

2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019



RUSTON PARK, FEDERAL HEIGHTS, COLORADO
2019 ADAMS COUNTY OPEN SPACE GRANT RECIPIENT
\$1,800,000.00 FOR CREEK RESTORATION AND ZUNI ST. ENTRANCE

CITY OF FEDERAL HEIGHTS, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2019

Prepared by the Finance Department

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INTRODUCTORY SECTION

DIRECTORY OF CITY OFFICIALS

ELECTED OFFICIALS

Linda S. Montoya	Mayor	
Harold Thomas	Mayor-Pro Tem	Ward I
Celeste Arner	Council Member	Ward I
Doris Peterson	Council Member	Ward II
Bonnie Sellers	Council Member	Ward II
Sonia Jensen	Council Member	Ward III
Elaine Sweeney	Council Member	Ward III

MANAGEMENT AND APPOINTED OFFICIALS

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

FEDERAL HEIGHTS 2019 CITY COUNCIL MEMBERS



Linda S. Montoya
Mayor
lsmontoya@fedheights.org



Harold Thomas
Mayor Pro Tem
hthomas@fedheights.org



Bonnie Sellers
Ward II
bsellers@fedheights.org



Elaine Sweeney
Ward III
esweeney@fedheights.org



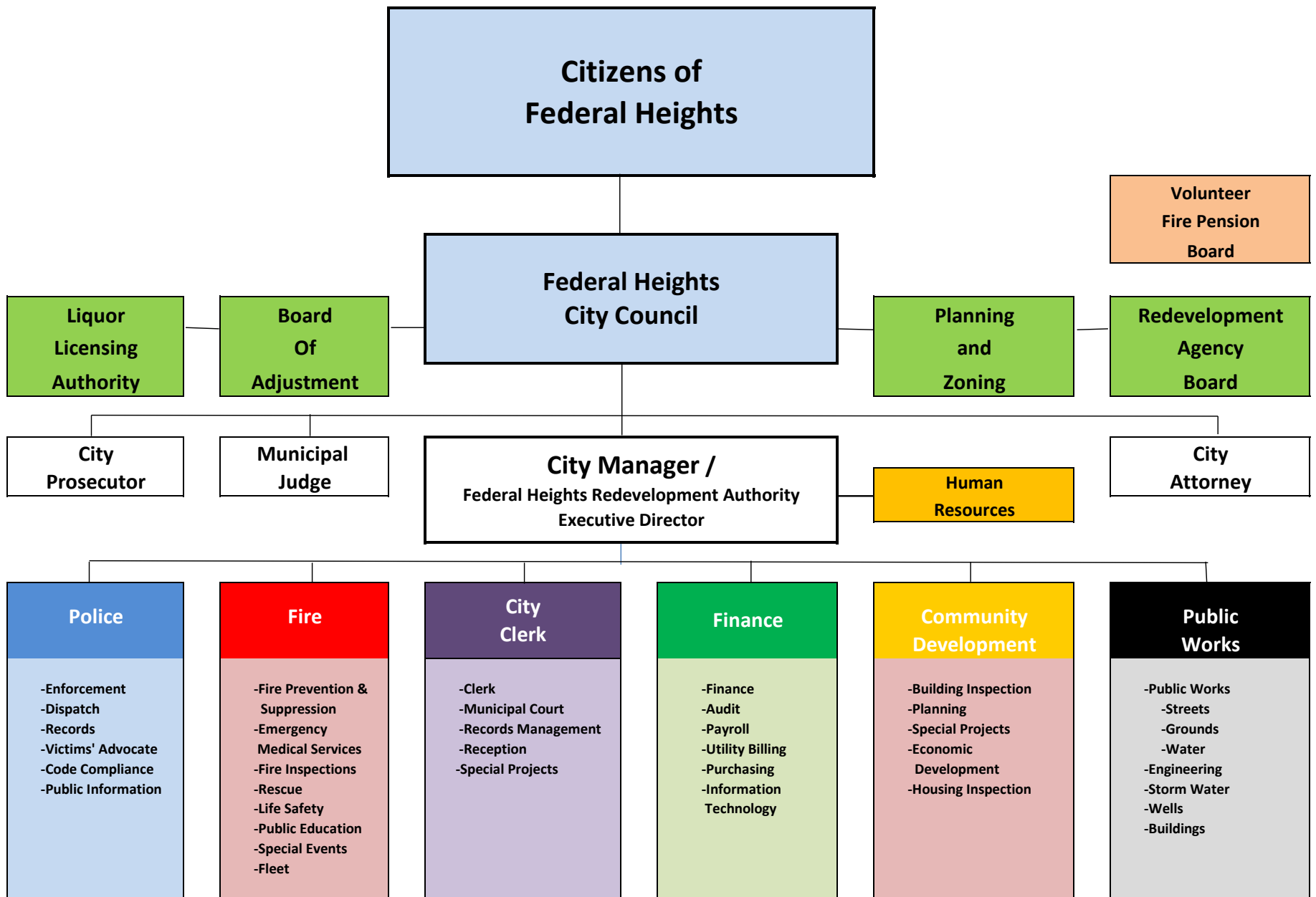
Celeste Arner
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Doris Peterson
Ward II
dpeterson@fedheights.org



Sonia Jensen
Ward III
sjensen@fedheights.org





Government Finance Officers Association

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

Presented to

**City of Federal Heights
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO



The City of Federal Heights MISSION STATEMENT

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

VISION STATEMENT

The City of Federal Heights:

- is comprised of distinct neighborhoods that are safe, secure and have convenient access to services and amenities;**
- has a sustainable and growing economic base that fosters diverse employment and business opportunities;**
- offers a community-focused system of recreational, educational, and cultural activities for people of all ages and income levels;**
- capitalized upon its strategic location within the Denver metro area and adapts to a changing environment; and**
- proudly enjoys a City government that is responsive and responsible to the needs of its citizens.**



May 26, 2020

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

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

City Charter and State law requires that a Comprehensive Annual Financial Report (CAFR) be published within six months of the close of each fiscal year. The report shall be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by independent certified public accountants. This report fulfills that requirement for the City of Federal Heights for the fiscal year ended December 31, 2019.

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

The CAFR is presented in conformity with Statement No. 34 of the Governmental Accounting Standards Board (GASB), titled Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This reporting standard is intended to parallel private sector reporting by consolidating governmental activities and business-type activities into a single total column for government-wide activities. This statement also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The MD&A can be located in the financial section, immediately following the report of the independent auditors. The 2019 audit was performed by John Cutler and Associates. The independent auditor concluded that the City of Federal Heights’ financial statements for the fiscal year ended December 31, 2019 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

PROFILE OF THE CITY

The City of Federal Heights is a charter city organized under the laws of the State of Colorado and governed by a Council/Manager form of government. The City Council is composed of seven members – a Mayor elected at large and six Council members elected on a non-partisan basis by their respective wards. There are three wards and two Council members who are elected from each ward. The Council appoints the City Manager, City Attorney, Municipal Judge and City Prosecutor. All other employees are hired by the City Manager. The City had 92 FTE personnel positions in 2019.

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

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

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

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

Local Economy

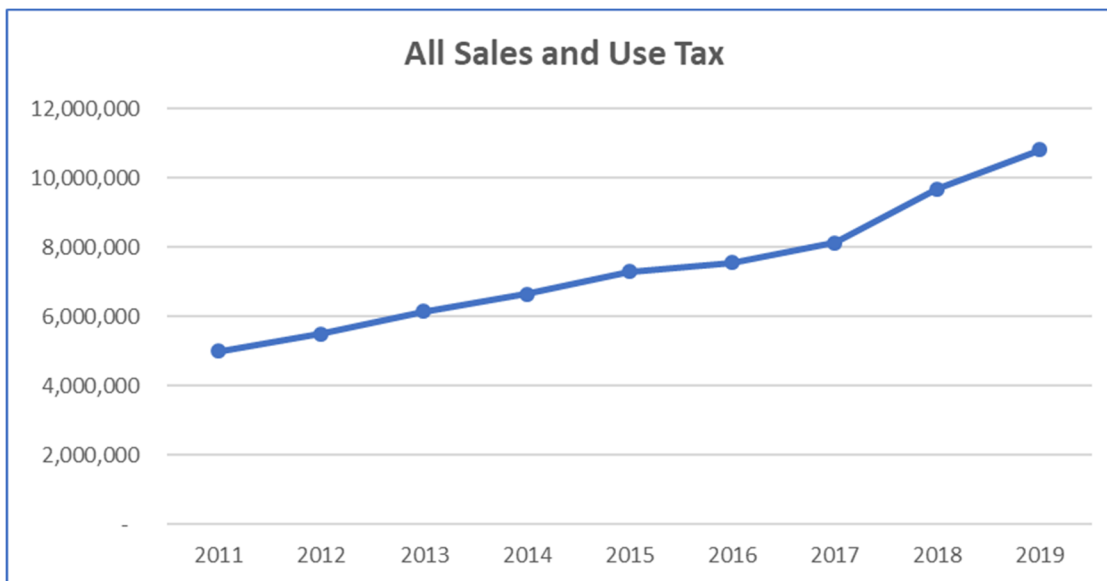
Approximately 200 to 225 businesses operate within the city in any given year offering a variety of goods and services. The largest concentration of businesses are located at 84th and Pecos, 104th and Federal and along the Federal Boulevard corridor. With the City largely developed and landlocked, it does not have many current locations ripe for residential or commercial development.

While overall economic conditions were generally favorable at the end of 2019, the economic outlook for 2020 is currently uncertain due to the impacts of the COVID-19 pandemic.

The Denver-Aurora-Lakewood (formerly the Denver-Boulder-Greeley) Consumer Price Index grew by 1.9 percent for 2019 following a 2.7 percent increase in 2018.

Adams County Colorado had an unemployment rate of 2.5% in December 2019 compared to 3.4% at the end of 2018. Local area unemployment at the end of 2019 was below the state as whole which was approximately 3.0% at that time.

The City's local economy remained stable in 2019. All sales and use taxes grew by approximately 12 percent in 2019 in large part due to retail marijuana which continued to experience strong growth since completing its first full year of activity in 2018.



Looking Back: The City undertook several projects in 2019 with the purpose of improving public services and safety including the following:

- The city completed the implementation of the transition to a ‘stand-alone’ dispatch center at the end of 2019 and is now operating on that basis. This project included setting up systems for records file management, computer aided dispatch, and certain 911 call functions that were previously hosted by other agencies.
- A new IP based phone system was installed to allow interoperability with the new dispatch 911 call handling software and to replace a system that had essentially reached end of life.
- Extensive cabling and switch replacements were completed to improve network efficiencies and ensure sufficient capacity for higher levels of network traffic.
- Replaced aging pipe infrastructure within the police department facility.
- Made certain other facility improvements such as replacing the audio/visual projection system in the city hall community room and

upgrading the city WiFi to ensure consistent connectivity and eliminate ‘dead-zones’

- Federal Heights, along with two grant partners, the City of Westminster and the Colorado Department of Transportation (CDOT), completed the final components of the construction project that widened the 92nd Avenue and Federal Boulevard intersection. Among other improvements this project added additional turn lanes in all directions. The main purpose of the project was to minimize traffic backups during peak travel times.

Looking Forward: The “East Parcel” which is within the Redevelopment Agency’s urban renewal zone at 104th Avenue and Federal Boulevard contains pad sites for commercial development. The location consists of 4.5 acres of land at the “East Parcel”, and has existing infrastructure – roads, power, lighting, common area, drainage detention pond, parking and water and sewer lines. The sale of 2.7 acres of that space was completed in 2019 and is currently under development. The remaining 1.9 acres of the parcel is currently under contract and final closing is expected to take place by the end of the fourth quarter of 2020.

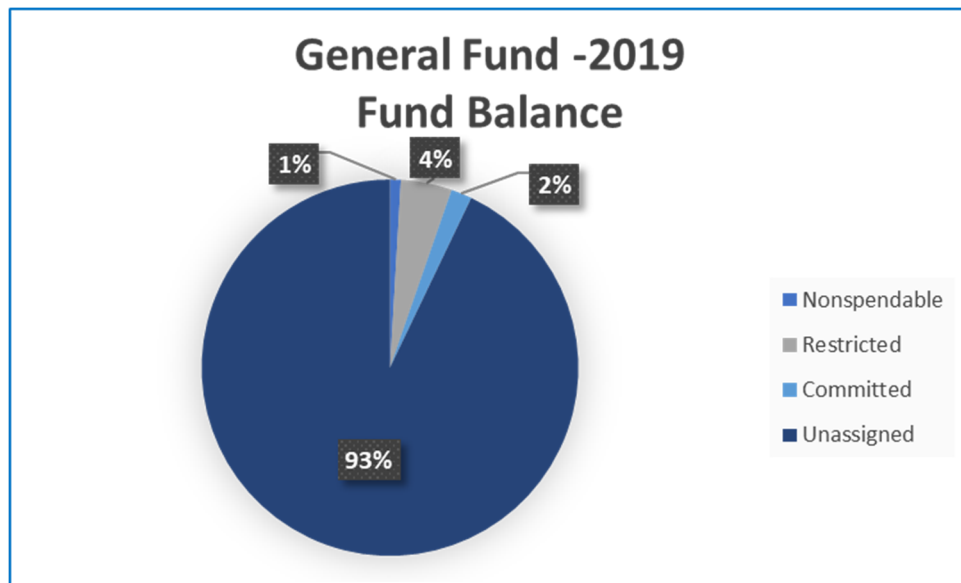
The construction of 43 condominiums at Roth Park located at 1405 West 84th Avenue is expected to reach completion in the third quarter of 2020. This project is anticipated to help provide attainable housing in the City and is an addition to the current Roth Park Condominium complex at the same location.

The drainage and storm-water project at Ruston Park continues to progress. A design firm was retained in 2018 and is preparing final design documents and will be providing construction services. The city was awarded a \$1.8 million grant from Adams County Open Space in 2019 to help finance the overall project costs. Construction is currently expected to begin in the third quarter of 2020.

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

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

The General Fund currently maintains an unassigned and available fund balance of approximately \$11.8 million. This represents 93 percent of the overall General Fund balance and 82 percent of the budgeted expenditures for the General Fund in 2020. This unassigned fund balance is available to City council for one-time expenditures, or to balance the annual budget on a current basis if needed.



Major Initiatives: Water- Sewer- Road Maintenance. For 2020, the City has appropriated \$1.2 million for Water, Sewer and Drainage capital improvements including the continuation of the Northborough Water Main Replacement and the city-wide sewer manhole lining project. Road maintenance will consist of mill & overlay of the Northmoor neighborhood side streets, preventive pavement seal coatings on 90th Avenue, 96th Avenue and Tejon Street and the chip-sealing of Pecos Street and Huron Street. In addition, in a joint project with Adams County, pedestrian access will be improved at the West 84th Avenue & Pecos Street intersection and the traffic signal pole at the northeast corner will be moved and replaced to improve turning radiuses in that area.

The 2020 Redevelopment Authority budget includes \$1.2 million for the continuation of the electrical undergrounding along Federal Boulevard. 2019 represented the final year of tax increment financing that will be received for the redevelopment authority. The authority was originally established in 1992 with a 25 year life. The tax increment revenues have been a significant source of revenue for the city allowing for numerous improvements within the redevelopment authority boundaries.

Significant projects that took place in 2019 included the ongoing water main replacements in the northwest portion of the neighborhood followed by concrete repairs and street pavement mill & overlay on Elm Street, Eliot Circle, West 100th Drive and West 101st Place from Elm Street to Clay Street. Mill and overlay projects were also completed on the roads in the East Parcel portion of the Federal Heights Plaza area.

Additionally, the lining of 61 of the City's 440 sewer manholes and the 104th Avenue Lift Station wet well was completed to mitigate concrete erosion concerns. A new stormwater main was installed at Bryant Drive in the Kimberly Hills community to address drainage issues along and near W. 96th Avenue and the traffic signal heads at the West 92nd Avenue and Bryant Drive intersection were upgraded to be compliant with current Uniform Traffic Control Device standards.

Developing Revenue Sources: In November 2016, voters approved the sale of retail marijuana in the city. Current ordinance allows for five locations for medical and or retail marijuana sales. In addition to the city's standard 4 percent sales tax, retail marijuana is subject to an additional 5 percent sales tax. Thus far, the tax generated from recreational marijuana sales have had a significant positive impact on the city's overall sales tax revenue and will likely continue to be a significant source of ongoing sales tax revenue and growth in the near term. In 2017, the city also passed a five percent tax on the first sale or transfer of unprocessed retail marijuana by a retail marijuana cultivation facility based on the average market for unprocessed retail marijuana. There are currently no marijuana cultivation facilities in the city.

Relevant Financial Information and Policies

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

Pension and Retirement Benefits: City Police and Fire sworn personnel participate in various state-wide pension plans sponsored by the Fire and Police Pension Association (FPPA). Since 2005, the City Police and Fire sworn personnel have had access to the state-wide defined benefit plan. Previously, uniform personnel participated in FPPA state-wide defined contribution/money purchase plans. The statewide FPPA hybrid money purchase component plan was utilized by employees of many cities throughout the state to reenter into the FPPA defined benefit program. Very few of our current police and fire sworn personnel participate in the money purchase plans.

