total operating expenses	5,315,634	6,621,771	657,757	419,316	4,582,572	17,597,050
Operating income (loss)	245,810	298,935	6,495	-	(51,255)	499,985
NONOPERATING REVENUES (EXPENSES)						
Loss on disposal of capital assets	-	(2,842)	-	-	-	(2,842)
Interest income	43,031	11,654	902	1,452	16,857	73,896
Miscellaneous, net	20,000	463	-	-	-	20,463
Total nonoperating revenues	63,031	9,275	902	1,452	16,857	91,517
Change in net position	308,841	308,210	7,397	1,452	(34,398)	591,502
Net position, January 1	4,604	739,590	31,325	5,514	999,439	1,780,472
Net position, December 31	\$ 313,445	\$ 1,047,800	\$ 38,722	\$ 6,966	\$ 965,041	\$ 2,371,974

City of Thornton, Colorado

Combining Statement of Cash Flows Internal Service Funds For the year ended December 31, 2017

	Internal Service Funds					
	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from interfund services	\$ 5,560,384	\$ 6,922,703	\$ 664,252	\$ 407,739	\$ 4,531,100	\$ 18,086,178
Payments to suppliers	(4,402,014)	(3,398,434)	(646,137)	(419,316)	(2,714,577)	(11,580,478)
Payments to employees	(444,100)	(3,165,109)	-	-	(2,072,390)	(5,681,599)
Net cash provided by (used in) operating activities	714,270	359,160	18,115	(11,577)	(255,867)	824,101
Net cash provided by noncapital financing activities	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases and construction of capital assets	-	(285,896)	-	-	(412,555)	(698,451)
Net cash used in capital and related financing activities	-	(285,896)	-	-	(412,555)	(698,451)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	3,836,016	914,347	55,667	130,767	1,159,850	6,096,647
Purchases of investments	(3,902,047)	(874,367)	(63,160)	(100,473)	(519,183)	(5,459,230)
Interest on investments	42,717	12,034	999	1,437	18,059	75,246
Net cash provided by (used in) investing activities	(23,314)	52,014	(6,494)	31,731	658,726	712,663
Net increase (decrease) in cash and cash equivalents	690,956	125,278	11,621	20,154	(9,696)	838,313
Cash and cash equivalents, Jan. 1	342,911	68,552	2,731	15,741	10,965	440,900
Cash and cash equivalents, Dec. 31	<u>\$ 1,033,867</u>	<u>\$ 193,830</u>	<u>\$ 14,352</u>	<u>\$ 35,895</u>	<u>\$ 1,269</u>	<u>\$ 1,279,213</u>
Cash and cash equivalents	\$ 1,033,867	\$ 193,830	\$ 14,352	\$ 35,895	\$ 1,269	\$ 1,279,213
Investments	3,662,117	675,616	46,526	125,348	691,103	5,200,710
Total cash and investments	<u>\$ 4,695,984</u>	<u>\$ 869,446</u>	<u>\$ 60,878</u>	<u>\$ 161,243</u>	<u>\$ 692,372</u>	<u>\$ 6,479,923</u>

	Internal Service Funds					
	Risk Management	Information Technology	Reprographics	Consolidated Service Center	Maintenance Services	Internal Service Funds Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ 245,810	\$ 298,935	\$ 6,495	\$ -	\$ (51,255)	\$ 499,985
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expense	-	295,390	7,932	-	70,195	373,517
Miscellaneous receipts	20,000	463	-	-	-	20,463
Change in assets and liabilities:						
Decrease (increase) in accounts receivable, net	(1,060)	1,534	-	(11,577)	(217)	(11,320)
Increase (decrease) in accounts payable	(24,219)	(208,196)	3,688	-	(280,706)	(509,433)
Increase (decrease) in other liabilities	473,739	(28,966)	-	-	6,116	450,889
Net cash provided by (used in) operating activities	<u>\$ 714,270</u>	<u>\$ 359,160</u>	<u>\$ 18,115</u>	<u>\$ (11,577)</u>	<u>\$ (255,867)</u>	<u>\$ 824,101</u>
NON-CASH TRANSACTIONS:						
Decrease in the fair value of investments	\$ (19,280)	\$ (4,132)	\$ (162)	\$ (622)	\$ (4,443)	\$ (28,639)
Loss on disposal of capital assets	-	(2,842)	-	-	-	(2,842)

City of Thornton, Colorado

Risk Management Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 5,368,393	\$ 5,561,444	\$ 193,051
Total operating revenues	5,368,393	5,561,444	193,051
OPERATING EXPENSES			
Insurance premiums	881,296	887,136	(5,840)
Claims and reserves for claims	4,006,107	4,006,107	-
Administration	519,768	496,271	23,497
Total operating expenses	5,407,171	5,389,514	17,657
Operating income (loss)	(38,778)	171,930	210,708
NONOPERATING REVENUES			
Interest income	-	43,031	43,031
Miscellaneous revenue	-	20,000	20,000
Total nonoperating revenues	-	63,031	63,031
Excess (Deficiency) of revenues over (under) expenditures before reconciling items	\$ (38,778)	234,961	\$ 273,739
RECONCILIATION TO US GAAP BASIS			
Incurred but not reported adjustment - property casualty		551,844	
Incurred but not reported adjustment - worker's compensation		(474,270)	
Incurred but not reported adjustment - dental		(4,836)	
Incurred but not reported adjustment - vision		3,729	
Miscellaneous non-cash adjustments		(2,587)	
Total reconciling items		73,880	
Change in net position		308,841	
Net position, January 1		4,604	
Net position, December 31		\$ 313,445	

City of Thornton, Colorado

Information Technology Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 6,920,706	\$ 6,920,706	\$ -
Total operating revenues	6,920,706	6,920,706	-
OPERATING EXPENSES			
Other operating expenses	2,951,247	3,173,828	(222,581)
Administration	3,593,367	3,181,520	411,847
Total operating expenses	6,544,614	6,355,348	189,266
Operating income	376,092	565,358	189,266
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	11,654	11,654
Miscellaneous revenue	-	463	463
Capital outlay	(376,092)	(285,896)	90,196
Total nonoperating expenses	(376,092)	(273,779)	102,313
Excess of revenues over expenditures before reconciling items	\$ -	291,579	\$ 291,579
RECONCILIATION TO US GAAP BASIS			
Loss on disposal of capital assets		(2,842)	
Depreciation		(295,390)	
Capital asset additions		261,815	
Internally generated intangible asset additions		24,081	
Miscellaneous non-cash adjustments		28,967	
Total reconciling items		16,631	
Change in net position		308,210	
Net position, January 1		739,590	
Net position, December 31		\$ 1,047,800	

