CITY OF Federal Heights COLORADO

RISING TO GREAT HEIGHTS

2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

MESSINA PARK, FEDERAL HEIGHTS, COLORADO

CITY OF FEDERAL HEIGHTS, COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2021

Prepared by the Finance Department

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INTRODUCTORY SECTION

DIRECTORY OF CITY OFFICIALS

ELECTED OFFICIALS

Linda S. Montoya	Mayor	At-Large
Doris Peterson	Mayor Pro Tem	Ward II
Celeste Arner	Council Member	Ward I
Sarah Dawn Pearlstein	Council Member	Ward I
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
Amanda Bailhache	Judge
Don Vallero	Police Chief
Marc Mahoney	Fire Chief
Don Stahurski	Public Works Director
Tim Williams	Community Services Director
Tim Weitzman	Finance Director

2021 CITY COUNCIL
Colorado's first all-woman City Council

(pictured left to right)

Council Member Elaine Sweeney
Ward III | esweeney@fedheights.org

Mayor Pro Tem Doris Peterson
Ward II | dpeterson@fedheights.org

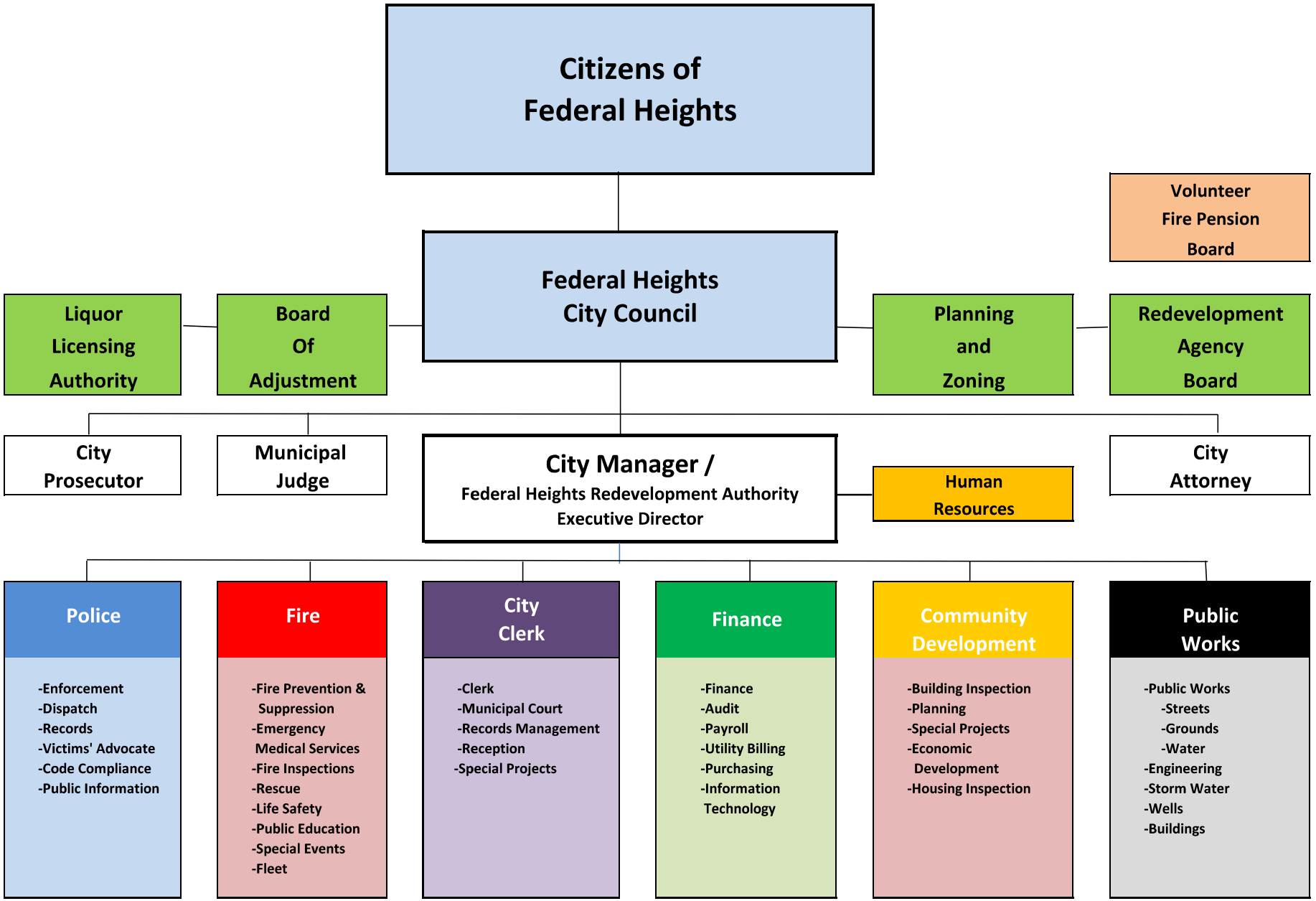
Council Member Bonnie Sellers
Ward II | bsellers@fedheights.org