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

In October of 2011, the City's postretirement health insurance benefit was limited to \$300 per month per retiree. This healthcare benefit terminates when the retiree becomes Medicare eligible. Beginning in 2012, new employees are no longer eligible for this benefit. This liability is included on the City's Statement of Activities, and is addressed in Note No. 9 of the Financial Statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Federal Heights, Colorado for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both general accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Jacqueline Halburnt
City Manager

Tim Weitzman
Finance Director

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Federal Heights, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Federal Heights, Colorado, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and required pension information on pages 45 - 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

John Cutler & Associates, LLC

May 26, 2020

As management of the City of Federal Heights (“City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the City.

A. FINANCIAL HIGHLIGHTS

- The net position of all governmental and business type activities totaled \$65.9 million at the end of 2019 on the Government – Wide Financial Statements. Of this amount, \$22.0 million or 33% is unrestricted and may be used to meet the City’s ongoing obligations.
- The fund balance for General Fund increased by \$2.1 million and totaled \$12.7 million. Unassigned fund balance was \$11.8 million or 84% of General Fund Revenues. The unassigned portion of fund balance is available for the City’s future spending needs at the Council’s discretion.
- Tax revenue in the General Fund increased 11% to \$11.3 million. Sales and use tax and admissions tax revenues increased by \$1.2 million to \$10.8 million, while most other tax revenue sources remained relatively unchanged from the previous year.
- The Redevelopment Agency Fund’s total fund balance totaled \$5.7 million at the end of 2019. Property and sales tax increment receipts received will be used to pay for projects in the redevelopment areas.
- The Road Improvement Fund restricted fund balance for street improvements increase \$.8 million and totaled \$3.4 million. Capital outlay of \$.3 million was spent during the year for infrastructure improvements and repairs.
- The Capital Improvement Fund’s total fund balance totaled \$1.9 million at the end of 2019, an increase of approximately \$.4 million as compared with the prior year.
- Other Governmental Funds reported combined restricted fund balance of \$1.4 million, a decrease of \$.3 million in comparison with the prior year.
- The Utility Fund and Drainage Fund (proprietary/business type funds) net positions increased \$.5 million to \$20.4 million. However, on a budgetary basis including the cost of capital acquisitions, the Utility Fund spend was approximately \$.4 million less than current revenues, while the Drainage Fund spent \$.3 million more than current revenues.
- Utility Fund capital system investment totaled \$.6 million and the Drainage Fund capital system improvement totaled \$.5 million.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Federal Heights' finances in a manner similar to a private sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type Activities). The Governmental Activities of the City include general government, public safety (police, dispatch, victim advocate services, fire and ambulance), community services, parks and recreation, and community development. Business-type Activities include utility (water/sewer) and drainage. The Utility Enterprise and the Drainage Enterprise are the two major Business-type funds.

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

Fund Financial Statements

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

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

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

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

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

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

Notes to financial statements

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

Required Supplemental Information

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

Combining and Individual Fund Schedules

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

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the close of 2019, total net position was \$65.9 million. By far the largest portion of the net position was the investment in capital assets (net of related debt) of \$31.0 million (47%). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position totaling \$12.9 million (20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$22.0 million (33%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The following table summarizes the City's governmental and business-type net position for 2019 and 2018.

Statement of Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 30,225.0	\$ 29,475.7	\$ 7,716.4	\$ 7,496.8	\$ 37,941.4	\$ 36,972.5
Capital Assets	17,704.1	15,544.1	13,313.6	12,848.1	31,017.7	28,392.2
Total Assets	47,929.0	45,019.8	21,030.1	20,344.9	68,959.1	65,364.7
Deferred Outflow of Resources	2,173.3	1,281.8	-	-	2,173.3	1,281.8
Total Assets & Deferred Outflows	50,102.4	46,301.6	21,030.1	20,344.9	71,132.4	66,646.5
Current and Other Liabilities	2,892.7	2,667.2	566.6	401.8	3,459.3	3,069.0
Long-term Liabilities	1,322.2	1,255.4	70.1	61.5	1,392.3	1,316.9
Total Liabilities	4,214.9	3,922.6	636.7	463.3	4,851.6	4,385.9
Deferred Inflow of Resources	391.6	3,400.7	-	-	391.6	3,400.7
Total Liabilities & Deferred Inflows	4,606.6	7,323.3	636.7	463.3	5,243.2	7,786.6
Net Position						
Net Investment in Capital Assets	17,704.1	15,544.1	13,313.6	12,848.1	31,017.7	28,392.2
Restricted	12,887.5	10,545.5	0.0	-	12,887.5	10,545.5
Unrestricted	14,904.2	12,888.7	7,079.8	7,033.5	21,983.9	19,922.2
Total Net Position	45,495.8	38,978.3	20,393.4	19,881.6	65,889.2	58,859.9

The changes in net position from 2018 to 2019 are primarily the result favorable sales tax revenues along with normal operations and maintenance of the City's capital infrastructure. The positive change of net position is added to current working capital. Expenditures for business-type (water, wastewater, and drainage) infrastructure increased the net investment in capital assets as well.

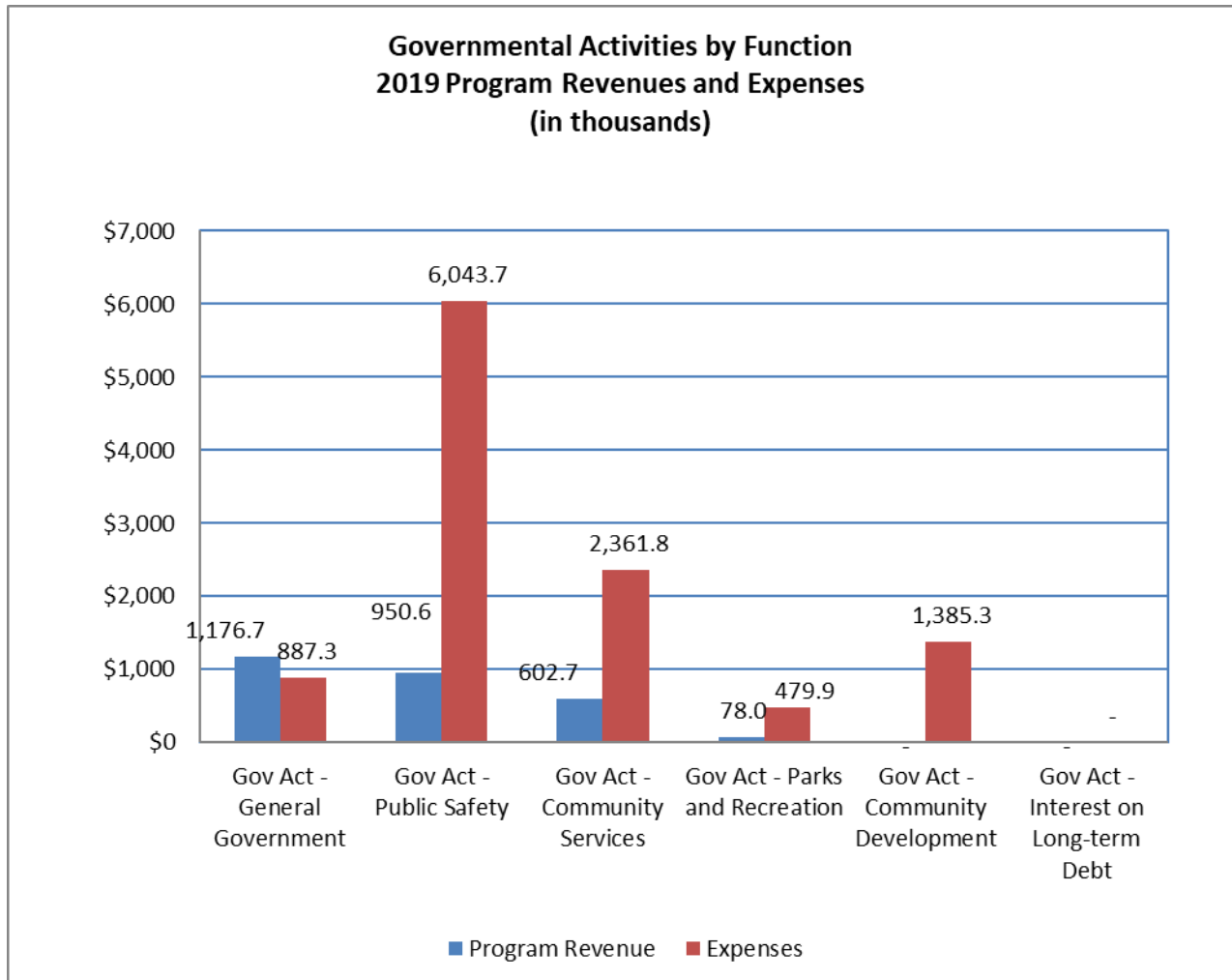
Changes in Net Position

The City's 2019 total revenues of \$23.0 million exceeded program expenses of \$15.9 million. The 2019 increase in net position after special items and transfers was \$7.0 million compared to the \$4.9 million during 2018.

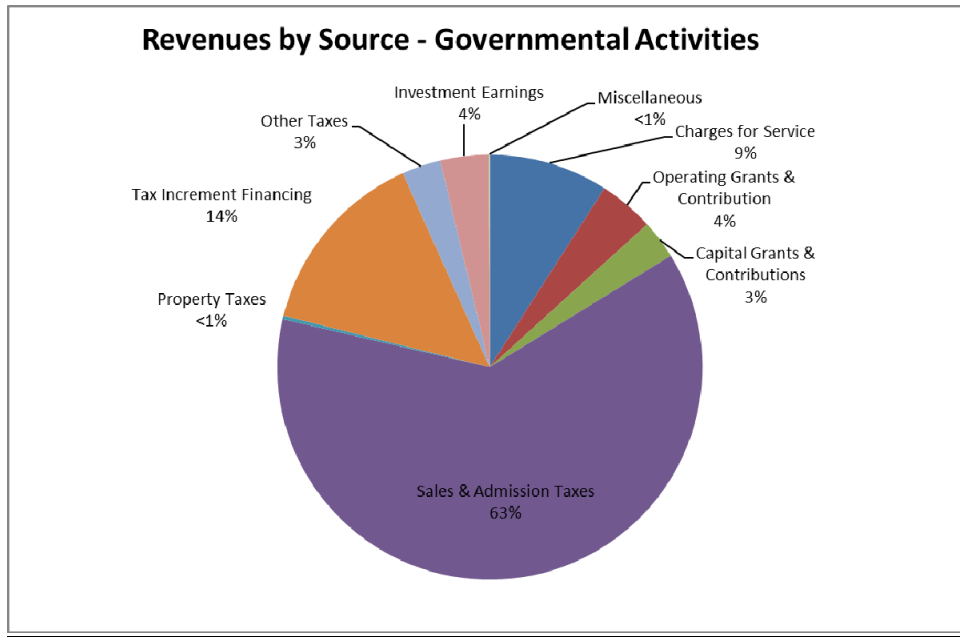
Changes in Net Position (in Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for Service	\$ 1,572.7	\$ 1,350.7	\$ 5,426.3	\$ 5,189.4	\$ 6,999.0	\$ 6,540.1
Operating Grants & Contribution	725.6	654.3	-	-	725.6	654.3
Capital Grants & Contributions	509.6	3,604.0	59.5	-	569.1	3,604.0
General Revenues						
Sales & Admission Taxes	10,811.3	9,633.3	-	-	10,811.3	9,633.3
Property Taxes	45.6	45.7	-	-	45.6	45.7
Tax Increment Financing	2,492.6	2,146.5	-	-	2,492.6	2,146.5
Other Taxes	513.9	504.9	-	-	513.9	504.9
Investment Earnings	632.5	386.1	138.7	117.2	771.1	503.3
Miscellaneous	16.4	(703.7)	19.3	20.1	35.7	(683.6)
Total Revenues	17,320.4	17,621.8	5,643.6	5,326.7	22,964.0	22,948.5
Program Expenses						
General Government	887.3	5,862.6	-	-	887.3	5,862.6
Public Safety	6,043.7	5,388.3	-	-	6,043.7	5,388.3
Community Services	2,361.8	2,104.0	-	-	2,361.8	2,104.0
Parks and Recreation	479.9	32.8	-	-	479.9	32.8
Community Development	1,385.3	158.8	-	-	1,385.3	158.8
Interest on Long-Term Debt	-	38.5	-	-	-	38.5
Utility	-	-	4,537.9	4,297.0	4,537.9	4,297.0
Drainage	-	-	239.0	203.9	239.0	203.9
Total Expenses	11,157.9	13,585.0	4,776.9	4,500.9	15,934.8	18,085.9
Excess before Special Items & Transfers	6,162.4	4,036.8	866.8	825.8	7,029.2	4,862.6
Capital Contribution	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-
Transfers	355.0	340.0	(355.0)	(340.0)	-	-
Increase (decrease) in Net Position	6,517.4	4,376.8	511.8	485.8	7,029.2	4,862.6
Net Position, Beginning	38,978.3	34,601.5	19,881.7	19,395.9	58,860.0	53,997.4
Net Position, Ending	\$ 45,495.8	\$ 38,978.3	\$ 20,393.4	\$ 19,881.7	\$ 65,889.2	\$ 58,860.0

Governmental Activities

Total program expenses of \$11.1 million exceeded program revenue of \$2.8 million by \$8.3 million for 2019 compared to \$5.6 million during 2018. The 2019 increase in net position was \$6.5 million and \$4.4 million in 2018. The following illustrates the governmental activities program revenues and expenses by function:

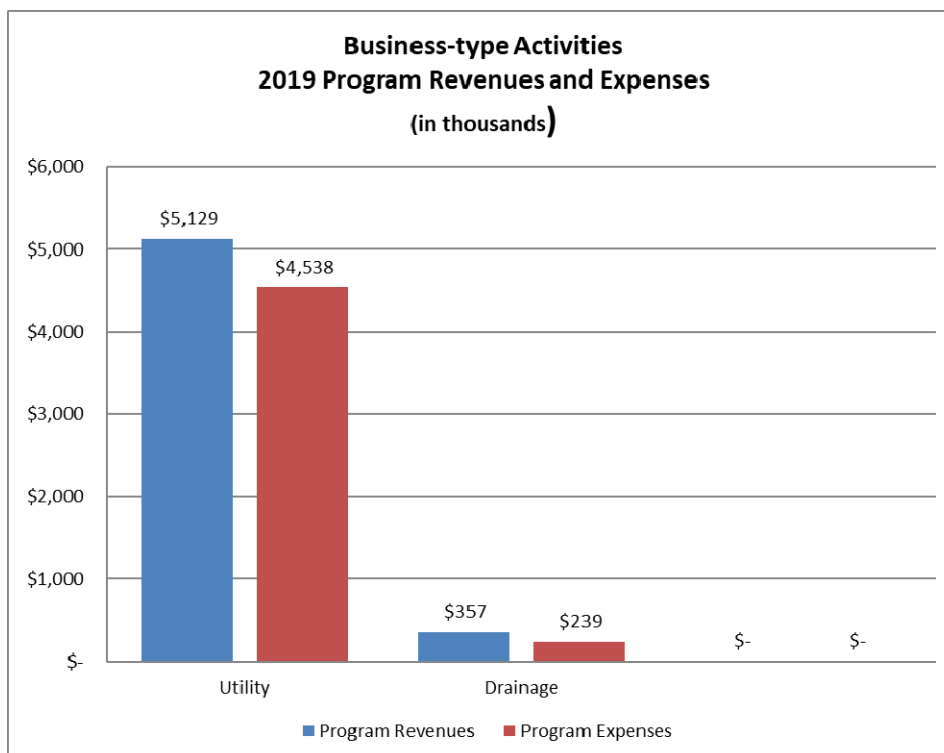


Sales and admission taxes increased 12% in 2019, from \$9.6 million to \$10.8 million. The Redevelopment Agency property tax increment revenues increased approximately \$.3 million and totaled \$2.5 million. All sources of Governmental activities revenues decreased \$.3 million or approximately 2% and totaled \$17.3 million in 2019.