City of Thornton, Colorado

Reprographics Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Interfund services	<u>\$ 664,252</u>	<u>\$ 664,252</u>	<u>\$ -</u>
Total operating revenues	<u>664,252</u>	<u>664,252</u>	<u>-</u>
OPERATING EXPENSES			
Printing/postage services	<u>664,252</u>	<u>649,825</u>	<u>14,427</u>
Total operating expenses	<u>664,252</u>	<u>649,825</u>	<u>14,427</u>
Operating income	<u>-</u>	<u>14,427</u>	<u>14,427</u>
NONOPERATING REVENUES			
Interest income	<u>-</u>	<u>902</u>	<u>902</u>
Total nonoperating revenues	<u>-</u>	<u>902</u>	<u>902</u>
Excess of revenues over expenditures before reconciling items	<u>\$ -</u>	<u>15,329</u>	<u>\$ 15,329</u>
RECONCILIATION TO US GAAP BASIS			
Depreciation		<u>(7,932)</u>	
Total reconciling items		<u>(7,932)</u>	
Change in net position		7,397	
Net position, January 1		<u>31,325</u>	
Net position, December 31		<u>\$ 38,722</u>	

City of Thornton, Colorado

**Consolidated Service Center Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual
For the year ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Positive (negative) variance from actual</u>
OPERATING REVENUES			
Interfund services	<u>\$ 513,791</u>	<u>\$ 419,316</u>	<u>\$ (94,475)</u>
Total operating revenues	<u>513,791</u>	<u>419,316</u>	<u>(94,475)</u>
OPERATING EXPENSES			
Contractual services	<u>513,791</u>	<u>419,316</u>	<u>94,475</u>
Total operating expenses	<u>513,791</u>	<u>419,316</u>	<u>94,475</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>
NONOPERATING REVENUES			
Interest income	<u>-</u>	<u>1,452</u>	<u>1,452</u>
Total nonoperating revenues	<u>-</u>	<u>1,452</u>	<u>1,452</u>
Change in net position	<u><u>\$ -</u></u>	<u>1,452</u>	<u><u>\$ 1,452</u></u>
Net position, January 1		<u>5,514</u>	
Net position, December 31		<u><u>\$ 6,966</u></u>	

City of Thornton, Colorado

Maintenance Services Fund Schedule of Revenues, Expenses, and Changes in Net Position Budget and Actual - Non US GAAP Basis For the year ended December 31, 2017

	Budget	Actual	Positive (negative) variance from actual
OPERATING REVENUES			
Interfund services	\$ 5,071,317	\$ 4,531,317	\$ (540,000)
Total operating revenues	5,071,317	4,531,317	(540,000)
OPERATING EXPENSES			
Other operating expenses	2,843,717	2,416,303	427,414
Administration	2,188,122	2,089,958	98,164
Total operating expenses	5,031,839	4,506,261	525,578
Operating income	39,478	25,056	(14,422)
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	16,857	16,857
Capital outlay	(459,861)	(412,555)	47,306
Total nonoperating expenses	(459,861)	(395,698)	64,163
Deficiency of revenues under expenditures before reconciling items	\$ (420,383)	(370,642)	\$ 49,741
RECONCILIATION TO US GAAP BASIS			
Depreciation		(70,195)	
Capital asset additions		412,555	
Miscellaneous non-cash adjustments		(6,116)	
Total reconciling items		336,244	
Change in net position		(34,398)	
Net position, January 1		999,439	
Net position, December 31		\$ 965,041	

OTHER SCHEDULES

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City of Thornton, Colorado
Schedule of Investments
December 31, 2017

Description	Coupon Rate	Maturity Date	Original Cost	Fair Value	Par Value
Federal Farm Credit	0.930%	03/14/18	\$ 4,036,240	\$ 3,997,332	\$ 4,000,000
	0.875%	05/14/18	5,000,000	4,989,610	5,000,000
	1.360%	10/28/19	5,000,000	4,946,675	5,000,000
	1.500%	08/24/20	4,997,050	4,930,150	5,000,000
	1.350%	09/21/20	4,998,750	4,902,200	5,000,000
	1.750%	10/26/20	5,000,000	4,952,890	5,000,000
	1.650%	12/01/20	5,000,000	4,939,085	5,000,000
	1.580%	02/17/21	5,000,000	4,907,805	5,000,000
	1.620%	04/20/21	7,000,000	6,853,868	7,000,000
	2.030%	04/25/22	4,998,250	4,902,645	5,000,000
	2.070%	05/23/22	3,900,000	3,808,806	3,900,000
Federal Home Loan Bank	2.000%	09/14/18	5,126,850	5,008,355	5,000,000
	1.670%	11/21/18	5,018,200	4,988,915	5,000,000
	1.550%	11/27/19	5,000,000	4,952,455	5,000,000
	2.375%	12/13/19	5,156,450	5,040,385	5,000,000
	2.000%	05/28/21	4,996,250	4,972,375	5,000,000
	1.125%	07/14/21	4,974,600	4,833,885	5,000,000
	2.125%	06/29/22	5,000,000	4,943,750	5,000,000
	2.125%	08/26/22	5,000,000	4,897,085	5,000,000
	2.000%	09/09/22	4,999,968	4,941,774	5,000,000
	2.060%	10/25/22	5,000,000	4,946,145	5,000,000
Federal Home Loan Mortgage Corp.	1.270%	03/29/19	5,000,000	4,965,500	5,000,000
	2.000%	07/30/19	5,092,200	5,007,240	5,000,000
	1.500%	05/07/21	5,000,000	4,854,340	5,000,000
	2.070%	09/28/21	5,000,000	4,981,320	5,000,000
Federal National Mortgage Assoc.	0.875%	05/21/18	4,969,600	4,986,875	5,000,000
	1.150%	01/28/20	5,000,000	4,919,385	5,000,000
	1.400%	07/27/20	5,000,000	4,883,155	5,000,000
	1.200%	07/28/20	6,996,500	6,857,480	7,000,000
	1.500%	08/10/21	5,000,000	4,867,070	5,000,000
	1.550%	09/30/21	5,000,000	4,812,855	5,000,000
	1.375%	10/07/21	4,947,050	4,862,610	5,000,000
	1.500%	10/27/21	5,000,000	4,813,965	5,000,000
	2.000%	10/05/22	4,996,335	4,937,570	5,000,000
TVA	4.500%	04/01/18	5,439,000	5,037,240	5,000,000
U. S Treasury	1.375%	06/30/18	5,012,500	4,996,875	5,000,000
	1.500%	08/31/18	5,065,234	4,993,750	5,000,000
	1.250%	01/31/19	5,007,422	4,968,750	5,000,000
	1.375%	02/28/19	5,061,719	4,972,852	5,000,000
	1.625%	06/30/19	5,089,844	4,982,617	5,000,000
	1.750%	11/15/20	4,985,650	4,971,289	5,000,000
	1.625%	11/30/20	4,982,813	4,949,805	5,000,000
	1.875%	11/30/21	9,951,633	9,918,750	10,000,000
	1.750%	09/30/22	4,950,781	4,899,805	5,000,000
Corp Coupon	1.650%	01/22/18	5,028,250	4,999,005	5,000,000
	2.100%	01/17/19	5,066,300	5,011,457	5,000,000
	2.100%	05/06/19	5,059,500	5,011,481	5,000,000
	1.750%	05/24/19	7,062,530	6,961,101	7,000,000
	2.150%	12/06/19	3,019,200	2,995,373	3,000,000
	1.850%	02/12/20	8,674,642	8,606,539	8,640,000
Overnight Funds			<u>71,198,601</u>	<u>71,198,601</u>	<u>71,198,601</u>
			<u>\$ 332,859,912</u>	<u>\$ 328,880,845</u>	<u>\$ 331,738,601</u>

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Thornton, Colorado			
		YEAR ENDING : December 2017			
This Information From The Records Of: City of Thornton, Colorado		Prepared By: Stephanie Daniels, Accountant Phone: 303-538-7236			
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	4,791,682		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,678,719		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	1,824,649		
2. General fund appropriations	0	b. Snow and ice removal	1,134,632		
3. Other local imposts (from page 2)	12,825,434	c. Other	2,177,595		
4. Miscellaneous local receipts (from page 2)	4,763,595	d. Total (a. through c.)	5,136,876		
5. Transfers from toll facilities	0	4. General administration & miscellaneous	446,300		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	8,374,947		
a. Bonds - Original Issues	0	6. Total (1 through 5)	23,428,524		
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	191,467		
7. Total (1 through 6)	17,589,029	b. Redemption	871,350		
B. Private Contributions	0	c. Total (a. + b.)	1,062,817		
C. Receipts from State government		2. Notes:			
(from page 2)	4,635,215	a. Interest	0		
D. Receipts from Federal Government		b. Redemption	0		
(from page 2)	2,267,097	c. Total (a. + b.)	0		
E. Total receipts (A.7 + B + C + D)	24,491,341	3. Total (1.c + 2.c)	1,062,817		
		C. Payments to State for highways	0		
		D. Payments to toll facilities	0		
		E. Total disbursements (A.6 + B.3 + C + D)	24,491,341		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	4,846,638	0	871,350	3,975,288	
1. Bonds (Refunding Portion)		0	0		
B. Notes (Total)	0	0	0	0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	24,491,341	24,491,341	0	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING: December 2017	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
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ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	8,028,730	a. Interest on investments	60,492
b. Other local imposts:		b. Traffic Fines & Penalties	1,354,768
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	4,796,704	g. Other Misc. Receipts	0
6. Total (1. through 5.)	4,796,704	h. Other	3,348,335
c. Total (a. + b.)	12,825,434	i. Total (a. through h.)	4,763,595
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,973,257	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	2,629
c. Motor Vehicle Registrations	443,433	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	218,525	f. Other Federal	2,264,468
f. Total (a. through e.)	661,958	g. Total (a. through f.)	2,267,097
4. Total (1. + 2. + 3.f)	4,635,215	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
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	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	492,007	492,007
b. Engineering Costs	0	1,339,565	1,339,565
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	566,274	566,274
(3). System Preservation	0	(1,576)	(1,576)
(4). System Enhancement & Operation	0	2,395,412	2,395,412
(5). Total Construction (1)+(2)+(3)+(4)	0	2,960,110	2,960,110
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	4,791,682	4,791,682
			(Carry forward to page 1)

Notes and Comments:

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	115
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	120
These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.	
Debt Capacity	126
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Schedule of Principal Employers	133
The number of employees per business is confidential therefore the City is providing employee totals by sector.	
Operating Information	134
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

	Fiscal Year									
	2008	2009	2010	2011	2012-restated	2013	2014-restated	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 282,364,410	\$ 287,512,026	\$ 281,917,836	\$ 277,075,485	\$ 277,932,039	\$ 271,137,481	\$ 268,904,561	\$ 247,691,323	\$ 259,179,659	\$ 289,933,156
Restricted	7,222,855	6,577,027	5,028,764	5,064,308	5,098,730	5,360,319	5,528,730	8,062,689	8,241,309	40,196,389
Unrestricted	92,990,211	87,328,944	94,786,038	97,068,106	82,907,335	85,077,988	89,976,356	123,804,451	125,530,515	85,080,508
Total governmental activities net position	\$ 382,577,476	\$ 381,417,997	\$ 381,732,638	\$ 379,207,899	\$ 365,938,104	\$ 361,575,788	\$ 364,409,647	\$ 379,558,463	\$ 392,951,483	\$ 415,210,053
Business-type activities										
Net investment in capital assets	\$ 440,509,204	\$ 454,984,571	\$ 476,417,765	\$ 489,517,504	\$ 497,107,782	\$ 508,956,512	\$ 532,249,683	\$ 543,600,154	\$ 560,279,776	\$ 579,737,175
Restricted	4,325,730	4,329,370	4,130,833	4,141,250	15,431,413	6,480,661	5,665,074	2,976,894	2,980,644	3,097,447
Unrestricted	98,895,981	91,058,269	83,943,415	86,064,926	97,444,702	104,008,361	98,346,597	113,397,141	139,927,331	167,809,216
Total business-type activities net position	\$ 543,730,915	\$ 550,372,210	\$ 564,492,013	\$ 579,723,680	\$ 609,983,897	\$ 619,445,534	\$ 636,261,354	\$ 659,974,189	\$ 703,187,751	\$ 750,643,838
Primary government										
Net investment in capital assets	\$ 722,873,614	\$ 742,496,597	\$ 758,335,601	\$ 766,592,989	\$ 775,039,821	\$ 780,093,993	\$ 801,154,244	\$ 791,291,477	\$ 819,459,435	\$ 869,670,331
Restricted	11,548,585	10,906,397	9,159,597	9,205,558	20,530,143	11,840,980	11,193,804	11,039,583	11,221,953	43,293,836
Unrestricted	191,886,192	178,387,213	178,729,453	183,133,032	180,352,037	189,086,349	188,322,953	237,201,592	265,457,846	252,889,724
Total primary government net position	\$ 926,308,391	\$ 931,790,207	\$ 946,224,651	\$ 958,931,579	\$ 975,922,001	\$ 981,021,322	\$ 1,000,671,001	\$ 1,039,532,652	\$ 1,096,139,234	\$ 1,165,853,891

Source: Current and prior year's financial statements.