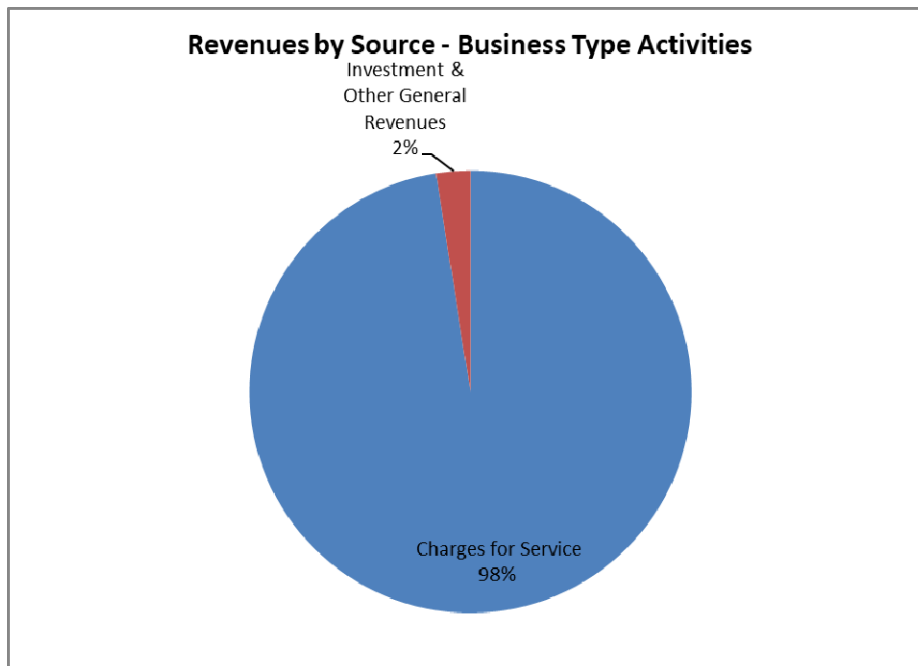


Business-type Activities

Business-type activities including Utilities (water and sewer) and Drainage, for the year resulted in an increase of net position of \$0.5 million. Charges for services in 2019 totaled \$5.5 million and increased approximately \$.4M as compared with 2018. The following chart illustrates the business-type activities program revenues and expenses:



The 2019 water and sewer customer rates increased 10.0% and 1.5% respectively. Total 2019 business type revenues totaling \$5.6 million increased \$.3 million when compared to 2018.



D. THE CITY'S FUNDS

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

As of the end of 2019, the City's governmental funds reported combined ending fund balances of \$25.0 million, an increase of \$4.3 million. The primary positive fluctuations in fund balances were in the General Fund which improved \$2.1 million, the Redevelopment Agency Fund which improved \$1.3 million, and the Road Improvement Fund improved \$.8 million in comparison with the prior year. The Redevelopment Agency is a component unit that is blended into the City's financial statements. The General Fund change was the result of higher revenues and lower spending than amounts appropriated. The Redevelopment Agency fund balance improves as property tax increment revenues are collected and advances from other funds are reduced. Committed, restricted, and nonspendable fund balances in all governmental funds amounted to \$13.2 million. The General Fund's unassigned fund balance that is available for subsequent years' spending totaled \$11.8 million.

Balance Sheet - Governmental Funds	
General Fund:	
Unassigned	11,787,664
Committed	228,092
Restricted	556,586
NonSpendable	117,049
	12,689,391
Redevelopment Agency Fund:	
Restricted	5,697,836
Road Improvement Fund:	
Restricted	3,403,568
Capital Improvement Fund:	
Restricted	1,856,381
Other Government Funds:	
NonSpendable	-
Restricted	1,373,169
	1,373,169
	25,020,345
Committed, restricted, nonspendable	
	13,232,681
Unassigned	
	11,787,664
	25,020,345

Proprietary funds – The focus of proprietary funds is economic resources (net position) and economic gain or loss (change in net position). These funds report on the accrual basis of accounting like the government-wide business-type activities only in more detail. The unrestricted portions of net position are resources that are available at the end of the year. The Utility Fund (water and wastewater) and the Drainage Fund (storm water) are the City’s two major proprietary funds. The unrestricted net positions of the Utility Fund and Drainage Fund remained essentially unchanged at approximately \$7.1 million. This high level of unrestricted net position is expected to be reduced in the future and utilized for costly system capital upgrades and major maintenance. The total net position of the proprietary funds was \$20.4 million compared to \$19.9 million at the end of the previous year.

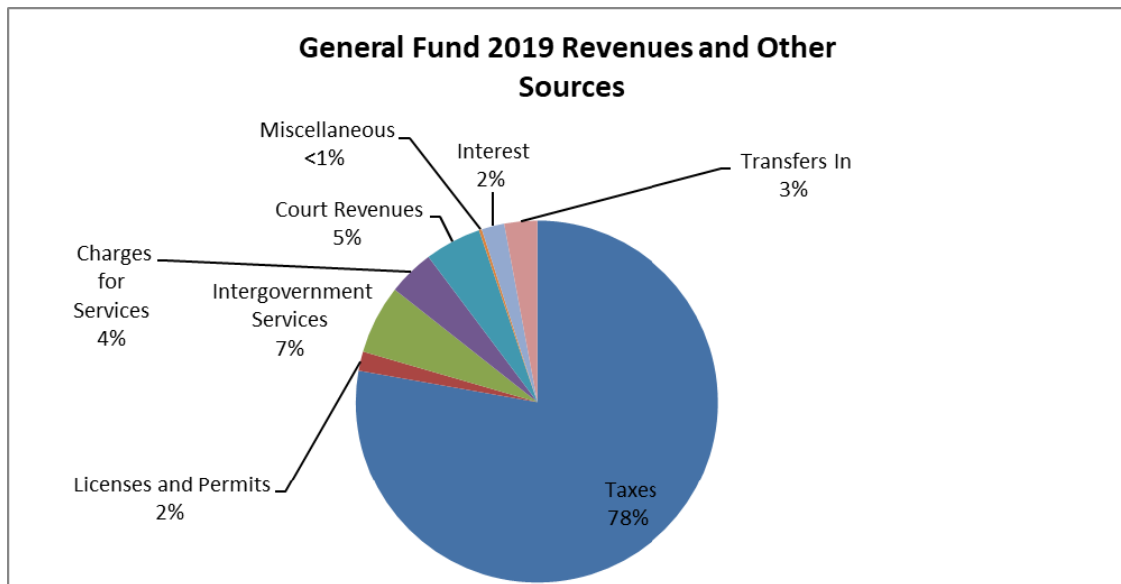
General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the City. The 2019 budget was balanced on a current annual basis. The General Fund Budget included \$13.4 million of revenues/inflows, and \$13.4 million of expenditures/outflows. Fund balance was anticipated to be \$9.3 million at the end of 2019 compared to the \$12.7 million actual ending balance.

Revenues and transfers into the General Fund were \$1.1 million favorable or more than the \$13.4 million anticipated in the final budget. This favorability was primarily due to higher than anticipated sale tax, court and intergovernmental revenues.

**General Fund Revenues and Other Sources
Compared to 2019 Adopted Budget
(In Thousands)**

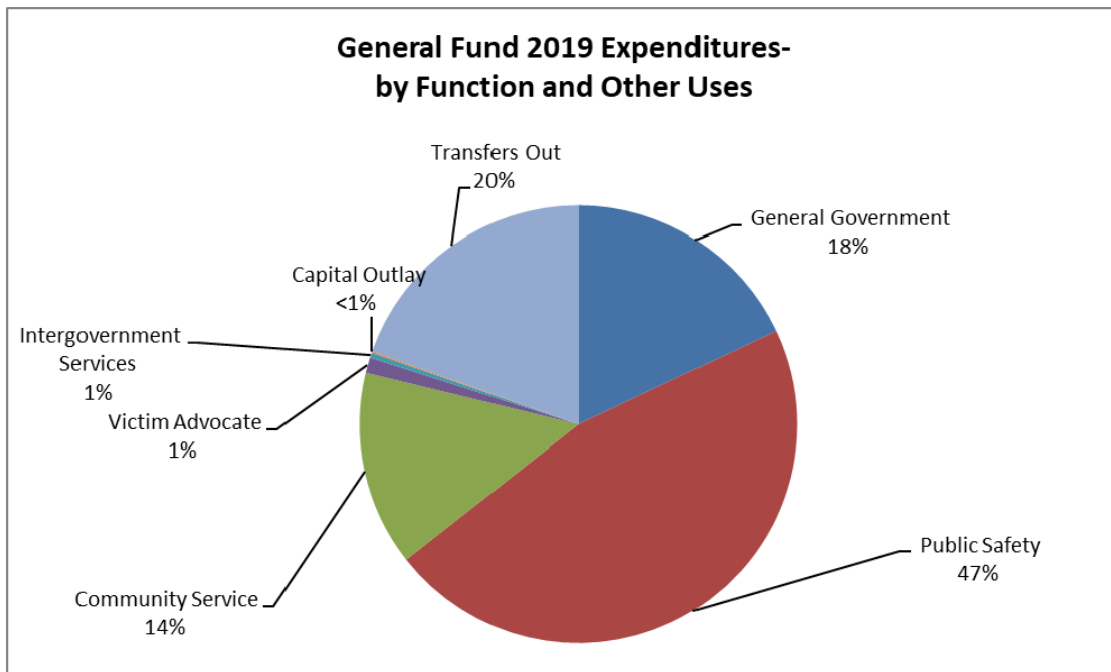
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes	\$ 10,684	\$ 11,260	\$ 576
Licenses and Permits	194	248	54
Intergovernmental Services	772	889	117
Charges for Services	508	598	90
Court Revenues	588	727	139
Miscellaneous	17	37	20
Interest	180	293	113
Transfers In	425	425	-
Total	<u>\$ 13,368</u>	<u>\$ 14,477</u>	<u>\$ 1,109</u>



General Fund expenditures and transfers out totaling \$12.4 million were \$.9 million favorable to the \$13.3 million appropriation.

**General Fund Expenditures by Function
and Other Uses (In Thousands)
Compared to 2019 Adopted Budget**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government	\$ 2,544	\$ 2,230	\$ 314
Public Safety	6,320	5,758	562
Community Service	1,798	1,785	13
Victim Advocate	182	142	40
Intergovernmental Services	62	45	17
Capital Outlay	14	14	-
Transfers Out	2,430	2,430	-
Total	<u>\$ 13,350</u>	<u>\$ 12,404</u>	<u>\$ 946</u>



E. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets net of depreciation for its governmental and business-type activities as of December 31, 2019, amounts to \$31.0 compared to \$28.4 million at the end of 2018. The City invests in a broad range of capital assets, including streets, water and wastewater lines, storm drainage, and other infrastructure improvements; municipal facilities; park and trail improvements; and various equipment and vehicles.

The following table provides a comparative summary of total capital assets at December 31, 2019 and 2018:

Capital Assets (Net of Depreciation, In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 296.5	\$ 296.5	\$ -	\$ -	\$ 296.5	\$ 296.5
Construction in Progress	1,591.0	57.8	175.3	-	1,766.3	57.8
Buildings	760.3	817.5	58.6	64.4	818.9	881.9
Improvements	12,726.0	12,660.4			12,726.0	12,660.4
Machinery, Equipment, and Furniture	2,330.3	1,712.0	140.3	158.5	2,470.6	1,870.5
Sewer Lines	-	-	2,937.4	2,942.1	2,937.4	2,942.1
Water Plant, Tanks, and Wells	-	-	6,715.5	6,608.9	6,715.5	6,608.9
Drainage System	-	-	3,286.5	3,074.2	3,286.5	3,074.2
Total Net Capital Assets	\$ 17,704.1	\$ 15,544.2	\$ 13,313.6	\$ 12,848.1	\$ 31,017.7	\$ 28,392.3

Major expenditures added to capital assets during 2019 included:

Road Improvements	489,901
Water and Sewer System Improvements	559,136
Drainage Improvements	350,535
Communications Equipment and Police and Other Vehicles	1,133,915

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

Long Term Debt - At the end of 2019, the City did not have any bonded debt or certificate of participations outstanding.

F. FACTORS EFFECTING THE FUTURE OF THE CITY

The coronavirus pandemic (COVID-19) has created economic uncertainties the effects of which cannot be estimated at this time.

At the start of 2020 and currently the City continues to maintain a strong financial position. Unassigned fund balances and net position exceed levels acceptable by the City Council. In preparing the 2020 budget, the City was conservatively optimistic in projecting revenue increases for sales and use taxes. The City will continue to be cautious with its spending delaying discretionary purchases as necessary and monitoring revenues to continually assess the City's financial position. The 2020 budget reflects the City's continued commitment to capital replacement with maintenance of City infrastructure as a top priority.

Sales tax revenues reflect continued increases during 2019. The 2020 budget anticipated sales and admissions tax revenues to increase 2.7% over projected 2019 amounts. Through March 2020 receipts, total sales and admissions revenue were up approximately 15% when compared to the same time period in 2019, however the ultimate effect of the coronavirus on this trend and its overall effect on the city's other revenue sources are uncertain at this time.

The Utility Fund water and wastewater rates have been historically increased to adjust for supplier cost increases. For 2020, water rates were increased 10% and wastewater rates 1.5%. Our supplier of water resources has enough water rights to continue to serve our citizens and customers into the foreseeable future. Any future rate increases for water and wastewater as required to offset operating costs and capital needs will be reviewed in detail and approved by council. Water and sewer tap fees are adjusted for the change in consumer price index each year. Drainage Fund stormwater rates have remained constant for many years and no increase is anticipated or needed at this time.

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

G. REQUEST FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 25,143,003	\$ 7,240,666	\$ 32,383,669
Receivables			
Property Taxes	76,899	-	76,899
Accounts	1,748,028	472,779	2,220,807
Accrued Interest Receivable	53,580	-	53,580
Interfund Activity	(2,975)	2,975	-
Prepaid Items	117,049	-	117,049
Assets Held For Sale	250,000	-	250,000
Net Pension Asset - Volunteer Pension	2,839,371	-	2,839,371
Capital Assets, Not Depreciated	1,887,412	175,250	2,062,662
Capital Assets, Depreciated			
Net of Accumulated Depreciation	15,816,660	13,138,399	28,955,059
TOTAL ASSETS	47,929,027	21,030,069	68,959,096
DEFERRED OUTFLOWS OF RESOURCES			
Related to Volunteer Pension	293,524	-	293,524
Related to SWDB Pension	1,821,531	-	1,821,531
Related to OPEB Plan	58,276	-	58,276
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,173,331	-	2,173,331
LIABILITIES			
Accounts Payable	1,880,915	492,100	2,373,015
Accrued Liabilities	347,992	17,001	364,993
Deposits	59,433	50,000	109,433
Net Pension Liability - SWDB Pension	515,431	-	515,431
Due within One Year	88,945	7,756	96,701
Due in More Than One Year	1,322,224	69,802	1,392,026
TOTAL LIABILITIES	4,214,940	636,659	4,851,599
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	76,899	-	76,899
Related to Volunteer Pension	147,241	-	147,241
Related to SWDB Pension	45,942	-	45,942
Related to OPEB Plan	121,567	-	121,567
TOTAL DEFERRED INFLOWS OF RESOURCES	391,649	-	391,649
NET POSITION			
Investment in Capital Assets	17,704,072	13,313,649	31,017,721
Restricted for Emergencies	520,000	-	520,000
Restricted for Capital Projects	7,607,082	-	7,607,082
Restricted for Highways and Streets	3,403,568	-	3,403,568
Restricted for Parks and Recreation	577,374	-	577,374
Restricted for Open Space	779,516	-	779,516
Unrestricted	14,904,157	7,079,761	21,983,918
TOTAL NET POSITION	\$ 45,495,769	\$ 20,393,410	\$ 65,889,179

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 887,296	\$ 597,843	\$ 555,455	\$ 23,403
Public Safety	6,043,652	727,256	54,092	169,212
Community Services	2,361,761	247,627	57,564	297,498
Parks and Recreation	479,914	-	58,534	19,511
Community Development	1,385,318	-	-	-
Total Governmental Activities	11,157,941	1,572,726	725,645	509,624
Business-Type Activities				
Utility	4,537,850	5,069,104	-	59,461
Drainage	239,047	357,162	-	-
Total Business-Type Activities	4,776,897	5,426,266	-	59,461
Total Primary Government	\$ 15,934,838	\$ 6,998,992	\$ 725,645	\$ 569,085
GENERAL REVENUES				
Property Taxes				
Sales and Admission Taxes				
Property Tax Increment Financing				
Other Taxes				
Interest				
Miscellaneous				
Transfers				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION Beginning				
NET POSITION Ending				

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ 289,405	\$ -	\$ 289,405
(5,093,092)	-	(5,093,092)
(1,759,072)	-	(1,759,072)
(401,869)	-	(401,869)
(1,385,318)	-	(1,385,318)
(8,349,946)	-	(8,349,946)
-	590,715	590,715
-	118,115	118,115
-	708,830	708,830
(8,349,946)	708,830	(7,641,116)
45,636	-	45,636
10,811,303	-	10,811,303
2,492,626	-	2,492,626
513,920	-	513,920
632,481	138,659	771,140
16,401	19,262	35,663
355,000	(355,000)	-
14,867,367	(197,079)	14,670,288
6,517,421	511,751	7,029,172
38,978,348	19,881,659	58,860,007
<u>\$ 45,495,769</u>	<u>\$ 20,393,410</u>	<u>\$ 65,889,179</u>

CITY OF FEDERAL HEIGHTS, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

		SPECIAL REVENUE REDEVELOPMENT	CAPITAL PROJECT	
	GENERAL	AGENCY	ROAD	CAPITAL
	FUND	FUND	IMPROVEMENT	IMPROVEMENT
			FUND	FUND
ASSETS				
Cash and Investments	\$ 11,674,996	\$ 6,514,554	\$ 3,336,651	\$ 2,303,130
Property Taxes Receivable	76,899	-	-	-
Accounts Receivable	1,423,577	-	243,599	21,355
Accrued Interest Receivable	53,580	-	-	-
Prepaid Items	117,049	-	-	-
Advances To Other Funds	-	-	-	-
Assets Held for Resale	-	250,000	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ 13,346,101</u>	<u>\$ 6,764,554</u>	<u>\$ 3,580,250</u>	<u>\$ 2,324,485</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 169,411	\$ 1,066,718	\$ 176,682	\$ 468,104
Accrued Liabilities	347,992	-	-	-
Due To Other Funds	2,975	-	-	-
Advances From Other Funds	-	-	-	-
Deposits	59,433	-	-	-
TOTAL LIABILITIES	<u>579,811</u>	<u>1,066,718</u>	<u>176,682</u>	<u>468,104</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Sales Tax Revenue	-	-	-	-
Deferred Property Tax Revenue	76,899	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>76,899</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Nonspendable	117,049	-	-	-
Restricted for Emergencies	520,000	-	-	-
Restricted for Capital Projects	22,075	5,697,836	-	1,856,381
Restricted for Highways and Streets	-	-	3,403,568	-
Restricted for Parks and Recreation	14,511	-	-	-
Restricted for Open Space	-	-	-	-
Committed for Victims Advocate	222,754	-	-	-
Committed for Graffiti	5,338	-	-	-
Unassigned	11,787,664	-	-	-
TOTAL FUND EQUITY	<u>12,689,391</u>	<u>5,697,836</u>	<u>3,403,568</u>	<u>1,856,381</u>
TOTAL LIABILITIES, DEFERRED INFLOWS INFLOWS, AND FUND EQUITY	<u>\$ 13,346,101</u>	<u>\$ 6,764,554</u>	<u>\$ 3,580,250</u>	<u>\$ 2,324,485</u>

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

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

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

These include net OPEB liability (\$521,718), deferred outflows related to OPEB Plan \$58,276, deferred inflows related to OPEB Plan (\$121,567), accrued compensated absences (\$889,451), net pension asset of \$2,839,371, net pension liability (\$515,431), deferred outflows related to pensions of \$2,115,055, and deferred inflows related to pensions of (\$193,183).