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

Expenses	2008	2009	2010	2011	2012-restated	2013	2014-restated	2015	2016	2017
Governmental activities:										
General government	\$ 17,919,618	\$ 18,688,529	\$ 17,616,971	\$ 19,275,165	\$ 31,840,827	\$ 20,193,979	\$ 17,112,300	\$ 18,362,528	\$ 21,317,628	\$ 20,448,504
Police	23,444,248	24,401,274	25,286,720	25,877,812	26,295,237	28,044,137	29,873,901	30,700,874	32,573,830	37,997,781
Fire	8,650,645	10,946,487	11,353,650	11,960,138	12,188,210	12,758,169	16,496,326	14,323,859	18,718,470	18,630,926
City development	16,194,462	13,279,400	10,052,292	12,261,174	13,467,929	14,459,695	15,709,881	15,937,319	16,511,773	17,902,336
Streets, traffic & eng.	27,210,924	28,077,809	30,775,017	28,491,153	26,533,674	36,991,096	29,021,305	33,558,931	33,737,170	33,403,367
Community services	17,824,868	18,765,036	19,440,054	21,346,877	22,473,148	22,066,524	26,714,095	27,788,576	26,938,495	32,313,390
Interest of long-term debt	3,781,252	3,590,627	4,310,715	2,863,483	3,596,370	2,643,404	2,686,272	2,756,646	2,706,046	2,442,527
Total government activities expenses	115,026,017	117,749,162	118,835,419	122,075,802	136,395,395	137,157,004	137,614,080	143,428,733	152,503,412	163,138,831
Business-type activities										
Water	29,778,670	30,386,259	30,620,839	31,980,077	32,611,461	32,722,025	33,600,763	35,912,922	34,885,132	35,762,949
Sewer	11,762,778	11,039,822	11,177,035	11,960,169	12,132,240	12,254,003	13,380,812	13,721,652	15,011,361	14,071,493
Sanitation	4,233,909	4,554,390	4,692,145	4,685,426	6,067,844	4,454,606	4,525,051	4,801,905	4,729,623	4,937,906
Golf	-	-	-	-	-	1,227,092	1,653,285	-	-	-
Ambulance	2,950,581	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	48,725,938	45,980,471	46,490,019	48,625,672	50,811,545	50,657,726	53,159,911	54,436,479	54,626,116	54,772,348
Total primary government expenses	\$ 163,751,955	\$ 163,729,633	\$ 165,325,438	\$ 170,701,474	\$ 187,206,940	\$ 187,814,730	\$ 190,773,991	\$ 197,865,212	\$ 207,129,528	\$ 217,911,179
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,884,922	\$ 6,002,294	\$ 6,009,873	\$ 6,337,953	\$ 6,143,674	\$ 4,624,849	\$ 4,188,565	\$ 4,923,991	\$ 4,879,909	\$ 4,730,914
Police	2,315,213	2,581,214	2,922,506	3,021,716	3,014,682	2,699,807	2,538,093	1,964,945	1,284,687	1,717,764
Fire	10,125	2,297,046	2,108,174	2,127,107	1,753,060	1,617,997	1,693,145	1,887,235	2,350,600	2,622,926
City Development	1,899,072	1,499,013	1,608,848	1,769,755	2,172,200	2,607,403	3,339,238	4,061,961	4,899,797	7,540,989
Community Services	2,619,443	2,593,670	2,697,686	2,545,724	2,769,660	2,887,552	2,977,761	4,634,472	4,618,949	3,038,920
Operating grants/contrib.	808,008	4,178,361	4,662,823	4,989,148	5,572,187	5,704,876	6,461,838	5,958,882	5,941,237	6,322,021
Capital grants/contrib.	22,245,220	12,784,216	12,721,678	10,080,966	7,899,630	12,577,779	11,965,768	16,368,314	20,359,352	27,183,807
Total government activities program revenues	34,782,003	31,935,814	32,731,588	30,872,369	29,325,093	32,720,263	33,164,408	39,799,800	44,334,531	53,157,341
Business-type activities:										
Charges for services:										
Water	30,380,457	28,647,511	30,901,291	30,315,557	33,188,946	28,765,602	29,003,515	34,348,429	42,610,157	45,776,729
Sewer	9,138,130	10,044,383	10,412,362	11,161,882	11,725,967	12,645,386	13,105,689	14,191,006	14,388,579	15,128,165
Sanitation	4,556,491	4,537,670	4,723,152	4,738,448	4,848,664	4,900,812	4,888,248	5,024,225	5,109,703	5,292,541
Golf	-	-	-	-	1,130,711	1,282,893	1,368,959	-	-	-
Ambulance	2,395,679	-	-	-	-	-	-	-	-	-
Operating grants/contrib.	-	-	-	-	-	-	-	-	-	-
Capital grants/contrib.	16,935,269	7,520,520	12,963,221	6,788,327	15,501,147	9,205,225	10,855,812	15,915,139	29,850,742	30,493,138

	2008	2009	2010	2011	2012-restated	2013	2014-restated	2015	2016	2017
Total business-type activities program revenues	63,406,026	50,750,084	59,000,026	53,004,214	66,395,435	56,799,918	59,222,223	69,478,799	91,959,181	96,690,573
Total primary government program revenues	\$ 98,188,029	\$ 82,685,898	\$ 91,731,614	\$ 83,876,583	\$ 95,720,528	\$ 89,520,181	\$ 92,386,631	\$ 109,278,599	\$ 136,293,712	\$ 149,847,914
Net (expense)/revenue										
Governmental activities	\$ (80,244,014)	\$ (85,813,348)	\$ (86,103,831)	\$ (91,203,433)	\$ (107,070,302)	\$ (104,436,741)	\$ (104,449,672)	\$ (103,628,933)	\$ (108,168,881)	\$ (109,981,490)
Business-type activities	14,680,088	4,769,613	12,510,007	4,378,542	15,583,890	6,142,192	6,062,312	15,042,320	37,333,065	41,918,225
Total primary government net expense	\$ (65,563,926)	\$ (81,043,735)	\$ (73,593,824)	\$ (86,824,891)	\$ (91,486,412)	\$ (98,294,549)	\$ (98,387,360)	\$ (88,586,613)	\$ (70,835,816)	\$ (68,063,265)
General Revenues and Other										
Changes in Assets										
Governmental activities										
Taxes										
Sales and use taxes	\$ 62,290,537	\$ 62,119,298	\$ 65,001,120	\$ 67,476,006	\$ 73,606,406	\$ 78,188,772	\$ 84,024,928	\$ 91,975,491	\$ 96,446,874	\$ 104,489,333
Property taxes	11,566,814	12,060,852	11,853,225	11,778,013	11,719,559	11,858,574	12,046,479	12,571,291	14,503,019	14,798,204
Other taxes	7,385,961	7,085,194	7,224,095	7,247,598	7,505,706	8,157,151	8,693,260	8,612,126	8,873,989	9,547,866
Earnings on investments	4,715,727	1,690,251	1,074,775	904,954	963,440	206,456	960,404	1,513,417	56,183	1,748,964
Gain on sale of assets	-	10,151	-	42,245	24,402	-	206,932	152,381	188,110	148,555
Miscellaneous	1,702,893	1,688,123	1,265,257	1,229,878	1,871,200	1,663,472	1,762,781	2,186,632	1,493,726	1,507,138
Transfers	499,039	-	-	-	(1,890,206)	-	(411,253)	1,766,411	-	-
Total governmental activities	88,160,971	84,653,869	86,418,472	88,678,694	93,800,507	100,074,425	107,283,531	118,777,749	121,561,901	132,240,060
Business-type activities										
Investment earnings	4,027,346	1,686,174	1,447,609	892,446	1,198,760	553,078	2,012,676	1,553,374	948,963	1,537,970
Gain on sale of assets	5,192	2,062	-	7,307	28,964	16,259	942,423	5,038,541	722,012	221,759
Miscellaneous	380,412	183,446	162,187	9,318,089	11,558,397	2,750,108	7,387,156	3,845,011	4,209,522	3,778,133
Transfers	(499,039)	-	-	-	1,890,206	-	411,253	(1,766,411)	-	-
Total business-type activities	3,913,911	1,871,682	1,609,796	10,217,842	14,676,327	3,319,445	10,753,508	8,670,515	5,880,497	5,537,862
Total primary government	\$ 92,074,882	\$ 86,525,551	\$ 88,028,268	\$ 98,896,536	\$ 108,476,834	\$ 103,393,870	\$ 118,037,039	\$ 127,448,264	\$ 127,442,398	\$ 137,777,922
Change in Net Position										
Governmental activities	\$ 7,916,957	\$ (1,159,479)	\$ 314,641	\$ (2,524,739)	\$ (13,269,795)	\$ (4,362,316)	\$ 2,833,859	\$ 15,148,816	\$ 13,393,020	\$ 22,258,570
Business-type activities	18,593,999	6,641,295	14,119,803	14,596,384	30,260,217	9,461,637	16,815,820	23,712,835	43,213,562	47,456,087
Total primary government	\$ 26,510,956	\$ 5,481,816	\$ 14,434,444	\$ 12,071,645	\$ 16,990,422	\$ 5,099,321	\$ 19,649,679	\$ 38,861,651	\$ 56,606,582	\$ 69,714,657

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

Source: Current and prior year's financial statements.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nondisposable	\$ 139,486	\$ 69,884	\$ 74,270	\$ 161,867	\$ 219,622	\$ 276,656	\$ 256,407	\$ 224,102	\$ 252,741	\$ 247,410
Restricted	3,636,053	3,433,640	3,598,873	3,779,906	3,866,729	4,241,641	4,472,701	4,926,372	5,170,463	5,384,063
Committed	365,692	365,692	365,692	15,566,436	15,939,956	16,760,292	18,196,555	19,138,386	20,990,233	22,028,000
Assigned	681,628	57,193	291,480	-	-	-	-	-	-	-
Unassigned	18,131,570	22,383,855	24,767,643	7,935,397	7,467,599	11,628,514	10,190,182	519,210	922,130	9,613,998
Total general fund	<u>\$ 22,954,429</u>	<u>\$ 26,310,264</u>	<u>\$ 29,097,958</u>	<u>\$ 27,443,606</u>	<u>\$ 27,493,906</u>	<u>\$ 32,907,103</u>	<u>\$ 33,115,845</u>	<u>\$ 24,808,070</u>	<u>\$ 27,335,567</u>	<u>\$ 37,273,471</u>
All other governmental funds										
Nondisposable	\$ 10,635,873	\$ 10,635,873	\$ 12,137,961	\$ 22,711,120	\$ 23,667,937	\$ 15,951,159	\$ 15,220,076	\$ 1,985,873	\$ -	\$ -
Restricted	9,986,656	8,673,028	5,942,335	4,723,410	3,356,873	1,742,501	1,644,923	3,759,428	39,383,427	34,812,326
Committed	-	-	-	2,417,785	1,255,801	1,137,543	1,137,043	1,000,000	2,659	-
Assigned	65,136,598	55,396,455	56,522,946	48,856,038	52,110,630	68,087,596	78,963,732	110,090,600	79,603,850	64,976,510
Unassigned	-	-	-	-	(16,702,735)	(25,188,697)	(25,330,792)	-	-	-
Total all other governmental funds	<u>\$ 85,759,127</u>	<u>\$ 74,705,356</u>	<u>\$ 74,603,242</u>	<u>\$ 78,708,353</u>	<u>\$ 63,688,506</u>	<u>\$ 61,730,102</u>	<u>\$ 71,634,982</u>	<u>\$ 116,835,901</u>	<u>\$ 118,989,936</u>	<u>\$ 99,788,836</u>

Source: Current and prior year's financial statements.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 81,243,312	\$ 81,265,344	\$ 84,078,440	\$ 86,501,617	\$ 92,831,671	\$ 98,204,497	\$ 104,764,667	\$ 113,158,908	\$ 119,823,882	\$ 128,835,403
Licenses and permits	1,779,845	1,437,400	1,518,201	1,703,236	2,139,568	2,602,394	3,316,530	4,031,530	4,959,615	7,623,869
Intergovernmental	12,538,500	10,047,887	10,877,954	10,986,448	11,079,512	12,931,228	13,628,297	13,782,495	14,704,196	14,829,335
Governmental grants	3,038,387	5,007,808	5,337,732	3,826,164	2,285,517	5,348,856	3,456,132	5,120,376	4,653,577	4,296,608
Charges for services	7,299,787	10,665,173	10,592,215	10,867,399	10,504,227	8,952,084	8,652,264	11,224,156	11,295,406	9,690,537
Fines and forfeitures	2,153,324	2,509,218	2,878,298	2,921,491	2,915,446	2,597,693	2,452,610	1,833,930	1,249,962	1,662,594
Lease	207,831	99,049	98,914	99,004	98,787	207,581	207,213	207,710	207,792	207,648
Investment earnings	4,715,727	1,690,251	1,074,775	904,954	963,440	206,456	960,404	1,513,417	56,183	1,748,964
Miscellaneous	1,515,165	2,380,588	1,032,564	1,031,616	1,279,366	1,077,349	1,090,416	1,220,633	874,594	1,380,925
Total revenues	114,491,878	115,102,718	117,489,093	118,841,929	124,097,534	132,128,138	138,528,533	152,093,155	157,825,207	170,275,883
Expenditures										
General government	15,728,156	15,812,704	15,866,341	15,975,991	29,176,040	17,735,112	14,231,242	16,347,304	17,574,494	19,108,028
Police	21,275,665	22,926,111	23,351,480	24,040,493	24,537,205	26,345,134	27,567,650	28,867,622	30,733,098	36,305,515
Fire and Ambulance	8,212,836	10,350,459	10,779,604	11,363,156	11,572,631	12,195,742	13,070,907	13,630,141	15,123,637	17,693,181
City development	6,603,991	6,710,701	6,695,016	6,712,679	6,652,180	7,010,772	7,836,797	8,289,288	8,456,322	9,265,248
Streets, traffic and engineering	9,856,343	10,490,438	10,280,489	10,156,803	10,838,187	11,105,807	11,738,019	12,713,416	12,730,210	13,524,537
Community services	13,737,436	14,068,607	14,501,194	14,916,314	15,649,418	16,521,970	17,730,163	20,628,287	21,378,664	20,553,513
Capital outlay	33,781,788	33,569,119	24,319,275	24,658,593	30,931,273	30,090,513	29,792,607	36,650,789	38,277,166	54,287,245
Debt service										
Principal retirement	4,990,000	5,445,000	5,675,000	5,810,000	6,200,000	4,985,000	5,160,000	4,580,000	6,210,000	6,410,000
Interest	3,600,362	3,414,367	3,652,206	2,746,415	2,527,873	2,681,595	2,690,626	2,462,975	2,883,894	2,647,743
Bond fees	7,425	7,225	4,900	5,292	4,544	1,700	3,571	244,061	6,850	-
Bond issuance costs	-	-	165,801	5,434	-	-	-	168,985	-	-
Miscellaneous	-	5,923	-	-	-	-	-	-	-	-
Total Expenditures	117,794,002	122,800,654	115,291,306	116,391,170	138,089,351	128,673,345	129,821,582	144,582,868	153,374,335	179,795,010
Excess (deficiency) of revenues over (under) expenditures	(3,302,124)	(7,697,936)	2,197,787	2,450,759	(13,991,817)	3,454,793	8,706,951	7,510,287	4,450,872	(9,519,127)
Other financing sources (uses)										
Transfers in	4,016,799	4,771,225	4,995,191	8,966,617	3,647,024	3,532,854	10,043,738	14,482,662	5,672,765	9,298,637
Transfers out	(3,517,760)	(4,771,225)	(4,995,191)	(8,966,617)	(4,624,754)	(3,532,854)	(8,932,377)	(14,259,537)	(5,672,765)	(9,298,637)
Bonds issued	-	-	13,220,757	-	-	-	-	41,480,000	-	-
Premium on bonds issued	-	-	-	-	-	-	-	3,187,135	-	-
Pymnts to underwriter on bonds issued	-	-	(13,365,636)	-	-	-	-	(15,805,000)	-	-
Discount on certificates of participation	-	-	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	612,672	-	-	-	295,310	297,597	230,660	255,931
Total other financing sources (uses)	499,039	-	467,793	-	(977,730)	-	1,406,671	29,382,857	230,660	255,931
Net change in fund balances	\$ (2,803,085)	\$ (7,697,936)	\$ 2,665,580	\$ 2,450,759	\$ (14,969,547)	\$ 3,454,793	\$ 10,113,622	\$ 36,893,144	\$ 4,681,532	\$ (9,263,196)
Debt service as a percentage of noncapital expenditures	8.6%	8.5%	8.9%	7.9%	7.1%	6.2%	6.6%	5.5%	6.6%	6.0%