Net position of governmental activities

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
	2019	2018
\$ 1,313,672	\$ 25,143,003	\$ 18,549,046
-	76,899	2,549,736
59,497	1,748,028	3,830,336
-	53,580	45,080
-	117,049	325,115
-	-	484,399
-	250,000	550,000
-	-	773,454
<u>\$ 1,373,169</u>	<u>\$ 27,388,559</u>	<u>\$ 27,107,166</u>

\$ -	\$ 1,880,915	\$ 2,230,726
-	347,992	306,783
-	2,975	772,299
-	-	484,399
-	59,433	59,050
<u>-</u>	<u>2,291,315</u>	<u>3,853,257</u>

-	-	-
-	76,899	2,549,736
<u>-</u>	<u>76,899</u>	<u>2,549,736</u>

-	117,049	809,514
-	520,000	460,000
30,790	7,607,082	5,871,514
-	3,403,568	2,573,858
562,863	577,374	542,486
779,516	779,516	1,097,608
-	222,754	253,460
-	5,338	5,338
-	11,787,664	9,090,395
<u>1,373,169</u>	<u>25,020,345</u>	<u>20,704,173</u>

\$ 1,373,169

17,704,072 15,544,134

2,771,352 2,730,041
\$ 45,495,769 \$ 38,978,348

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2019

		SPECIAL REVENUE REDEVELOPMENT	CAPITAL PROJECT ROAD	CAPITAL IMPROVEMENT
	GENERAL FUND	AGENCY FUND	IMPROVEMENT FUND	IMPROVEMENT FUND
REVENUES				
Taxes	\$ 11,260,139	\$ 2,492,626	\$ -	\$ -
Licenses and Permits	247,627	-	-	-
Intergovernmental	889,140	-	297,498	23,403
Charges for Services	597,843	-	-	-
Court Revenues	727,256	-	-	-
Miscellaneous	37,062	(21,955)	-	12,250
Interest	293,285	162,354	79,553	53,764
TOTAL REVENUES	<u>14,052,352</u>	<u>2,633,025</u>	<u>377,051</u>	<u>89,417</u>
EXPENDITURES				
Current				
General Government	2,229,560	-	-	-
Public Safety	5,758,072	-	-	-
Community Services	1,785,246	-	110,699	-
Victim Advocate	142,409	-	-	-
Parks and Recreation	-	-	-	-
Community Development	-	1,374,318	-	-
Intergovernmental Services	44,968	-	-	-
Debt Service				
Interest	-	-	-	-
Capital Outlay	14,400	-	296,642	1,156,645
TOTAL EXPENDITURES	<u>9,974,655</u>	<u>1,374,318</u>	<u>407,341</u>	<u>1,156,645</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,077,697</u>	<u>1,258,707</u>	<u>(30,290)</u>	<u>(1,067,228)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	425,000	-	930,000	1,500,000
Transfers Out	(2,430,000)	-	(70,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,005,000)</u>	<u>-</u>	<u>860,000</u>	<u>1,500,000</u>
NET CHANGE IN FUND BALANCES	2,072,697	1,258,707	829,710	432,772
FUND BALANCES, Beginning	<u>10,616,694</u>	<u>4,439,129</u>	<u>2,573,858</u>	<u>1,423,609</u>
FUND BALANCES, Ending	<u>\$ 12,689,391</u>	<u>\$ 5,697,836</u>	<u>\$ 3,403,568</u>	<u>\$ 1,856,381</u>

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
	2019	2018
\$ 110,720	\$ 13,863,485	\$ 12,372,499
-	247,627	249,089
25,228	1,235,269	4,258,374
-	597,843	541,927
-	727,256	559,711
-	27,357	(703,658)
43,525	632,481	386,094
<u>179,473</u>	<u>17,331,318</u>	<u>17,664,036</u>
-	2,229,560	2,131,264
-	5,758,072	5,527,909
-	1,895,945	1,675,826
-	142,409	124,255
457,187	457,187	10,024
-	1,374,318	147,436
-	44,968	58,354
-	-	38,463
-	1,467,687	5,804,580
<u>457,187</u>	<u>13,370,146</u>	<u>15,518,111</u>
<u>(277,714)</u>	<u>3,961,172</u>	<u>2,145,925</u>
-	2,855,000	3,165,642
<u>-</u>	<u>(2,500,000)</u>	<u>(2,825,642)</u>
<u>-</u>	<u>355,000</u>	<u>340,000</u>
(277,714)	4,316,172	2,485,925
<u>1,650,883</u>	<u>20,704,173</u>	<u>18,218,248</u>
<u>\$ 1,373,169</u>	<u>\$ 25,020,345</u>	<u>\$ 20,704,173</u>

CITY OF FEDERAL HEIGHTS, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 4,316,172
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$3,219,692, exceeded depreciation expense (\$1,048,798), and loss on disposal of assets (\$10,956) in the current period.	2,159,938
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include income related to OPEB liability \$22,617 and a change in accrued compensated absences of (\$182,958).	(160,341)
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>201,652</u>
Change in Net Position of Governmental Activities	<u><u>\$ 6,517,421</u></u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2019

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2019	2018
ASSETS				
Current Assets				
Cash and Investments	\$ 6,677,198	\$ 563,468	\$ 7,240,666	\$ 7,060,804
Accounts Receivable	442,976	29,803	472,779	437,146
Due From Other Funds	2,975	-	2,975	-
Total Current Assets	7,123,149	593,271	7,716,420	7,497,950
Noncurrent Assets				
Capital Assets, Not Depreciated	-	175,250	175,250	-
Capital Assets, Net of Accumulated Depreciation	9,851,919	3,286,480	13,138,399	12,848,139
Total Noncurrent Assets	9,851,919	3,461,730	13,313,649	12,848,139
TOTAL ASSETS	16,975,068	4,055,001	21,030,069	20,346,089
LIABILITIES				
Current Liabilities				
Accounts Payable	292,868	199,232	492,100	331,310
Accrued Liabilities	14,813	2,188	17,001	13,707
Due To Other Funds	-	-	-	1,155
Current Portion - Long Term Debt	6,765	991	7,756	6,826
Total Current Liabilities	314,446	202,411	516,857	352,998
Noncurrent Liabilities				
Escrow Deposits	50,000	-	50,000	50,000
Compensated Absences	60,886	8,916	69,802	61,432
Total Noncurrent Liabilities	110,886	8,916	119,802	111,432
TOTAL LIABILITIES	425,332	211,327	636,659	464,430
NET POSITION				
Investment in Capital Assets	9,851,919	3,461,730	13,313,649	12,848,139
Unrestricted	6,697,817	381,944	7,079,761	7,033,520
TOTAL NET POSITION	\$ 16,549,736	\$ 3,843,674	\$ 20,393,410	\$ 19,881,659

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2019

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2019	2018
OPERATING REVENUES				
Water Sales	\$ 3,427,494	\$ -	\$ 3,427,494	\$ 3,141,813
Sewer Fees	1,641,610	-	1,641,610	1,669,079
Drainage Fees	-	357,162	357,162	378,465
Other Income	11,341	7,921	19,262	20,095
TOTAL OPERATING REVENUES	5,080,445	365,083	5,445,528	5,209,452
OPERATING EXPENSES				
Water Supply	2,628,195	-	2,628,195	2,431,619
Water Distribution	256,265	-	256,265	216,846
Sewer Collection and Treatment	1,103,978	-	1,103,978	1,138,887
General and Administrative	68,264	100,783	169,047	145,951
Depreciation	481,148	138,264	619,412	567,596
TOTAL OPERATING EXPENSES	4,537,850	239,047	4,776,897	4,500,899
OPERATING INCOME	542,595	126,036	668,631	708,553
NON-OPERATING REVENUES				
Interest Income	124,628	14,031	138,659	117,237
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	667,223	140,067	807,290	825,790
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers Out	(260,000)	(95,000)	(355,000)	(340,000)
Capital Contributions	59,461	-	59,461	-
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	(200,539)	(95,000)	(295,539)	(340,000)
CHANGE IN NET POSITION	466,684	45,067	511,751	485,790
NET POSITION Beginning	16,083,052	3,798,607	19,881,659	19,395,869
NET POSITION, Ending	\$ 16,549,736	\$ 3,843,674	\$ 20,393,410	\$ 19,881,659

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2019

Increase (Decrease) in Cash and Cash Equivalents

	UTILITY FUND	DRAINAGE FUND	TOTALS	
			2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 5,044,897	\$ 364,998	\$ 5,409,895	\$ 5,197,322
Cash Paid to Suppliers	(4,083,879)	99,778	(3,984,101)	(4,221,410)
Net Cash Provided by Operating Activities	961,018	464,776	1,425,794	975,912
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Payments (To) From Other Funds	(263,933)	(95,197)	(359,130)	(337,503)
Net Cash Used by Noncapital and Related Financing Activities	(263,933)	(95,197)	(359,130)	(337,503)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Property and Equipment	(559,134)	(525,788)	(1,084,922)	(1,379,600)
Capital Contributions	59,461	-	59,461	-
Net Cash Used by Capital and Related Financing Activities	(499,673)	(525,788)	(1,025,461)	(1,379,600)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	124,628	14,031	138,659	117,237
Net Increase in Cash and Cash Equivalents	322,040	(142,178)	179,862	(623,954)
CASH AND CASH EQUIVALENTS, Beginning	6,355,158	\$ 705,646	7,060,804	7,684,758
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 6,677,198</u>	<u>\$ 563,468</u>	<u>7,240,666</u>	<u>\$ 7,060,804</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	\$ 542,595	\$ 126,036	668,631	\$ 708,553
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	481,148	138,264	619,412	567,596
Changes in Assets and Liabilities				
Accounts Receivable	(35,548)	(85)	(35,633)	(12,130)
Accounts Payable	(35,169)	195,959	160,790	(288,878)
Accrued Liabilities	1,187	2,107	3,294	(2,552)
Accrued Compensated Absences	6,805	2,495	9,300	3,323
Total Adjustments	418,423	338,740	757,163	267,359
Net Cash Provided by Operating Activities	<u>\$ 961,018</u>	<u>\$ 464,776</u>	<u>\$ 1,425,794</u>	<u>\$ 975,912</u>

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Federal Heights Redevelopment Agency

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

Government-Wide and Fund Financial Statements

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

The *Capital Improvement Fund*, a capital projects fund, accounts for the activity related to the acquisition and/or construction of major capital projects of the City.

The City reports the following major proprietary fund:

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

Interfund Receivables and Payables

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

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

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

Capital Assets

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

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

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

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenues

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

Compensated Absences

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

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

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

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

Property Taxes

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

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

Post-Employment Benefits

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

Contraband Forfeiture

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

Fund Balance Classification

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2019, the City reported the following item as nonspendable:

General Fund – Prepaid Items	<u>\$ 117,049</u>
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Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. At December 31, 2019, the City has classified the following amounts as restricted:

General Fund – Emergency Reserves (TABOR)	\$ 520,000
General Fund – Other Capital Expenses 1% Sales Tax	22,075
General Fund – Parks and Recreation	14,511
Redevelopment Agency Fund – Capital Projects	5,697,836
Road Improvement Fund – Highways and Streets	3,403,568
Capital Improvement Fund – Capital Projects	1,856,381
Open Space Fund – Parks and Recreation	562,863
Open Space Fund – Open Space	779,516
Special Investigations Fund – Capital Projects	<u>30,790</u>

Total	<u>\$ 12,887,540</u>
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CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

Fund Balance Classification (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. As of December 31, 2019, the City has classified the following amounts as committed:

General Fund – Victims Advocate	\$ 222,754
General Fund - Graffiti	<u>5,338</u>
Total	<u>\$ 228,092</u>

- Assigned – This classification includes amounts that are constrained by the City Council intent to be used for specific purposes but are neither restricted nor committed. As of December 31, 2019, the City did not have any assigned fund balance.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

Budgets and Budgetary Accounting

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of December 31, 2019 follows:

Petty Cash	\$ 2,812
Cash Deposits	2,307,956
Investments	<u>30,072,901</u>
Total	<u>\$ 32,383,669</u>

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

Governmental Activities	\$ 25,143,003
Business-type Activities	<u>7,240,666</u>
Total	<u>\$ 32,383,669</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2019, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The City has no policy regarding custodial credit risk for deposits.

At December 31, 2019, the City had deposits with financial institutions with a carrying amount of \$2,307,956. The bank balances with the financial institutions were \$2,342,992. Of these balances, \$250,000 was covered by federal depository insurance and \$2,092,992 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

At December 31, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Investment Maturity (Years)</u>		
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>
U.S. Agency Securities	\$ 10,495,080	\$ 3,934,828	\$ 6,560,252
Money Market Funds	56,732	56,732	-
Local Government Pools	<u>19,521,089</u>	<u>19,521,089</u>	<u>-</u>
Total	<u>\$ 30,072,901</u>	<u>\$ 23,512,649</u>	<u>\$ 6,560,252</u>

Interest Rate Risk

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

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

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

The City's investment policy controls credit risk by limiting its investments to those allowed by Colorado statutes. Historically, however, the City has only invested in US Treasuries and Instrumentalities. As of December 31, 2019, the City had investments in Federal Home Loan Bank ("FHLB") securities, Federal National Mortgage Association securities ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") securities, and Federal Farm Credit Bank securities which were all rated AA+ by Standard and Poor's and Aaa by Moody's Investor Services.

Local Government Investment Pool

The City had invested \$19,521,089 in the Colorado Surplus Asset Fund Trust (CSAFE) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. CSAFE is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool (Continued)

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

Fair Value

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

At December 31, 2019, the City held investments in U.S. Agency Securities in the amount of \$10,495,080 with maturity dates of less than four years. Given the low risk of this type of investment, the City has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

The City invested \$56,732 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

Concentration of Credit Risk

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

U.S. Treasury Notes	10.62%
Federal Home Loan Bank	10.07%
Federal National Mortgage Association	5.06%
Federal Home Loan Mortgage Corporation	2.34 %
Federal Farm Credit Bank	6.81%
Money Market Funds	0.19%
Local Government Pools	64.88%

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2019, the City's US instrumentality securities were held in safekeeping by US Bank in the name of the City.

NOTE 4: INTERFUND BALANCES

Below is a schedule of interfund transfers made during the year ended December 31, 2019.