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

Source: Current and prior year's financial statements.

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

Fiscal Year	Sales tax	Motel tax	Use tax	Property tax	Specific ownership tax	Franchise tax	Cigarette tax	Total
2008	\$ 44,831,429	\$ 596,768	\$ 10,097,584	\$ 9,197,477	\$ 799,486	\$ 4,727,180	\$ 218,466	\$ 70,468,390
2009	43,386,230	436,317	10,407,990	9,257,334	700,531	4,602,825	205,396	68,996,623
2010	46,180,135	376,764	10,687,720	9,042,583	621,315	4,903,292	209,225	72,021,034
2011	47,529,083	442,503	10,910,856	9,139,134	608,036	4,893,344	209,615	73,732,571
2012	51,074,263	662,007	12,897,094	8,986,074	643,241	4,818,327	192,567	79,273,573
2013	53,221,042	839,638	13,311,291	9,045,633	697,464	5,258,367	216,756	82,590,191
2014	56,379,978	1,058,019	15,782,478	9,137,579	753,402	5,521,208	201,573	88,834,237
2015	60,194,735	1,124,700	19,200,063	9,233,929	836,278	5,308,812	198,949	96,097,466
2016	62,651,717	1,179,445	20,895,946	10,681,366	925,272	5,387,163	199,494	101,920,403
2017	64,752,884	1,260,891	26,085,453	10,826,288	1,093,409	5,809,945	193,693	110,022,563

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

Source: City of Thornton Finance Department

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

Fiscal Year	General Merchandise	Grocery	Bars & Restaurants	Automotive	Professional & Personal Services	Construction
2008	\$ 19,735,051	\$ 8,271,863	\$ 4,928,995	\$ 2,399,478	\$ 555,007	\$ 122,922
2009	17,544,820	9,191,634	5,011,846	2,688,420	519,747	140,768
2010	19,336,378	8,430,141	5,284,623	2,881,760	622,623	147,359
2011	20,643,576	8,638,413	5,396,944	3,066,193	691,225	176,703
2012	21,327,673	9,056,261	5,902,883	3,358,422	719,185	404,447
2013	22,256,380	9,617,781	6,325,706	3,848,411	765,060	295,604
2014	23,535,352	10,769,201	6,774,904	3,889,006	836,731	295,804
2015	25,132,711	11,094,349	7,495,009	4,362,386	903,402	473,827
2016	26,129,588	11,539,199	7,728,759	4,902,744	963,320	484,846
2017	25,237,109	12,913,824	8,075,813	4,901,814	933,444	592,508

Source: City of Thornton Sales and Use Tax Reports

Manufacturing & Wholesale	Accomodations	Education	Entertainment	Utilities	Total Sales Tax	Total Direct Tax Rate
\$ 1,272,196	\$ 69,222	\$ 38,848	\$ 1,113,720	\$ 6,324,127	\$ 44,831,429	3.75
894,891	57,111	54,910	1,234,067	6,048,016	43,386,230	3.75
472,755	46,559	45,052	1,471,506	7,441,379	46,180,135	3.75
513,323	58,147	27,272	1,391,060	6,926,227	47,529,083	3.75
1,480,297	66,694	25,753	1,790,926	6,941,722	51,074,263	3.75
715,725	97,529	20,307	1,694,929	7,583,610	53,221,042	3.75
884,891	86,366	21,418	1,553,434	7,732,871	56,379,978	3.75
916,318	73,698	29,269	1,646,204	8,067,562	60,194,735	3.75
1,139,673	97,119	13,308	1,575,642	8,077,519	62,651,717	3.75
1,348,505	109,745	11,009	2,129,190	8,499,923	64,752,884	3.75

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

Fiscal Year	City of Thornton	Total Direct Sales Tax Rate	Overlapping Rates					Total Overlapping Sales Tax Rate
			State of Colorado	Adams County	Rapid Transit District RTD	Cultural Facilities District	Football Stadium District	
2008	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2009	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2010	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2011	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.10%	8.60%
2012	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2013	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2014	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2015	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2016	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%
2017	3.75%	3.75%	2.90%	0.75%	1.00%	0.10%	0.00%	8.50%

Source: City of Thornton Sales and Use Tax Reports

Note: Additional 10% State of Colorado sales tax on recreational use marijuana and additional 5% City sales tax on marijuana and related products sold at retail.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aggregate top ten filers ^{1, 2}	\$ 20,273,782	\$ 19,333,867	\$ 19,823,390	\$ 22,693,871	\$ 23,418,920	\$ 24,561,715	\$ 25,511,695	\$ 26,511,596	\$ 27,750,234	\$ 28,899,319
Aggregate all other filers ²	23,243,067	22,640,094	24,749,897	23,738,081	25,234,128	26,676,200	29,581,237	31,843,532	33,794,535	33,710,598
Total sales tax ²	<u>\$ 43,516,849</u>	<u>\$ 41,973,961</u>	<u>\$ 44,573,287</u>	<u>\$ 46,431,952</u>	<u>\$ 48,653,048</u>	<u>\$ 51,237,915</u>	<u>\$ 55,092,932</u>	<u>\$ 58,355,128</u>	<u>\$ 61,544,769</u>	<u>\$ 62,609,917</u>
Top ten filers as a percentage of total sales	46.59%	46.06%	44.47%	48.88%	48.13%	47.94%	46.31%	45.43%	45.09%	46.16%

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

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

Source: City of Thornton Sales and Use Tax Reports

City of Thornton
Schedule 9
Ratios of Outstanding Debt by Type

Fiscal Year	Governmental Activities				Business-Type Activities
	Sales and Use Tax Bonds	Tax Incremental Bonds	Certificates of Participation	Capital Leases	General Obligation Bonds
2008	\$ 20,300,000	\$ 19,895,000	\$ 40,390,000	\$ 89,822	\$ 56,025,000
2009	17,905,000	19,270,000	37,965,000	69,696	48,140,000
2010	14,835,000	18,620,000	35,445,000	47,752	40,220,000
2011	12,315,000	17,950,000	32,825,000	23,826	32,260,000
2012	9,520,000	17,260,000	30,110,000	-	24,250,000
2013	8,065,000	16,545,000	27,295,000	-	16,175,000
2014	6,555,000	15,805,000	24,385,000	-	8,045,000
2015	5,000,000	41,480,000	21,360,000	-	-
2016	3,635,796	42,989,472	18,123,982	-	-
2017	1,839,451	41,317,224	14,884,985	-	-

¹ See Schedule 14 for personal income and population data.