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Road Improvement Fund	\$ 70,000
General Fund	Utility Fund	260,000
General Fund	Drainage Fund	95,000
Road Improvement Fund	General Fund	930,000
Capital Improvement Fund	General Fund	<u>1,500,000</u>
Total		<u>\$ 2,855,000</u>

The transfers to the General Fund are budgeted annually to subsidize operating costs paid from the General Fund. Transfers from the General Fund are used to allocate sales taxes collected as required following the November 2002 election and Ordinance 02-12 and for routine operating subsidies.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 is summarized below:

	Balances 12/31/2018	Additions	Deletions	Balances 12/31/2019
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 296,453	\$ -	\$ -	\$ 296,453
Construction in Progress	57,806	1,590,959	57,806	1,590,959
Total Capital Assets, not depreciated	354,259	1,590,959	57,806	1,887,412
Capital Assets, depreciated				
Buildings	2,781,381	-	-	2,781,381
Improvements	20,662,981	552,624	-	21,215,605
Machinery and Equipment	4,462,637	1,133,915	102,658	5,493,894
Total Capital Assets, depreciated	27,906,999	1,686,539	102,658	29,490,880
Less Accumulated Depreciation				
Buildings	1,963,884	57,177	-	2,021,061
Improvements	8,002,612	486,962	-	8,489,574
Machinery and Equipment	2,750,628	504,659	91,702	3,163,585
Total Accumulated Depreciation	12,717,124	1,048,798	91,702	13,674,220
Total Capital Assets, depreciated, Net	15,189,875	637,741	10,956	15,816,660
Governmental Activities, Capital Assets, Net	<u>\$ 15,544,134</u>	<u>\$ 2,228,700</u>	<u>\$ 68,762</u>	<u>\$ 17,704,072</u>
Business-Type Activities				
Capital Assets, not depreciated				
Construction in Progress	\$ -	\$ 175,250	\$ -	\$ 175,250
Capital Assets, depreciated				
Sewer Lines	\$ 5,064,777	\$ 151,748	\$ 45,494	\$ 5,171,031
Water Plant, Tanks, and Wells	10,337,205	402,344	-	10,739,549
Drainage System	3,960,961	350,536	-	4,311,497
Buildings	254,309	-	-	254,309
Furniture and Equipment	738,576	5,044	53,105	690,515
Total Capital Assets, depreciated	20,355,828	909,672	98,599	21,166,901
Less: Accumulated Depreciation				
Sewer Lines	2,122,662	156,439	45,494	2,233,607
Water Plant, Tanks, and Wells	3,728,312	295,691	-	4,024,003
Drainage System	886,755	138,263	-	1,025,018
Buildings	189,922	5,733	-	195,655
Furniture and Equipment	580,038	23,286	53,105	550,219
Total Accumulated Depreciation	7,507,689	619,412	98,599	8,028,502
Total Capital Assets, depreciated, Net	12,848,139	290,260	-	13,138,399
Business-Type Activities, Capital Assets, Net	<u>\$ 12,848,139</u>	<u>\$ 465,510</u>	<u>\$ -</u>	<u>\$ 13,313,649</u>

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 5: CAPITAL ASSETS (Continued)

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

Governmental Activities

General Government	\$ 62,023
Public Safety	487,232
Community Services	465,816
Parks and Recreation	22,727
Community Development	<u>11,000</u>
Total	<u>\$ 1,048,798</u>

Business-Type Activities

Water and Sewer Utility	\$ 489,148
Drainage Utility	<u>138,264</u>
Total	<u>\$ 619,412</u>

NOTE 6: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2019.

	Balance <u>12/31/2018</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2019</u>	Due In <u>One Year</u>
Governmental Activities					
OPEB Liability (Note 9)	\$ 619,825	\$ -	\$ 97,810	\$ 521,718	\$ -
Compensated Absences	<u>706,493</u>	<u>515,546</u>	<u>332,588</u>	<u>889,451</u>	<u>88,945</u>
Total	<u>\$ 1,326,021</u>	<u>\$ 515,546</u>	<u>\$ 430,398</u>	<u>\$ 1,411,169</u>	<u>\$ 88,945</u>
Business-Type Activities					
Compensated Absences	<u>\$ 68,258</u>	<u>\$ 35,991</u>	<u>\$ 26,691</u>	<u>\$ 77,558</u>	<u>\$ 7,756</u>

Compensated Absences are expected to be liquidated with resources of the General and Utility Funds. The City currently estimates that 10% of the accrued compensated absences shown above will be liquidated currently.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

The actuarial study as of January 1, 2019, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan, therefore the City did not make contributions to this plan for 2019.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Employees Covered by Benefit Terms

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

Retirees and Beneficiaries	5
Inactive, Nonretired Members	3
Active Members	<u>13</u>
Total	<u><u>21</u></u>

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

At December 31, 2019, the City reported asset of \$2,839,371. The net pension asset was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019.

For the year ended December 31, 2019 the City recognized pension income of \$47,487. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$21,585	\$21,879
Net difference between projected and actual earnings on pension plan investments	\$250,793	\$125,362
Change in assumptions and other inputs	\$21,146	N/A
Total	\$293,524	\$147,241

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

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

Year ended December 31,	
2020	\$ 54,336
2021	\$ 23,313
2022	\$ 11,940
2023	\$ 56,694

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

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Open*
Remaining Amortization Period:	20 years*
Asset Valuation Method:	5-Year smoothed fair value
Inflation	2.5%
Salary Increases:	N/A
Investment Rate of Return:	7.50%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty 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.

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

Assumption Changes: The assumptions shown above pertain to the actuarial valuation as of January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following a regularly scheduled experience study in 2018, the FPPA's Board of Directors adopted a new assumption set for first use in the January 1, 2019 actuarial valuations.

The primary changes, which will be observed in the January 1, 2019 actuarial valuations, as compared to the actuarial assumptions shown above are as follows:

Investment Rate
Return

7.00%

Mortality

Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.

Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	2.52%
Fixed Income	15.00%	2.90%
Managed Futures	4.00%	5.35%
Absolute Return	9.00%	5.08%
Equity Long/Short	9.00%	6.45%
Global Equity	37.00%	8.03%
Private Markets	24.00%	10.00%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Volunteer Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

Changes in the Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a) – (b)
Balances at 1/1/2019	\$ 265,299	\$ 3,298,665	(\$ 3,033,366)
Changes for the year:			
Service Cost	4,459	-	4,459
Interest on the total pension liability	19,351	-	19,351
Benefit Changes	112,551	-	112,551
Difference between expected and actual experience	27,056	-	27,056
Changes of assumptions	25,411	-	25,411
Net investment income	-	(63)	63
Benefit Payments	(19,305)	(19,305)	-
Pension plan administrative expense	-	(5,104)	5,104
Net Changes	169,523	(24,472)	193,995
Balances at 12/31/2019	\$ 434,822	\$ 3,274,193	(\$ 2,839,371)

Sensitivity of the City's net pension asset to changes in the discount rate. The following presents the net pension asset calculated using the discount rate of 7.00 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension asset	(\$2,767,441)	(\$2,839,371)	(\$2,896,483)

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

General Information about the Pension Plan

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

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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

Contributions. The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution.

Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

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

At December 31, 2019 the City reported a net pension liability in the amount of \$515,431 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The City's proportion of the net pension asset was based on the City's contributions to the SWDB Plan for the calendar year 2018 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2018, the City's proportion was 0.40769%, which was a decrease of 0.00370% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019 the City recognized pension expense of \$67,289. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$662,285	\$5,506
Net difference between projected and actual earnings on pension plan investments	\$405,466	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$33,147	\$40,436
Change in assumptions and other inputs	\$499,179	N/A
Contributions subsequent to the measurement date	\$221,454	N/A
Total	\$1,821,531	\$45,942

\$221,454 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

Year ended December 31	
2020	\$296,006
2021	\$211,363
2022	\$179,972
2023	\$297,891
2024	\$144,942
Thereafter	\$423,961

Actuarial assumptions. The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2019
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2018
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.50 percent
Projected salary increases*	4.00 – 14.00 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, 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 pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00%	8.03%
Equity Long/Short	9.00%	6.45%
Illiquid Alternatives	24.00%	10.00%
Fixed Income	15.00%	2.90%
Absolute Return	9.00%	5.08%
Managed Futures	4.00%	5.35%
Cash	2.00%	2.52%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment) to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$1,998,781	\$515,431	(\$714,980)

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

NOTE 8: DEFINED CONTRIBUTION PENSION PLANS

FPPA Statewide Hybrid Plan – Money Purchase Component

The City contributes to the Statewide Hybrid Plan – Money Purchase Component (“SWH”) offered by the Fire and Police Pension Association of Colorado on behalf of its full time sworn police officers and full-time paid firefighters and paramedics. For the City, the member contributions are equally split by the City and the employee at either the 16% or 20% rate depending upon the date of hire. Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members. During the years ended December 31, 2019, 2018 and 2017, the City and the plan members both made the required contributions of \$7,167, \$5,539 and \$6,104, respectively. The Plan investments are managed by FPPA.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: DEFINED CONTRIBUTION PENSION PLANS

General Employees Money Purchase Pension Plan

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

Both the City and the employee contribute 3% of the employee's base salary as established by City Council. The City will also match up to the 2% of additional employee contributions up to a maximum contribution of 5% per employee. The employees are also eligible to make additional contributions to the extent allowed by the Internal Revenue Service. The five-year vesting schedule is as follows: 0% before one-year full-time service; 20% at 1 year; 40% at 2 years; 60% at 3 years; 80% at 4 years; and 100% at 5 years. During the years ended December 31, 2019, 2018, and 2017, the City made contributions of \$128,473, \$115,352, and \$101,893, and the employees made contributions of \$119,544, \$106,576, and \$93,833 to the Plan, respectively. The Plan investments are managed by ICMA.

City Manager Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of the City Manager. Both the City and the employee contribute 5% of the employee's base salary as established by City Council. The employee is fully vested in all contributions immediately. During the years ended December 31, 2019, 2018, and 2017, the City and employee each made contributions of \$11,347, \$10,597, and \$9,891 to the Plan, respectively. The Plan investments are managed by ICMA.

City Council Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of the mayor and members of City Council. The members are required to make a one-time contribution election and may contribute up to 15% of their base salary. The City matches this contribution at a maximum of 10%. The employee is fully vested in all contributions immediately. During the years ended December 31, 2019, 2018, and 2017, the City and plan members each made contributions of \$8,237, \$6,583, and \$6,720 to the Plan, respectively. The Plan investments are managed by ICMA.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 9: POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

Funding Policy

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

Employees Covered by Benefit Terms

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

Inactive Employees Currently Receiving Benefit Payments	3
Eligible Active Employees	<u>20</u>
Total	<u>23</u>

Total OPEB Liability

The Net OPEB liability measured as of December 31, 2019 was determined by an actuarial valuation dated as of January 1, 2019.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	January 1, 2019
Discount Rate	4.09% per annum (Beginning of year) 2.74% per annum (End of year)
Salary Increase Rate	3.50% per annum
Census Data	The census was provided by the City as of November 1, 2019.
Marriage Rate	The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.
Spouse Age	Spouse dates of birth were not provided by the City. Male spouses are assumed to be three years older than female spouses.
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	<i>Experience/ Assumptions:</i> gains and losses are amortized over a closed period of 6.9 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).
Plan Participation Percentage	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 70% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.
Mortality Rates	Pub-2010 generational table for general employees scaled using MP-18 and applied on a gender-specific basis.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

Balance at January 1, 2019	\$ 619,528
Service Cost	16,334
Interest Cost	23,385
Changes in Assumptions or Other Inputs	58,074
Difference Between Expected and Actual Experience	(116,192)
Employer Contributions	(10,800)
Other OPEB Expense	(37,986)
Benefit Payments	<u>(30,625)</u>
Balance at December 31, 2019	<u>\$ 521,718</u>

Assumption Changes: Changes of assumptions and other inputs, which will be observed in the January 1, 2019 actuarial valuations, are as follows:

Discount Rate	Updated from 4.09% to 2.74%
Mortality	The mortality assumption was updated from the RP-2014 base table with generational improvement scale MP-2017 to the Pub-2010 base table with generational improvement scale MP-2018 to reflect the Society of Actuaries' recently published mortality study.
Medical Trend	Updated from an initial rate of 6.0% grading down to 4.5% to an initial rate of 6.5% grading down to 4.5%.
Excise Tax Liability	Excluded

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79%) or 1-percentage-point higher (3.79%) than the current discount rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Proportionate share of the net pension liability (asset)	\$482,000	\$522,000	\$569,000

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% decreasing to 3.50%) or 1-percentage-point higher (7.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.50%)	Current Health Care Cost Trend (6.50% decreasing to 4.50%)	1% Increase (7.50% decreasing to 5.50%)
Proportionate share of the net pension liability (asset)	\$478,000	\$522,000	\$585,000

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

For the year ended December 31, 2019, the City recognized OPEB income of \$9,717, which includes the City's current year contribution expense of \$10,800. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$99,953
Change in assumptions and other inputs	\$58,276	\$21,614
Total	\$58,276	\$121,567

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

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

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

Year ended December 31	
2020	(\$ 11,102)
2021	(\$ 11,102)
2022	(\$ 12,333)
2023	(\$ 12,149)
2024	(\$ 8,423)
Thereafter	(\$ 8,182)

NOTE 10: RISK RELATED ACTIVITIES

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

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

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

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

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 10: RISK RELATED ACTIVITIES (Continued)

The City self-insures for an employee short-term disability plan. Claims paid during the years ended December 31, 2019, 2018, and 2017 were \$1,741, \$8,948, and \$7,011, respectively. All transactions of the Plan are recorded in the General Fund.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants

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

Tabor Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of \$520,000 was recorded in the General Fund.

CITY OF FEDERAL HEIGHTS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 12: CONSERVATION TRUST FUND

The City annually receives funds through the State of Colorado that are restricted for use pursuant to Colorado Revised Statutes Article 21 of Title 29. Funds are to be utilized primarily for parks and recreation purposes. The following is a summary of the City's Conversation Trust activity for the year ended December 31, 2019:

	<u>General Fund</u>	<u>Open Space</u>	<u>Total</u>
Balance 12/31/2018	\$ 14,257	\$ 528,229	\$ 542,486
Receipts	58,534	19,511	78,045
Interest Earned	-	15,123	15,123
Expenditures	<u>(58,280)</u>	<u>-</u>	<u>(58,280)</u>
Balance 12/31/2019	<u>\$ 14,511</u>	<u>\$ 562,863</u>	<u>\$ 577,374</u>

NOTE 13: SUBSEQUENT EVENT

COVID-19

As a result of the coronavirus pandemic (COVID-19), economic uncertainties may have economic implications on the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FEDERAL HEIGHTS, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	2019		VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 10,684,300	\$ 11,260,139	\$ 575,839	\$ 10,131,491
Licenses and Permits	193,700	247,627	53,927	249,089
Intergovernmental	772,289	889,140	116,851	775,245
Charges for Services	507,700	597,843	90,143	541,927
Court Revenues	588,200	727,256	139,056	559,711
Miscellaneous	17,000	37,062	20,062	45,298
Interest	180,000	293,285	113,285	207,325
TOTAL REVENUES	12,943,189	14,052,352	1,109,163	12,510,086
EXPENDITURES				
Current				
General Government	2,544,171	2,229,560	314,611	2,131,258
Public Safety	6,319,859	5,758,072	561,787	5,527,909
Community Services	1,798,213	1,785,246	12,967	1,628,643
Victim Advocate	181,718	142,409	39,309	124,255
Intergovernmental Services	62,296	44,968	17,328	58,354
Capital Outlay	13,831	14,400	(569)	10,042
TOTAL EXPENDITURES	10,920,088	9,974,655	945,433	9,480,461
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,023,101	4,077,697	2,054,596	3,029,625
OTHER FINANCING SOURCES(USES)				
Transfers In	425,000	425,000	-	405,000
Transfers Out	(2,430,000)	(2,430,000)	-	(2,065,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,005,000)	(2,005,000)	-	(1,660,000)
NET CHANGE IN FUND BALANCE	18,101	2,072,697	2,054,596	1,369,625
FUND BALANCE, Beginning	9,288,832	10,616,694	1,327,862	9,247,069
FUND BALANCE, Ending	\$ 9,306,933	\$ 12,689,391	\$ 3,382,458	\$ 10,616,694

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

 REDEVELOPMENT AGENCY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2019

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Property Taxes	\$ 2,227,191	\$ 2,492,626	\$ 265,435	\$ 2,146,533
Charges for Services	65,000	-	(65,000)	-
Change in Value of Asset	-	(21,955)	(21,955)	(756,800)
Interest	-	162,354	162,354	89,565
TOTAL REVENUES	2,292,191	2,633,025	340,834	1,479,298
EXPENDITURES				
Community Development	3,199,923	1,374,318	1,825,605	185,899
TOTAL EXPENDITURES	3,199,923	1,374,318	1,825,605	185,899
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(907,732)	1,258,707	2,166,439	1,293,399
OTHER FINANCING SOURCES (USES)				
Transfers Out	(250,000)	-	250,000	(695,642)
NET CHANGE IN FUND BALANCE	(1,157,732)	1,258,707	2,416,439	597,757
FUND BALANCE (DEFICIT), Beginning	2,370,031	4,439,129	2,069,098	3,841,372
FUND BALANCE (DEFICIT), Ending	\$ 1,212,299	\$ 5,697,836	\$ 4,485,537	\$ 4,439,129

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF CONTRIBUTIONS

December 31, 2019

<u>FY Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2009	\$ -	\$ -	\$ -	N/A	N/A
2010	-	-	-	N/A	N/A
2011	-	-	-	N/A	N/A
2012	-	-	-	N/A	N/A
2013	-	-	-	N/A	N/A
2014	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

VOLUNTEER FIREFIGHTERS' PENSION PLAN

Measurement Period Ending December 31,	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 8,261	\$ 9,684	\$ 9,684	\$ 4,459	\$ 4,459
Interest on the Total Pension Liability	18,016	19,258	20,578	18,754	19,351
Benefit Changes	-	-	-	-	112,551
Difference Between Expected and and Actual Experience	930	-	(42,807)	-	27,056
Assumption Changes	-	-	2,120	-	25,411
Benefit Payments	<u>(11,340)</u>	<u>(11,340)</u>	<u>(11,340)</u>	<u>(11,340)</u>	<u>(19,305)</u>
Net Change in Total Pension Liability	15,867	17,602	(21,765)	11,873	169,523
Total Pension Liability - Beginning	<u>241,722</u>	<u>257,589</u>	<u>275,191</u>	<u>253,426</u>	<u>265,299</u>
Total Pension Liability - Ending	<u><u>\$ 257,589</u></u>	<u><u>\$ 275,191</u></u>	<u><u>\$ 253,426</u></u>	<u><u>\$ 265,299</u></u>	<u><u>\$ 434,822</u></u>
Plan Fiduciary Net Position					
Employer Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Pension Plan Net Investment Income	175,814	48,972	149,764	425,111	(63)
Benefit Payments	(11,340)	(11,340)	(11,340)	(11,340)	(19,305)
Pension Plan Administrative Expenses	(4,992)	(5,673)	(5,274)	(5,907)	(5,104)
State of Colorado Supplemental Discretionary Payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	159,482	31,959	133,150	407,864	(24,472)
Plan Fiduciary Net Position - Beginning	<u>2,566,210</u>	<u>2,725,692</u>	<u>2,757,651</u>	<u>2,890,801</u>	<u>3,298,665</u>
Plan Fiduciary Net Position - Ending	<u><u>2,725,692</u></u>	<u><u>2,757,651</u></u>	<u><u>2,890,801</u></u>	<u><u>3,298,665</u></u>	<u><u>3,274,193</u></u>
Net Pension Liability/(Asset)	\$ (2,468,103)	\$ (2,482,460)	\$ (2,637,375)	\$ (3,033,366)	\$ (2,839,371)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	1058.16%	1002.09%	1140.69%	1243.38%	753.00%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

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

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportionate share of the Net Pension Liability (Asset)	0.562%	0.502%	0.525%	0.498%	0.411%	0.408%
City's proportionate share of the Net Pension Liability (Asset)	\$ (502,336)	\$ (566,954)	\$ (9,256)	\$ 179,887	\$ (591,851)	\$ 515,431
City's covered payroll	\$ 2,198,747	\$ 2,080,599	\$ 2,345,907	\$ 2,328,554	\$ 2,303,527	\$ 2,556,939
City's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-22.8%	-27.2%	-0.4%	7.7%	-25.7%	20.2%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%

Notes:

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

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

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF THE CITY'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contributions	195,203	\$ 180,731	\$ 203,697	\$ 203,826	\$ 192,308	\$ 218,475	\$ 221,454
Contributions in relation to the statutorily required contributions	<u>195,203</u>	<u>180,731</u>	<u>203,697</u>	<u>203,826</u>	<u>192,308</u>	<u>218,475</u>	<u>221,454</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,198,747	\$ 2,080,599	\$ 2,345,907	\$ 2,328,554	\$ 2,303,527	\$ 2,556,939	\$ 2,666,409
Contributions as a percentage of covered payroll	8.88%	8.69%	8.68%	8.75%	8.35%	8.54%	8.31%

Notes:

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

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

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

Years Ended December 31,

Measurement Period Ending December 31,	2017	2018	2019
Total Pension Liability			
Service Cost	\$ 16,613	\$ 16,613	\$ 16,334
Interest	20,238	24,942	23,385
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	-	-	(116,192)
Assumption Changes	18,468	15,185	58,074
Benefit Payments	(34,141)	(34,141)	(30,625)
Employer Contributions	-	(12,900)	(10,800)
Other OPEB Expense	-	-	(37,986)
Net Change in Total OPEB Liability	21,178	9,699	(97,810)
Total OPEB Liability - Beginning	588,651	609,829	619,528
Total OPEB Liability - Ending	<u>\$ 609,829</u>	<u>\$ 619,528</u>	<u>\$ 521,718</u>
Covered Payroll	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

Notes:

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

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

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF FEDERAL HEIGHTS, COLORADO

ROAD IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Licenses and Permits	\$ 1,000	\$ -	\$ (1,000)	\$ -
Intergovernmental	360,000	297,498	(62,502)	3,450,131
Interest	25,000	79,553	54,553	41,193
TOTAL REVENUES	386,000	377,051	(8,949)	3,491,324
EXPENDITURES				
Community Services	167,000	110,699	56,301	47,183
Capital Outlay	1,178,375	296,642	881,733	4,825,977
TOTAL EXPENDITURES	1,345,375	407,341	938,034	4,873,160
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(959,375)	(30,290)	929,085	(1,381,836)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,180,000	930,000	(250,000)	1,360,642
Transfers Out	(70,000)	(70,000)	-	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,110,000	860,000	(250,000)	1,295,642
NET CHANGE IN FUND BALANCE	150,625	829,710	679,085	(86,194)
FUND BALANCE, Beginning	1,002,928	2,573,858	1,570,930	2,660,052
FUND BALANCE, Ending	<u>\$ 1,153,553</u>	<u>\$ 3,403,568</u>	<u>\$ 2,250,015</u>	<u>\$ 2,573,858</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Intergovernmental	\$ 21,751	\$ 23,403	\$ 1,652	\$ 12,955
Miscellaneous	18,000	12,250	(5,750)	7,844
Interest	-	53,764	53,764	18,325
TOTAL REVENUES	39,751	89,417	49,666	39,124
EXPENDITURES				
Capital Outlay	2,000,294	1,156,645	843,649	968,561
TOTAL EXPENDITURES	2,000,294	1,156,645	843,649	968,561
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,960,543)	(1,067,228)	893,315	(929,437)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,500,000	1,500,000	-	1,400,000
NET CHANGE IN FUND BALANCE	(460,543)	432,772	893,315	470,563
FUND BALANCE, Beginning	464,231	1,423,609	959,378	953,046
FUND BALANCE, Ending	\$ 3,688	\$ 1,856,381	\$ 1,852,693	\$ 1,423,609

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2019

	SPECIAL REVENUE			
	SPECIAL		TOTALS	
	INVESTIGATIONS	OPEN SPACE	2019	2018
	FUND	FUND		
ASSETS				
Cash and Investments	\$ 30,790	\$ 1,282,882	\$ 1,313,672	\$ 1,600,390
Accounts Receivable	-	59,497	59,497	50,493
TOTAL ASSETS	<u>\$ 30,790</u>	<u>\$ 1,342,379</u>	<u>\$ 1,373,169</u>	<u>\$ 1,650,883</u>
FUND BALANCES				
Restricted	<u>30,790</u>	<u>1,342,379</u>	<u>1,373,169</u>	<u>1,650,883</u>
TOTAL FUND BALANCES	<u>30,790</u>	<u>1,342,379</u>	<u>1,373,169</u>	<u>1,650,883</u>
TOTAL LIABILITIES				
AND FUND BALANCES	<u>\$ 30,790</u>	<u>\$ 1,342,379</u>	<u>\$ 1,373,169</u>	<u>\$ 1,650,883</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2019

	SPECIAL REVENUE			
	SPECIAL		TOTALS	
	INVESTIGATIONS	OPEN SPACE	2019	2018
	FUND	FUND		
REVENUES				
Taxes	\$ -	\$ 110,720	\$ 110,720	\$ 94,475
Intergovernmental	5,717	19,511	25,228	20,043
Interest	27	43,498	43,525	29,686
TOTAL REVENUES	5,744	173,729	179,473	144,204
EXPENDITURES				
General Government	-	-	-	6
Parks and Recreation	-	457,187	457,187	10,024
TOTAL EXPENDITURES	-	457,187	457,187	10,030
CHANGE IN FUND BALANCES	5,744	(283,458)	(277,714)	134,174
FUND BALANCES, Beginning	25,046	1,625,837	1,650,883	1,516,709
FUND BALANCES, Ending	\$ 30,790	\$ 1,342,379	\$ 1,373,169	\$ 1,650,883

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

OPEN SPACE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	2019			VARIANCE Positive (Negative)	2018 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 86,500	\$ 86,500	\$ 110,720	\$ 24,220	\$ 94,475
Intergovernmental	15,000	15,000	19,511	4,511	15,674
Interest	30,000	30,000	43,498	13,498	29,673
TOTAL REVENUES	131,500	131,500	173,729	42,229	139,822
EXPENDITURES					
Parks and Recreation	7,500	7,500	457,187	(449,687)	10,024
Capital Outlay	45,000	495,000	-	495,000	-
TOTAL EXPENDITURES	52,500	502,500	457,187	45,313	10,024
NET CHANGE IN FUND BALANCE	79,000	(371,000)	(283,458)	87,542	129,798
FUND BALANCE, Beginning	1,560,039	1,560,039	1,625,837	65,798	1,496,039
FUND BALANCE, Ending	<u>\$ 1,639,039</u>	<u>\$ 1,189,039</u>	<u>\$ 1,342,379</u>	<u>\$ 153,340</u>	<u>\$ 1,625,837</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

UTILITY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
 BUDGET TO ACTUAL
 Year Ended December 31, 2019

	2019			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES				
Water Sales	\$ 3,408,731	\$ 3,427,494	\$ 18,763	\$ 3,141,813
Sewer Fees	1,716,552	1,641,610	(74,942)	1,669,079
Other Income	-	11,341	11,341	11,904
Tap Fees and Other Contributions	-	59,461	59,461	-
Interest	80,000	124,628	44,628	98,546
TOTAL REVENUES	5,205,283	5,264,534	59,251	4,921,342
EXPENDITURES				
Water Supply	2,724,954	2,628,195	96,759	2,431,619
Water Distribution	332,366	256,265	76,101	216,846
Sewer Collection and Treatment	1,244,383	1,103,978	140,405	1,138,887
General and Administrative	72,565	68,264	4,301	64,068
Capital Outlay	1,827,500	559,136	1,268,364	827,871
Transfer Out	260,000	260,000	-	250,000
TOTAL EXPENDITURES	6,461,768	4,875,838	1,585,930	4,929,291
NET INCOME, Budget Basis	<u>\$ (1,256,485)</u>	388,696	<u>\$ 1,645,181</u>	(7,949)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		559,136		827,871
Depreciation Expense		(481,148)		(445,556)
NET INCOME, GAAP Basis		466,684		374,366
NET POSITION, Beginning		<u>16,083,052</u>		<u>15,708,686</u>
NET POSITION, Ending		<u>\$ 16,549,736</u>		<u>\$ 16,083,052</u>

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

DRAINAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL
Year Ended December 31, 2019

	2019				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2018 ACTUAL
REVENUES					
Drainage Fees	\$ 385,000	\$ 385,000	\$ 357,162	\$ (27,838)	\$ 378,465
Other Income	6,200	1,200	7,921	6,721	8,191
Interest	-	5,000	14,031	9,031	18,691
TOTAL REVENUES	<u>391,200</u>	<u>391,200</u>	<u>379,114</u>	<u>(12,086)</u>	<u>405,347</u>
EXPENDITURES					
General and Administrative	348,074	348,074	100,783	247,291	81,883
Capital Outlay	1,781,250	1,331,250	525,786	805,464	551,729
Transfers Out	95,000	95,000	95,000	-	90,000
TOTAL EXPENDITURES	<u>2,224,324</u>	<u>1,774,324</u>	<u>721,569</u>	<u>1,052,755</u>	<u>723,612</u>
NET INCOME, Budget Basis	<u>\$ (1,833,124)</u>	<u>\$ (1,383,124)</u>	(342,455)	<u>\$ 1,040,669</u>	(318,265)
GAAP BASIS ADJUSTMENTS					
Capital Outlay			525,786		551,729
Depreciation Expense			<u>(138,264)</u>		<u>(122,040)</u>
NET INCOME, GAAP Basis			45,067		111,424
NET POSITION, Beginning			<u>3,798,607</u>		<u>3,687,183</u>
NET POSITION, Ending			<u>\$ 3,843,674</u>		<u>\$ 3,798,607</u>

See the accompanying independent auditors' report.

STATISTICAL SECTION

STATISTICAL SECTION

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

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

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

<u>Debt Capacity</u>	69
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These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

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

<u>Operating Information</u>	76
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Federal Heights
Net Position By Component
Fiscal Years 2010 - 2019
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$11,729,592	\$11,777,253	\$11,402,905	\$11,815,536	\$11,713,411	\$12,018,995	\$12,963,928	\$14,082,864	\$15,544,134	\$17,704,072
Restricted	280,000	4,315,692	5,081,452	4,990,859	4,990,859	5,015,859	6,103,682	9,726,902	10,545,466	12,887,540
Unrestricted	2,658,430	233,937	1,221,810	2,478,838	4,557,394	10,392,172	11,711,916	10,791,780	12,888,748	14,904,157
Total governmental activities net position	14,668,022	16,326,882	17,706,167	19,285,233	21,261,664	27,427,026	30,779,526	34,601,546	38,978,348	45,495,769
Business Type Activities										
Net Investment in capital assets	7,519,123	7,799,863	8,089,939	8,750,906	9,737,609	10,274,485	11,002,153	12,036,135	12,848,139	13,313,649
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,745,493	8,085,842	8,603,756	8,476,924	8,111,694	7,836,777	7,719,835	7,359,734	7,033,520	7,079,761
Total business-type activities net position	15,264,616	15,885,705	16,693,695	17,227,830	17,849,303	18,111,262	18,721,988	19,395,869	19,881,659	20,393,410
Primary government										
Net Investment in capital assets	19,248,715	19,577,116	19,492,844	20,566,442	21,451,020	22,293,480	23,966,081	26,118,999	28,392,273	31,017,721
Restricted	280,000	4,315,692	5,081,452	4,990,859	4,990,859	5,015,859	6,103,682	9,726,902	10,545,466	12,887,540
Unrestricted	10,403,923	8,319,779	9,825,566	10,955,762	12,669,088	18,228,949	19,431,751	18,151,514	19,922,268	21,983,918
Total primary government net position	\$29,932,638	\$32,212,587	\$34,399,862	\$36,513,063	\$39,110,967	\$45,538,288	\$49,501,514	\$53,997,415	\$58,860,007	\$65,889,179