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

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

Source: Current and prior year's financial statements.

Business-Type Activities (Cont'd)				
Revenue Bonds	Notes and Loan Payable	Total Primary Government	Percentage of Personal Income¹	Per Capita¹
\$ 41,850,000	\$ 714,483	\$ 179,264,305	7.0%	1,498
41,610,000	533,866	165,493,562	6.4%	1,369
41,360,000	331,035	150,858,787	4.9%	1,270
41,110,000	145,787	136,629,613	4.4%	1,137
40,850,000	113,908	122,103,908	3.8%	1,007
39,955,000	79,160	108,114,160	3.3%	882
39,475,000	41,284	94,306,284	2.9%	763
38,955,000	-	106,795,000	3.0%	811
40,519,469	-	105,268,719	2.8%	785
38,898,452	-	96,940,112	2.5%	705

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita¹
2008	\$ 56,025,000	\$ -	\$ 56,025,000	6.10%	468
2009	48,140,000	-	48,140,000	5.36%	398
2010	40,220,000	-	40,220,000	4.45%	339
2011	32,260,000	-	32,260,000	3.61%	269
2012	24,250,000	-	24,250,000	2.70%	200
2013	16,175,000	-	16,175,000	1.79%	132
2014	8,045,000	-	8,045,000	0.88%	65
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-

¹ See Schedule 14 for population data.

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

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

Source: Current and prior year's financial statements.

City of Thornton
Schedule 11
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

Entity (1)	2017 Assessed Valuation (2)	Debt Outstanding	Percentage Applicable to the City (3)	Estimated Share of Overlapping Debt
City of Thornton direct debt				\$ 58,041,660
Overlapping Debt				
Adams 12 Five Star School District	\$ 2,045,931,610	\$ 485,570,000	47.98	232,976,486
Adams County School District 1	667,710,350	135,346,328	18.55	25,106,744
Adams County School District 14	725,699,790	74,439,037	3.82	2,843,571
Amber Creek Metropolitan District	4,450,140	18,902,000	100.00	18,902,000
Aspen Reserve Metropolitan District	2,467,880	3,527,000	100.00	3,527,000
Big Dry Creek Metropolitan District	2,727,320	12,893,000	100.00	12,893,000
Brighton School District 27J	1,130,027,810	346,520,000	18.56	64,314,112
Bramming Farm Metropolitan District No. 1	3,800,610	4,050,000	100.00	4,050,000
Cundall Farms Metropolitan District	9,100,660	12,012,000	100.00	12,012,000
Fallbrook Metropolitan District	21,348,710	5,035,000	100.00	5,035,000
Fire District 6 Greater Brighton	593,954,930	9,082,771	0.07	6,358
Fire District 6 IGA	39,739,990	9,082,771	100.00	9,082,771
Heritage Todd Creek Metropolitan District	30,564,600	36,492,175	100.00	36,492,175
Highpointe Park Metropolitan District	7,419,000	4,310,000	100.00	4,310,000
Hyland Hills Metro Park & Recreation	1,124,087,030	6,225,000	6.47	402,758
Lakeview Estates Water District	1,451,040	615,616	100.00	615,616
Lambertson Lakes Metro District	16,000,800	5,335,000	100.00	5,335,000
Larkridge Metropolitan District No. 1	1,617,190	10,395,000	100.00	10,395,000
Larkridge Metropolitan District No. 2	492,980	3,690,000	87.22	3,218,418
Lewis Pointe Metropolitan District	8,426,060	11,563,000	88.13	10,190,472
Marshall Lake Metropolitan District	10,808,280	1,488,700	100.00	1,488,700
North Metro Fire Rescue FKA Fire Dist. 1	419,653,780	17,565,000	0.10	17,565
PLA Metropolitan District	3,553,560	1,010,000	100.00	1,010,000
Rangeview Library District	4,625,381,080	39,193,981	28.03	10,986,073
Talon Pointe Metropolitan District	752,160	8,000,000	100.00	8,000,000
Villas at Eastlake Reservoir Metro District	1,570,560	2,500,000	100.00	2,500,000
York Street Metropolitan District	852,880	2,490,000	100.00	2,490,000
Subtotal, overlapping debt				\$ 488,200,819
Total direct and overlapping debt				\$ 546,242,479

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

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

(2) Assessed values certified in 2017 are for collection of ad valorem property taxes in 2018.

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

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

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

City of Thornton
Schedule 12
Legal Debt Margin Information

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit ¹	\$ 91,846,877	\$ 89,744,142	\$ 90,447,542	\$ 89,466,614	\$ 89,773,098	\$ 90,471,515	\$ 91,397,034	\$ 106,189,059	\$ 107,150,843	\$ 129,656,445
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 91,846,877	\$ 89,744,142	\$ 90,447,542	\$ 89,466,614	\$ 89,773,098	\$ 90,471,515	\$ 91,397,034	\$ 106,189,059	\$ 107,150,843	\$ 129,656,445
Total net debt applicable as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	\$ 1,296,564,450
Debt limit (10% of total assessed value) ¹	129,656,445
Debt applicable to limit	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 129,656,445</u>

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

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

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

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

Water Revenue Refunding Bonds

Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2008	\$ 47,037,364	\$ 16,066,692	\$ 30,970,672	\$ -	\$ 1,992,750	15.54
2009	36,482,700	17,368,712	19,113,988	-	1,992,750	9.59
2010	43,626,770	18,053,279	25,573,491	-	1,992,750	12.83
2011	45,324,785	18,260,090	27,064,695	-	1,992,750	13.58
2012	59,832,946	19,286,086	40,546,860	-	1,992,750	20.35
2013	39,083,359	20,131,086	18,952,273	-	1,665,985	11.38
2014	45,650,754	24,784,811	20,865,943	200,000	1,453,344	12.62
2015	51,226,351	27,647,167	23,579,184	225,000	1,449,344	14.08
2016	70,365,957	26,443,298	43,922,659	1,410,000	1,442,594	15.40
2017	72,913,829	27,490,432	45,423,397	1,455,000	1,400,294	15.91

TDA North Tax Increment Bonds

Fiscal Year	Sales and Property Taxes	Principal	Interest	Coverage
2008	\$ 4,434,674	\$ 610,000	\$ 895,988	2.94
2009	4,652,191	625,000	877,688	3.10
2010	4,748,160	650,000	855,813	3.15
2011	5,190,658	670,000	836,313	3.45
2012	5,521,257	690,000	812,863	3.67
2013	6,162,807	715,000	788,713	4.10
2014	6,143,493	740,000	763,688	4.09
2015	6,257,149	-	702,573	8.91
2016	6,317,948	850,000	557,963	4.49
2017	6,632,204	865,000	540,963	4.72