City of Federal Heights
Changes in Net Position
Fiscal Years 2010-2019
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 1,719,000	\$ 1,948,092	\$ 2,286,479	\$ 2,498,600	\$ 2,195,756	\$ 2,690,058	\$ 2,760,615	\$ 2,958,274	\$ 5,862,730	\$ 887,296
Public Safety	4,722,786	4,459,743	4,757,564	4,968,971	4,894,313	4,419,375	4,862,109	5,236,063	5,388,329	6,043,652
Community Services	1,618,589	1,658,326	1,534,548	1,788,926	1,737,252	1,820,951	1,870,024	1,864,885	2,103,951	2,361,761
Parks and Recreation	101,636	85,895	70,222	71,534	62,961	44,243	30,147	29,733	32,751	479,914
Community Development	171,039	181,372	303,260	64,800	351,074	132,285	151,832	154,598	158,807	1,385,318
Interest on Long-Term Debt	331,910	280,794	239,196	186,796	117,767	75,482	74,956	63,999	38,463	-
Total governmental activities expenses	8,664,960	8,614,222	9,191,269	9,579,627	9,359,123	9,182,394	9,749,683	10,307,552	13,585,031	11,157,941
Business-type activities:										
Utility	2,777,072	2,920,773	3,163,249	3,213,755	3,341,407	3,585,736	3,803,002	4,064,922	4,296,976	4,537,850
Drainage	124,037	98,753	128,306	121,180	121,595	157,072	180,448	195,581	203,923	239,047
Fire Academy	101	101	50	-	-	-	-	-	-	-
Total business-type activities expenses	2,901,210	3,019,627	3,291,605	3,334,935	3,463,002	3,742,808	3,983,450	4,260,503	4,500,899	4,776,897
Total primary government expenses	11,566,170	11,633,849	12,482,874	12,914,562	12,822,125	12,925,202	13,733,133	14,568,055	18,085,930	15,934,838
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	22,774	26,696	42,491	130,259	696,936	511,420	550,302	496,656	541,927	597,843
Public Safety	1,263,825	1,322,184	1,294,416	1,286,289	476,099	479,961	406,745	399,701	559,711	727,256
Community Services	101,667	172,011	149,676	74,926	137,945	206,367	200,161	204,649	249,089	247,627
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	347,603	374,246	611,879	369,615	555,306	680,833	688,239	585,028	654,344	725,645
Capital grants	137,082	372,986	50,286	460,312	304,919	385,488	973,385	1,196,142	3,604,030	509,624
Total governmental activities program revenues	1,872,951	2,268,123	2,148,748	2,321,401	2,171,205	2,264,069	2,818,832	2,882,176	5,609,101	2,807,995
Business-type activities:										
Charges for services										
Utility	2,973,843	3,174,933	3,503,115	3,557,308	3,542,121	3,803,009	4,369,993	4,345,729	4,810,892	5,069,104
Drainage	369,096	367,252	364,608	371,893	372,657	378,926	379,773	397,591	378,465	357,162
Capital grants and contributions	54,830	-	300,033	-	-	-	-	380,199	-	59,461
Total business-type activities program revenues	3,397,769	3,542,185	4,167,756	3,929,201	3,914,778	4,181,935	4,749,766	5,123,519	5,189,357	5,485,727
Total primary government program revenues	5,270,720	5,810,308	6,316,504	6,250,602	6,085,983	6,446,004	7,568,598	8,005,695	10,798,458	8,293,722
Net (Expense)/Revenue										
Government activities	(6,792,009)	(6,346,099)	(7,042,521)	(7,258,226)	(7,187,918)	(6,918,325)	(6,930,851)	(7,425,376)	(7,975,930)	(8,349,946)
Business-type activities	496,559	522,558	876,151	594,266	451,776	439,127	766,316	863,016	688,458	708,830
Total primary government net expense	(6,295,450)	(5,823,541)	(6,166,370)	(6,663,960)	(6,736,142)	(6,479,198)	(6,164,535)	(6,562,360)	(7,287,472)	(7,641,116)
General Revenues										
Governmental activities:										
Taxes										
Property Taxes	29,338	28,716	28,205	29,080	30,170	31,596	39,128	39,489	45,666	45,636
Sales & Admissions Taxes	5,197,996	5,467,205	5,999,533	6,138,605	6,660,358	7,110,293	7,547,332	8,159,783	9,633,214	10,811,303
Property Tax Increment Financing	1,371,232	1,382,277	1,368,167	1,379,632	1,637,035	1,779,492	1,882,640	1,846,624	2,146,533	2,492,626
Other Taxes	634,197	653,958	468,193	505,267	501,502	739,941	465,724	507,374	504,883	513,920
Interest	252,196	198,909	135,155	96,061	125,751	120,863	184,833	188,896	386,094	632,481
Miscellaneous	16,769	38,894	192,384	86,892	131,564	50,930	170,127	117,035	53,142	16,401
Transfers	235,000	235,000	230,169	252,155	252,597	255,000	255,000	280,000	340,000	355,000
Loss On Disposal of Assets -Special Item	-	-	-	-	(174,628)	(11,983)	-	(7,792)	-	-
Capital Contributions - Special Item	-	-	-	349,600	-	-	-	-	-	-
Special Item - Change in Value of Asset	-	-	-	-	-	-	(261,433)	-	(756,800)	-
Total governmental activities	7,736,728	8,004,959	8,421,806	8,837,292	9,164,349	10,076,132	10,283,351	11,131,409	12,352,732	14,867,367
Business-type activities:										
Infrastructure Fees	-	132,011	-	-	-	-	-	-	-	-
Interest	204,666	180,120	150,695	82,273	105,836	69,502	87,988	80,409	117,237	138,659
Miscellaneous	(318)	21,400	11,313	16,601	10,343	8,330	11,422	10,456	20,095	19,262
Transfers	(235,000)	(235,000)	(230,169)	(252,155)	(252,597)	(255,000)	(255,000)	(280,000)	(340,000)	(355,000)
Capital Contributions - Special Item	-	-	-	93,150	306,115	-	-	-	-	-
Total business-type activities	(30,652)	98,531	(68,161)	(60,131)	169,697	(177,168)	(155,590)	(189,135)	(202,668)	(197,079)
Total primary government	7,706,076	8,103,490	8,353,645	8,777,161	9,334,046	9,898,964	10,127,761	10,942,274	12,150,064	14,670,288
Change in Net Position										
Governmental activities	944,719	1,658,860	1,379,285	1,579,066	1,976,431	3,157,807	3,352,500	3,706,033	4,376,802	6,517,421
Business-type activities	465,907	621,089	807,990	534,135	621,473	261,959	610,726	673,881	485,790	511,751
Total Change in Net Position	\$ 1,410,626	\$ 2,279,949	\$ 2,187,275	\$ 2,113,201	\$ 2,597,904	\$ 3,419,766	\$ 3,963,226	\$ 4,379,914	\$ 4,862,592	\$ 7,029,172

Source: City of Federal Heights Financial Statements.

City of Federal Heights
Fund Balance, Governmental Funds
Fiscal Years 2010 - 2019
(modified accrual basis of accounting)

	2010	2012	2013	2014	2015	2016	2017	2018	2019
General Fund									
Reserved for									
Advances to Other Funds	\$ 3,396,503								
Prepays and Inventory	15,669								
Emergencies	280,000								
Unreserved reported in General Fund	227,389								
Designated for Victim Advocate	5,644								
Designated for Graffiti	1,107,442								
Undesignated	5,032,647								
Total General Fund									
All Other Governmental Funds									
Reserved for:									
Prepays and Inventory	1,568,233								
Unreserved, reported in:									
Special revenue funds	406,869								
Designated for Curb, Gutter & Sidewalk	(3,862,589)								
Undesignated	744,560								
Capital projects funds									
Total all other governmental funds	(1,142,927)								
Total Fund Balance	\$ 3,889,720								
General Fund									
Nonspendable	\$ 2,288,577	\$ 2,114,195	\$ 1,701,066	\$ 1,256,806	\$ 866,309	\$ 912,356	\$ 962,268	\$ 695,730	\$ 117,049
Restricted	1,153,925	1,385,545	568,119	531,641	524,463	700,575	755,723	571,771	556,586
Committed	270,856	323,939	332,783	329,526	316,542	295,290	282,703	258,798	228,092
Unassigned	1,905,502	2,597,318	3,298,843	4,215,706	5,681,649	5,937,499	7,246,375	9,090,395	11,787,664
Total General Fund	5,618,860	6,420,997	5,900,811	6,333,679	7,388,963	7,845,720	9,247,069	10,616,694	12,689,391
All Other Governmental Funds									
Nonspendable	1,568,233	1,568,231	1,568,233	1,568,233	1,568,233	1,306,800	-	113,784	-
Restricted	3,161,767	3,695,907	4,422,740	4,620,699	4,567,589	5,403,107	8,971,179	9,973,695	12,330,954
Assigned	234,077	-	-	-	-	-	-	-	-
Unassigned	(4,987,696)	(4,195,457)	(3,130,804)	(1,743,648)	(154,567)	1,032,011	-	-	-
Total all other governmental funds	(23,619)	1,068,681	2,860,169	4,445,284	5,981,255	7,741,918	8,971,179	10,087,479	12,330,954
Total Fund Equity	\$ 5,595,241	\$ 7,489,678	\$ 8,760,980	\$ 10,778,963	\$ 13,370,218	\$ 15,587,638	\$ 18,218,248	\$ 20,704,173	\$ 25,020,345

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

City of Federal Heights
Changes in Fund Balances, Governmental Funds
Fiscal Years 2010 - 2019
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 7,050,525	\$ 7,344,556	\$ 7,864,098	\$ 8,052,584	\$ 8,829,065	\$ 9,661,322	\$ 9,934,824	\$ 10,511,067	\$ 12,372,499	\$ 13,863,485
Licenses and Permits	101,255	161,172	152,220	105,732	137,945	206,367	200,161	204,649	249,089	247,627
Intergovernmental	665,323	932,384	662,166	846,250	860,225	1,066,321	1,661,624	1,781,170	4,258,374	1,235,269
Charges for Services	703,615	706,477	762,282	758,592	696,936	511,420	550,302	496,656	541,927	597,843
Court revenues	624,078	668,551	572,080	627,150	476,099	479,961	406,745	399,701	559,711	727,256
Interest	252,196	198,909	135,155	96,061	125,751	120,863	184,833	188,896	386,094	632,481
Miscellaneous	13,581	27,629	192,384	70,569	131,564	50,930	170,127	117,035	(703,658)	27,357
Change in Value of Asset	-	-	-	-	-	-	(261,433)	-	-	-
Total revenues	9,410,573	10,039,678	10,340,385	10,556,938	11,257,585	12,097,184	12,847,183	13,699,174	17,664,036	17,331,318
Expenditures										
General Government	1,640,193	1,838,381	1,951,040	1,972,136	2,040,551	2,096,601	2,086,425	1,993,027	2,131,264	2,229,560
Public Safety	4,307,890	4,182,092	4,498,433	4,729,285	4,706,213	4,541,834	4,835,191	4,944,336	5,527,909	5,758,072
Community Services	1,083,895	1,098,790	1,193,203	1,380,800	1,373,876	1,441,761	1,462,362	1,453,998	1,675,826	1,895,945
Victim Advocate	106,498	75,458	90,595	103,177	99,215	95,214	110,063	76,905	124,255	142,409
Parks and Recreation	47,877	10,736	8,069	7,823	5,145	6,304	7,101	7,006	10,024	457,187
Community Development	161,290	170,687	290,980	52,520	70,167	121,030	141,576	143,964	147,436	1,374,318
Intergovernmental Services	26,881	25,221	34,919	36,121	39,244	49,244	72,713	70,910	58,354	44,968
Capital outlay	922,484	886,998	369,682	1,069,133	1,040,021	1,333,459	2,094,376	2,594,419	5,804,580	1,467,687
Debt service										
Interest	331,910	280,794	239,196	186,796	117,767	75,482	74,956	63,999	38,463	-
Principal	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,628,918	8,569,157	8,676,117	9,537,791	9,492,199	9,760,929	10,884,763	11,348,564	15,518,111	13,370,146
Excess of revenues over (under) expenditures	781,655	1,470,521	1,664,268	1,019,147	1,765,386	2,336,255	1,962,420	2,350,610	2,145,925	3,961,172
Other Financing Sources (Uses)										
Transfers in	715,000	715,000	719,723	1,884,670	1,171,202	1,138,000	2,232,829	1,491,917	3,165,642	2,855,000
Transfers out	(480,000)	(480,000)	(489,554)	(1,632,515)	(918,605)	(883,000)	(1,977,829)	(1,211,917)	(2,825,642)	(2,500,000)
Total other financing sources (uses)	235,000	235,000	230,169	252,155	252,597	255,000	255,000	280,000	340,000	355,000
Net changes in fund balances	1,016,655	1,705,521	1,894,437	1,271,302	2,017,983	2,591,255	2,217,420	2,630,610	2,485,925	4,316,172
Debt services as a percentage of noncapital expenditures (a)	4.2%	3.6%	2.9%	2.2%	1.4%	0.9%	0.8%	0.7%	0.3%	0.0%

Source: City of Federal Heights Financial Statements.

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

(b) In 2016 and 2018, the fair market value of land held for sale was adjusted and reduced by \$261,433 and \$756,800 respectively.

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

City of Federal Heights Fiscal Year Ended December 31	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	20,096,760	22,182,170	717,660	81,900	-	43,078,490	0.68	331,719,204 (a)	13%
2011	19,372,880	22,019,830	669,860	117,930	-	42,180,500	0.68	322,024,855	13%
2012	21,376,171	20,535,769	729,970	51,090	-	42,693,000	0.68	342,051,169	12%
2013	22,971,140	22,258,530	624,700	79,200	-	45,933,570	0.68	367,762,954	12%
2014	23,411,400	23,006,870	581,690	79,780	-	47,079,740	0.68	375,728,031	13%
2015	33,515,490	24,052,810	575,260	77,190	-	58,220,750	0.68	506,239,421	12%
2016	34,309,890	23,621,780	494,110	68,240	-	58,494,020	0.68	514,422,321	11%
2017	39,682,870	26,430,400	642,640	67,280	-	66,823,190	0.68	644,738,283	10%
2018	39,932,090	26,587,420	619,150	58,710	-	67,197,370	0.68	648,630,568	10%
2019	59,232,710	51,790,860	1,381,000	82,500	-	112,487,070	0.68	1,012,065,235	11%

Redevelopment Agency Fiscal Year Ended December 31	Residential Property	Commercial & Industrial Property	Vacant & Agricultural Property	State Assessed	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	3,117,770	9,988,100	495,000	-	-	13,600,870	na	75,316,586 (a)	18%
2011	2,806,280	9,896,080	507,850	-	-	13,210,210	na	71,130,395	19%
2012	2,921,120	10,009,430	420,220	-	-	13,350,770	na	72,661,798	18%
2013	3,995,350	12,347,940	399,990	-	-	16,743,280	na	94,151,219	18%
2014	4,205,750	12,678,560	381,480	2,640	-	17,268,430	na	97,879,779	18%
2015	5,244,820	13,500,030	376,910	2,450	-	19,124,210	na	113,749,664	17%
2016	5,334,030	12,675,080	304,880	2,260	-	18,316,250	na	111,776,703	16%
2017	7,225,830	14,209,110	395,170	2,370	-	21,832,480	na	150,726,509	14%
2018	7,531,570	14,886,620	388,680	30,160	-	22,837,030	na	158,114,092	14%
2019	-	-	-	-	-	-	na	-	na

Source: Adams County Assessors Office.

(a) Property in Federal Heights is reassessed every two years by Adams County. For 2019, the county assessed property at approximately 7.15% of actual for residential properties, at 87.5% for oil and gas, and at 29% for all others. The city does not have oil and gas property. Estimated actual value is calculated by dividing assessed value by those percentages.

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

(c) The Redevelopment Agency is a component unit within the City of Federal Heights Financial Statements. The property values are separately identified as a large source of property tax revenues. Revenues are determined by an incremental formula based on an amount of tax generated over a base rather than a direct tax rate. December 31, 2018 was the final year for the Redevelopment Agency. Taxes assessed for 2018 were paid in 2019.

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

Overlapping Rates

Fiscal Year	City Direct Rate	Total Direct Rate	Overlapping Rates					School District 12	School District 50	Westminster Public Schools FKA #50	Hyland Hills Recreation District	Rangeview Library District
			Adams County	Urban Drainage District								
2010	0.680	0.680	26.883	0.576				70.359	58.722	na	5.557	3.659
2011	0.680	0.680	26.806	0.623				70.276	61.473	na	5.588	3.659
2012	0.680	0.680	26.903	0.657				70.602	59.983	na	5.587	3.659
2013	0.680	0.680	26.815	0.672				68.605	58.451	na	5.515	3.659
2014	0.680	0.680	27.042	0.700				68.781	59.695	na	5.565	3.659
2015	0.680	0.680	26.817	0.611				66.017	56.994	na	5.372	3.659
2016	0.680	0.680	27.055	0.559				65.922	na	56.896	5.359	3.659
2017	0.680	0.680	26.929	0.557				63.259	na	51.807	5.079	3.669
2018	0.680	0.680	26.864	0.820				73.510	na	66.514	5.413	3.666
2019	0.680	0.680	26.917	0.997				69.984	na	65.984	5.105	3.677

Source: Adams County Assessors Office.

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

In 2016, Adams County School District 50 reorganized. Westminster Public Schools FKA #50 includes portions of Federal Heights.

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

The city's basic property tax rate is assessed per \$1,000 of assessed valuation. As of 12/31/19 there are no direct debt service mills.

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

	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
MAR Legacy Heights LLC	\$ 6,095,730	1	5%	\$ -	-	-
Public Service Co of Colorado	4,966,060	2	4%	1,936,030	3	4%
CR Tuscan Heights Communities LLC	4,961,350	3	4%	-	-	-
MHC Holiday Hills Village LLC	3,324,330	4	3%	1,210,790	6	3%
Lodge on 84th LLC	3,229,210	5	3%	-	-	-
Zuni Street Property LLC	2,660,400	6	2%	-	-	-
Comcast or Colorado IX LLC	2,079,130	7	2%	-	-	-
Kimberly Hills	2,074,880	8	2%	890,650	10	2%
Extra Space Properties Two LLC	2,030,860	9	2%	-	-	-
GKT Market Square LLC	2,030,000	10	2%	-	-	-
Fairfield Legacy Heights	-	-	-	2,460,210	1	6%
Buckingham West - Federal Plaza LLC	-	-	-	2,152,970	2	5%
Safeway Stores 45 Inc.	-	-	-	1,374,810	4	3%
ADLP 84th LLC	-	-	-	1,371,960	5	3%
Miller International	-	-	-	1,184,290	7	3%
West 84th Avenue Apartments LLC	-	-	-	1,114,400	8	3%
Hunters Cove Residential	-	-	-	967,150	9	2%
Total	<u>\$ 33,451,950</u>		<u>29%</u>	<u>\$14,663,260</u>		<u>34%</u>

Source: Adams County Assessor's Office.