TDA 144th Tax Increment Bonds

Fiscal Year	Sales and Property Taxes	Principal	Interest	Coverage
2015	\$ 2,008,437	\$ -	\$ -	N/A
2016	2,555,008	615,000	1,192,921	1.41
2017	2,795,074	625,000	1,183,944	1.55

Sales and Use Tax Bonds

Fiscal Year	Sales Taxes	Principal	Interest	Coverage
2008	\$ 55,784,531	\$ 2,290,000	\$ 1,080,455	16.55
2009	55,618,056	2,395,000	985,495	16.45
2010	58,314,748	2,505,000	884,925	17.20
2011	59,733,571	2,520,000	465,534	20.01
2012	65,296,929	2,795,000	426,435	20.27
2013	67,811,466	1,455,000	350,150	37.57
2014	72,844,683	1,510,000	291,950	40.43
2015	80,057,239	1,555,000	246,650	44.44
2016	84,106,064	1,605,000	200,000	46.60
2017	91,378,445	1,665,000	135,800	50.74

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

City of Thornton
Schedule 14
Demographic and Economic Statistics

Fiscal Year	Population	Personal Income (thousands of of dollars)	Per Capita Personal Income	Unemployment Rate
2008	119,688	\$ 2,569,821	\$ 21,471	4.3%
2009	120,843	2,594,620	21,471	7.6%
2010	118,772	3,099,949	26,100	8.3%
2011	120,147	3,135,837	26,100	8.9%
2012	121,211	3,241,909	26,746	8.4%
2013	122,643	3,258,134	26,566	6.9%
2014	123,648	3,243,040	26,228	4.4%
2015	131,761	3,528,823	26,782	3.5%
2016	134,149	3,704,927	27,618	2.7%
2017	137,443	3,916,713	28,497	3.0%

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

**City of Thornton
Schedule 15
Principal Employers**

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

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

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

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

Note: The number of employees per business is confidential therefore the City is providing employee totals by sector. The City did not request or collect this information prior to 2008. Once ten years of data have been established this schedule will reflect current year and the period nine years prior. Schedule is updated as soon as data is available. Data for 2016 is presented as 2017 is unavailable.

Source: City of Thornton - Economic Development

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	155	157	158	157	156	156	158	165	168	175
Police										
Officers	154	158	158	161	159	158	171	178	233	244
Civilians	63	67	67	64	66	69	59	63	63	63
Fire										
Firefighters and officers	70	70	70	70	75	75	76	76	85	101
Ambulance	22	22	22	22	25	25	26	26	26	29
Civilians	3	3	3	3	3	3	3	3	3	3
City development	76	73	70	68	65	65	71	72	78	82
Streets, traffic, & engineering										
Engineering	42	42	42	40	40	34	33	33	36	35
Maintenance	33	32	32	31	30	31	32	31	31	32
Community services	82	85	85	85	84	85	96	98	99	100
Water & Sewer	74	76	76	75	77	85	86	90	92	95
Sanitation	21	22	22	22	21	22	22	23	23	24
Total	795	807	805	798	801	808	833	858	937	983

Source: City of Thornton budget office.

City of Thornton
Schedule 17
Operating Indicators by Function

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Patrol calls for service	41,133	57,872	101,642	105,509	100,969	98,634	94,355	113,756	103,910	111,238
Physical arrests	3,874	3,554	3,280	3,248	2,692	2,365	2,607	2,796	2,891	5,749
Traffic violations	15,639	19,057	20,229	22,771	20,796	17,993	17,085	13,351	9,843	15,125
Fire										
Calls for service	7,803	7,689	7,826	8,107	8,180	8,106	8,868	9,387	9,976	10,538
Fire incidents	298	236	240	218	245	190	214	212	282	277
EMS and other incidents	7,505	7,453	7,586	7,889	7,935	7,916	8,654	9,175	9,694	10,261
Inspections*	1,348	2,327	1,684	1,700	1,798	1,586	1,957	1,753	-	1,469
City development										
Single-family detached permits	229	186	185	245	297	306	309	426	620	832
Commercial permits issued	21	10	7	5	10	10	18	19	19	31
Building inspections	34,671	24,450	25,677	25,083	26,212	28,473	30,103	37,755	57,437	52,873
Code violations & inspections	14,716	14,088	14,031	14,028	16,161	16,370	18,183	15,998	14,374	12,509
Graffiti incidents removed	880	1,039	1,102	1,016	1,798	1,526	1,016	880	795	534
Streets, traffic, & engineering										
Lane miles of streets maintained	1,318	1,302	1,310	1,313	1,222	1,227	1,232	1,238	1,244	1,252
Community services										
Recreation center admissions	279,380	280,337	281,154	283,251	294,413	295,200	297,279	296,429	303,658	301,024
Water										
New connections	372	264	273	267	321	297	301	419	559	826
Average daily										
consumption (in gallons) (excludes Westminster)	17,058,504	15,429,112	16,347,926	16,590,032	17,919,403	14,971,237	15,005,578	15,580,590	16,820,855	16,263,868
Sanitation										
Solid waste customers	25,006	25,185	25,678	25,919	26,623	26,919	27,060	27,317	27,671	28,328
Tons of refuse collected	33,284	33,106	33,173	32,359	32,729	34,029	34,249	34,574	36,529	36,571
Tons of recyclables collected	4,292	4,777	5,114	5,120	5,089	5,180	5,161	5,193	5,255	5,424
Ambulance										
Number of transports	4,286	4,643	4,466	4,481	4,517	4,193	4,624	5,129	5,355	5,693

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

* Indicator was not tracked in 2016.

Sources: Various city departments.

City of Thornton
Schedule 18
Capital Asset Statistics by Function

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	69	79	77	77	75	74	77	92	95	119
Fire										
Fire Stations	5	5	5	5	5	5	5	5	5	5
Ambulances	4	4	5	5	6	6	6	6	6	7
Streets, traffic, & engineering										
Streets (miles)	366	360	360	361	403	404	406	409	411	414
Streetlights	8,276	8,357	8,473	8,483	8,514	8,565	8,521	8,783	8,824	9,125
Community services										
Parks acreage	541	632	642	645	645	683	697	723	733	757
Parks	76	80	81	81	81	81	82	84	88	90
Swimming Pools	3	3	3	3	3	3	3	3	3	3
Tennis Courts	13	13	13	13	13	17	17	17	17	17
Community Centers	3	3	3	3	3	3	3	3	3	3
Golf Course					1	1	1	1	1	1
Water										
Water mains (miles)	526	530	532	558	559	559	566	577	584	593
Fire Hydrants	4,233	4,244	4,262	4,663	4,686	4,699	4,688	4,847	4,950	5,073
Maximum daily capacity (thousands of gallons)	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Sewer										
Storm sewers (miles)	145	143	146	148	158	149	150	140	144	149
Sanitary sewer (miles)	420	420	430	436	426	427	439	445	454	462
Sanitation										
Collection Trucks	18	19	19	19	19	19	19	21	21	21

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

Sources: Various city departments.