City of Federal Heights
Taxable Sales & Admissions and Sales & Admissions Taxes Collections By Category
Fiscal Years 2010 - 2019

Taxable Sales	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Utility	\$ 12,657,525	10%	\$ 13,258,875	10%	\$ 13,321,850	10%	\$ 13,778,325	9%	\$ 14,124,025	8%	\$ 14,045,325	8%	\$ 14,794,200	8%	\$ 15,281,309	7%	\$ 14,336,892	6%	\$ 13,684,484	5%
Grocery	33,039,525	25%	34,829,900	25%	35,550,100	24%	36,657,900	24%	39,442,600	24%	40,305,125	22%	41,706,475	22%	42,557,544	21%	42,656,901	18%	43,456,359	16%
Retail	15,157,050	12%	15,486,750	11%	18,136,450	12%	21,201,925	14%	22,434,300	13%	24,965,850	14%	26,103,850	14%	34,190,351	17%	47,281,593	27%	58,108,271	34%
Entertainment	14,931,400	11%	15,624,750	11%	16,592,200	11%	15,510,450	10%	14,645,175	9%	15,483,425	8%	15,215,375	8%	14,459,641	7%	14,034,132	6%	14,439,832	5%
Eating and drinking establishments	18,135,550	14%	19,424,575	14%	21,083,500	14%	21,466,250	14%	23,114,750	14%	25,228,725	14%	26,029,900	14%	28,086,243	14%	30,373,766	13%	32,977,560	12%
Auto sales, dealers and auto supplies (a)	22,872,575	18%	24,303,850	18%	27,481,275	18%	31,755,600	21%	34,497,025	21%	46,844,500	26%	41,254,075	22%	42,730,211	21%	44,116,647	18%	45,270,752	17%
Liquor stores	5,891,950	5%	5,894,625	4%	5,727,700	4%	6,762,550	4%	7,751,225	4%	8,313,550	4%	8,889,750	4%	9,368,293	4%	9,887,106	4%	8,982,558	3%
Building materials (b)	1,626,200	1%	2,533,675	2%	6,086,100	4%	1,735,949	1%	4,055,325	2%	453,825	0%	6,384,700	3%	7,193,462	3%	4,077,075	2%	8,500,459	3%
All other outlets	5,638,125	4%	5,323,125	4%	6,009,150	4%	5,596,175	4%	6,444,525	4%	6,789,825	4%	8,304,975	4%	9,193,834	4%	16,610,325	7%	12,250,100	5%
Total	\$ 129,949,900	100%	\$ 136,680,125	100%	\$ 149,988,325	100%	\$ 153,465,124	100%	\$ 166,508,950	100%	\$ 182,430,150	100%	\$ 198,683,300	100%	\$ 203,059,888	100%	\$ 223,374,437	100%	\$ 237,670,375	100%

Sales and Admission Tax Collected	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Utility	\$ 506,301	10%	\$ 530,355	10%	\$ 532,874	9%	\$ 551,133	9%	\$ 564,961	8%	\$ 561,813	8%	\$ 591,768	8%	\$ 611,252	7%	\$ 573,476	6%	\$ 547,379	5%
Grocery	1,321,581	25%	1,393,196	25%	1,422,004	24%	1,426,316	23%	1,577,704	24%	1,612,205	22%	1,668,259	22%	1,702,302	21%	1,706,276	18%	1,738,254	16%
Retail	606,282	12%	619,470	11%	725,458	12%	848,077	14%	897,372	13%	998,634	14%	1,044,154	14%	1,405,002	17%	2,589,500	27%	3,628,819	34%
Entertainment	597,256	11%	624,990	11%	663,688	11%	620,418	10%	585,807	9%	619,337	8%	608,615	8%	578,386	7%	561,365	6%	577,593	5%
Eating and drinking establishments	725,422	14%	776,983	14%	843,340	14%	858,650	14%	924,590	14%	1,009,149	14%	1,041,196	14%	1,123,450	14%	1,214,951	13%	1,319,102	12%
Auto sales, dealers and auto supplies (a)	914,903	18%	972,154	18%	1,099,251	18%	1,270,224	21%	1,379,881	21%	1,873,780	26%	1,650,163	22%	1,709,208	21%	1,764,666	18%	1,810,830	17%
Liquor stores	235,678	5%	235,785	4%	229,108	4%	270,502	4%	310,049	5%	332,542	5%	355,590	5%	374,732	5%	395,484	4%	359,302	3%
Building materials (b)	65,048	1%	101,347	2%	243,444	4%	69,438	1%	162,213	2%	18,153	0%	255,388	3%	287,738	4%	163,083	2%	340,018	3%
All other outlets	225,525	4%	212,925	4%	240,366	4%	223,847	4%	257,781	4%	271,593	4%	332,199	4%	367,713	5%	664,413	7%	490,006	5%
Total	\$ 5,197,996	100%	\$ 5,467,205	100%	\$ 5,999,533	100%	\$ 6,138,605	100%	\$ 6,660,358	100%	\$ 7,297,206	100%	\$ 7,547,332	100%	\$ 8,159,783	100%	\$ 9,633,214	100%	\$ 10,811,303	100%

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

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

(c) In November 2014, the citizens of Federal Heights passed a 4% sales tax on medical marijuana sales to take effect January 1, 2015.

In November 2016, the citizens of Federal Heights passed a 4% sales tax and 5% excise tax on the sale of retail marijuana to take effect January 1, 2017.

Marijuana sales tax and excise taxes are categorized and included in Retail Sales.

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

Source: City of Federal Heights Finance Department.

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

Fiscal Year	City Direct Rate	Adams County	State of Colorado	Regional Transportation District	Scientific Cultural Facilities District	Stadium District	Total
2010	4.00%	0.75%	2.90%	1.00%	0.10%	0.10%	8.85%
2011	4.00%	0.75%	2.90%	1.00%	0.10%	0.10%	8.85%
2012	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2013	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2014	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2015	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2016	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2017	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2018	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2019	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%

Source: State of Colorado, City of Federal Heights

City of Federal Heights
Property Tax Levies and Collections
Fiscal Years 2010 - 2019

Fiscal Year Ended Dec 31	Taxes Levied for the Fiscal Year (a)	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years (b)	Total Collections to Date	
		Amount (b)	Percentage of Levy		Amount	Percentage of Levy (c)
2010	1,483,260	-	-	1,410,993	1,410,993	95.1%
2011	1,442,247	-	-	1,396,371	1,396,371	96.8%
2012	1,442,219	-	-	1,408,712	1,408,712	97.7%
2013	1,771,362	-	-	1,667,205	1,667,205	94.1%
2014	1,839,187	-	-	1,811,088	1,811,088	98.5%
2015	1,980,153	-	-	1,921,768	1,921,768	97.1%
2016	1,899,688	-	-	1,886,113	1,886,113	99.3%
2017	2,187,076	-	-	2,192,199	2,192,199	100.2%
2018	2,549,736	-	-	2,538,262	2,538,262	99.5%
2019	76,899	-	-			

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

(a) Property tax collections are presented for the City of Federal Heights and the Federal Heights Redevelopment Agency. The Redevelopment Agency receives a percentage of the Adams County mill levy within which the properties are located. The Redevelopment Agency has no specific mill . Property tax levied for December 31, 2018 was the final year for the Redevelopment Agency.

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

(c) Percentage of levy is based on current year collections received for prior year assessments. Receipts in any given year may include arrear assessments which may predate the immediately prior year. Percentage of levy calculation may exceed 100% in some years due to this variation in timing.

City of Federal Heights
Ratios of Outstanding Debt By Type
Fiscal Years 2010 - 2019

Fiscal Year	Governmental Activities		Business - Type Activities	Total Primary Government	Percentage of Personal Income	Outstanding Debt Per Capita
	Sales and Use Tax Revenue Bonds	Capital Leases	Capital Leases			
2010	-	-	-	-	na	na
2011	-	-	-	-	na	na
2012	-	-	-	-	na	na
2013	-	-	-	-	na	na
2014	-	-	-	-	na	na
2015	-	-	-	-	na	na
2016	-	-	-	-	na	na
2017	-	-	-	-	na	na
2018	-	-	-	-	na	na
2019	-	-	-	-	na	na

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

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

Fiscal Year	General Obligation Debt Outstanding
2010	(1)
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	

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

City of Federal Heights
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<u>Governmental Unit</u>			
Adams County School District 12	\$ 592,918,726	3%	\$ 17,787,562
Adams County	\$ 176,873,827	1%	\$ 2,480,598
Westminster Public School District 50	\$ 55,300,000	3%	\$ 1,659,000
Hyland Hills Recreation District	\$ 3,625,000	8%	\$ 290,000
Rangeview Library District	\$ -	na	\$ -
Urban Drainage	\$ -	na	\$ -
Subtotal Overlapping Debt	<u>\$ 828,717,553</u>		<u>\$ 22,217,160</u>
City Direct Debt	\$ -	-	\$ -
Total Direct and Overlapping Debt	<u><u>\$ 828,717,553</u></u>		<u><u>\$ 22,217,160</u></u>

Sources:

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

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

**City of Federal Heights
Legal Debt Margin Information
Fiscal Years 2010 - 2019**

Legal Debt Margin Computation for Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Maximum Debt Allowed:										
Actual value	407,035,790	393,155,250	414,712,966	461,914,172	473,607,810	619,989,085	626,199,024	795,464,791	806,744,660	1,012,065,235
Debt limit (3% of valuation)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Legal debt limit	\$ 12,211,074	\$ 11,794,657	\$ 12,441,389	\$ 13,857,425	\$ 14,208,234	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944	\$ 24,202,340	\$ 30,361,957
Debt Applicable to Limit:										
Total bonds outstanding	-	-	-	-	-	-	-	-	-	-
Less: Sales and Use Tax Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Debt subject to limitation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 12,211,074	\$ 11,794,657	\$ 12,441,389	\$ 13,857,425	\$ 14,208,234	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944	\$ 24,202,340	\$ 30,361,957
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 12,211,074	\$ 11,794,657	\$ 12,441,389	\$ 13,857,425	\$ 14,208,234	\$ 18,599,673	\$ 18,785,971	\$ 23,863,944	\$ 24,202,340	\$ 30,361,957
Total net debt applicable to the limit as a percentage of debt limit	na	na	na	na	na	na	na	na	na	na

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

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

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

**City of Federal Heights
Pledged Revenue Coverage
Fiscal Years 2010 - 2019**

Sales and Use Tax						
Fiscal Year	Sales and Use Tax Revenue (1)	Debt Service		Interest	Coverage	
		Principal				
2010	\$ 5,197,996	\$ -	\$ -	-	na	
2011	\$ 5,467,205	\$ -	\$ -	-	na	
2012	\$ 5,999,533	\$ -	\$ -	-	na	
2013	\$ 6,138,605	\$ -	\$ -	-	na	
2014	\$ 6,660,358	\$ -	\$ -	-	na	
2015	\$ 7,297,206	\$ -	\$ -	-	na	
2016	\$ 7,547,332	\$ -	\$ -	-	na	
2017	\$ 8,159,783	\$ -	\$ -	-	na	
2018	\$ 9,633,214	\$ -	\$ -	-	na	
2019	\$ 10,811,303	\$ -	\$ -	-	na	

Source: City of Federal Heights Financial Statements

Note: The City has no outstanding debt.

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

Year	Population (a)	Personal Income (a)	Per Capita Personal Income (a)	Median Age (a)	School Enrollment (b)	Unemployment Rate (c)
2010	11,467	201,429,322	17,566	31.2	2,564	10%
2011	11,467	201,429,322	17,566	31.2	2,606	9%
2012	11,467	201,429,322	17,566	31.2	2,690	9%
2013	11,467	201,429,322	17,566	31.2	2,737	7%
2014	11,467	201,429,322	17,566	31.2	2,783	5%
2015	11,467	201,429,322	17,566	31.2	2,614	4%
2016	11,467	201,429,322	17,566	31.2	2,660	4%
2017	11,467	201,429,322	17,566	31.2	2,493	3%
2018	11,467	201,429,322	17,566	31.2	2,550	4%
2019	11,467	201,429,322	17,566	31.2	2,845	3%

Source:

(a) US Census 2000 and 2010

(b) City surveys

(c) State of Colorado Department of Labor and Employment

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

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Waterworld (seasonal employer)	1,672	1	<i>Note 1</i>	1,543	1	<i>Note 1</i>
Pinnacle Learning Center	175	2		163	3	
Comcast	165	3		230	2	
King Soopers	100	4		150	4	
Miller International	95	5		112	5	
City of Federal Heights	92	6		86	6	
McDonalds	75	7		75	8	
Safeway	60	8		60	9	
Federal Heights Elementary	60	9		78	7	
Walgreens	44	10		44	10	
Total	2,538			2,541		

Source: Number of Employees estimated from City Surveys
Adams County Employment from State of Colorado Department of Labor and Employment.

Note 1: Information not readily available. Adams County employment as of December 31, 2019 is 229,000. Adams County employment as of December 31, 2010 was 202,000.

City of Federal Heights
Full-time Equivalent City Government Employees by Function/Program
Fiscal Years 2010 - 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	14	14	16	16	13	13	18	18	17	18
Public Safety										
Police	37	37	37	37	37	37	38	38	39	42
Fire /Ambulance	18	18	17	17	18	18	18	18	18	18
Public Works/Parks	11	11	11	12	12	12	8	9	9	9
Utility - Water/Sewer/Drainage	6	6	6	5	6	6	6	5	5	5
Total	86	86	87	87	86	86	87	88	88	92

Source: Various City of Federal Heights Departments.

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

City of Federal Heights
Operating Indicators by Function/Program
Fiscal Years 2010 - 2019

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	1,033	1,184	1,099	924	798	1,303	1,260	1,111	1,146	913
Traffic violations	5,129	4,647	3,874	4,120	3,106	2,924	2,385	3,181	5,312	5,880
Fire/Ambulance										
Ambulance responses	1,219	1,110	1,373	1,400	1,465	1,383	1,497	2,065	1,886	2,762
Fire responses	377	522	513	432	372	416	449	439	478	643
Ambulance transports	756	824	884	928	986	974	1,162	1,370	1,327	1,342
Fire inspections	427	489	417	474	529	637	522	520	781	505
Water										
Water gallons billed to customers	415,702,000	423,765,220	459,669,000	431,477,000	411,853,000	433,308,000	451,173,000	445,638,000	473,808,000	466,203,000
Average daily consumption in gallons per person per day	99	101	110	103	98	104	108	106	113	111
Public Works										
Street resurfacing (miles)	1.7	0.5	0.15	0.22	0.60	1.20	0.56	0.39	2.6	1.47
Resurfacing as a percentage of total street miles	9%	3%	1%	1%	3%	7%	3%	2%	14%	8%
Administration										
Business licenses	219	215	216	216	222	219	219	213	222	223

Source: Various City of Federal Heights Departments.

City of Federal Heights
Capital Asset Indicators by Function/Program
Fiscal Years 2010 - 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	8	8	8	8	8	8	8
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Street miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles	18 miles
Streetslights	310	310	310	310	310	310	310	310	310	310
Traffic signals	3	3	3	3	3	3	3	3	3	3
Total City incorporated area	1.775	1.775	1.775	1.775	1.775	1.775	1.775	1.775	1.775	1.775
Parks and Recreation										
Number of parks	1	1	1	1	1	1	1	1	1	1
Total acreage	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres	18 acres
Hyland Hills Recreation District acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres	180 acres
Utility										
Water main miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles
Sanitary system miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles	27 miles
Storm system miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles	8 miles

Source: Various City of Federal Heights Departments.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Federal Heights	
		YEAR ENDING : December 2019	
This Information From The Records Of (example - City of _ or County of City of Federal Heights		Prepared By: Tim Weitzman Phone: 303-412-3531	
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE			
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway- User Taxes
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)	339,350
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	275
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,189
2. General fund appropriations	528,548	b. Snow and ice removal	84,918
3. Other local imposts (from page 2)	1,281,880	c. Other	75,655
4. Miscellaneous local receipts (from page 2)	472,112	d. Total (a. through c.)	166,762
5. Transfers from toll facilities		4. General administration & miscellaneous	140,767
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,199,211
a. Bonds - Original Issues		6. Total (1 through 5)	1,846,365
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,282,540	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	387,091	2. Notes:	
D. Receipts from Federal Government (from page 2)	6,444	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,676,075	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,846,365
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)			0
1. Bonds (Refunding Portion)			
B. Notes (Total)			0
V. LOCAL ROAD AND STREET FUND BALANCE			
A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
2,573,858	2,676,075	1,846,365	3,403,568
E. Reconciliation			
0			
Notes and Comments:			