Mayor Linda S. Montoya
At Large | lsmontoya@fedheights.org

Council Member Sonia Jensen
Ward III | sjensen@fedheights.org

Council Member Celeste Arner
Ward I | carner@fedheights.org

Council Member Sarah Dawn Pearlstein
Ward I | spearlstein@fedheights.org


Citizens of Federal Heights
Volunteer Fire Pension Board
Federal Heights City Council
Liquor Licensing Authority
Board Of Adjustment
Planning and Zoning
Redevelopment Agency Board
City Prosecutor
Municipal Judge
City Manager / Federal Heights Redevelopment Authority Executive Director
Human Resources
City Attorney
Police
-Enforcement
-Dispatch
-Records
-Victims' Advocate
-Code Compliance
-Public Information
Fire
-Fire Prevention & Suppression
-Emergency Medical Services
-Fire Inspections
-Rescue
-Life Safety
-Public Education
-Special Events
-Fleet
City Clerk
-Clerk
-Municipal Court
-Records Management
-Reception
-Special Projects
Finance
-Finance
-Audit
-Payroll
-Utility Billing
-Purchasing
-Information Technology
Community Development
-Building Inspection
-Planning
-Special Projects
-Economic Development
-Housing Inspection
Public Works
-Public Works
-Streets
-Grounds
-Water
-Engineering
-Storm Water
-Wells
-Buildings

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Federal Heights
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

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.

Federal Heights

June 2, 2022

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 an Annual Comprehensive Financial Report (ACFR) 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, 2021.

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 ACFR 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 2021 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, 2021 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 96 FTE personnel positions in 2021.

The City was established in 1940, currently has a population of approximately 14,382, 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 that typically produce approximately two 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

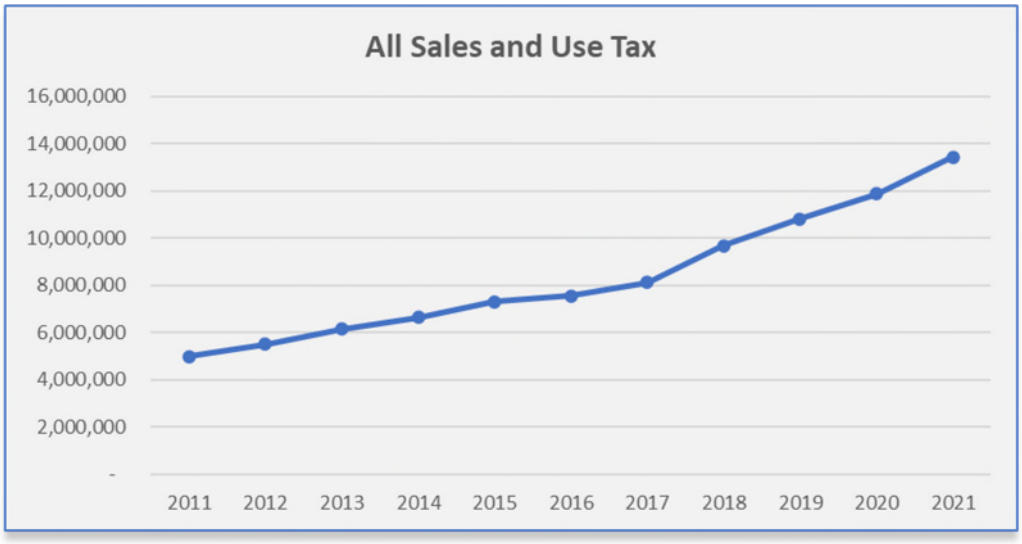
Approximately 200 to 225 businesses operate within the city in any given year offering a variety of goods and services. The largest concentration of businesses are located at 84th and Pecos, 104th and Federal and along the Federal Boulevard corridor. With the City largely developed and landlocked, it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

While economic uncertainty remained prevalent for much of 2021, overall conditions were generally more stable as continued government stimulus and a decrease in operating restrictions on business improved general economic circumstances.

The Denver-Aurora-Lakewood (formerly the Denver-Boulder-Greeley) Consumer Price Index grew by approximately 3.5 percent for 2021 following a 2.0 percent increase in 2020.

Adams County Colorado had an unemployment rate of 4.9% in December 2021 compared to 9.2% at the end of 2020. Local area unemployment at the end of 2021 was above the state as whole which was approximately 3.6% at that time.

Overall, the City's local economy generally remained resilient in 2021 although impacts to individual businesses as a result of the Coronavirus varied greatly. Growth or retraction was largely dependent on the business sector that any given entity was engaged in. As was typical for most regions, certain sectors such as grocery, liquor, fast food and marijuana sales if applicable experienced increased demand for their goods and services in 2020 in the early stages of the pandemic and generally saw some moderation or reduction in growth in 2021. Conversely, admissions revenues experienced significant downturns in 2020 due to pandemic restrictions and saw a subsequent recovery in 2021 as those restrictions were removed. In terms of overall sales and use tax, the city's revenue grew by approximately 13.2 percent in 2021 in large part due to the resumption of admission tax, substantial increases in auto use sales tax, sales tax from remote sellers and the continued strength of retail marijuana.



Looking Back

The City undertook several projects in 2021 with the purpose of improving public services and safety and also in response to the COVID-19 pandemic:

- The city substantially completed the undergrounding of overhead power lines along Federal Boulevard between 88th Avenue and 96th Avenue eliminating the overhead obstructions and improving overall area aesthetics.

- The City received approximately $1.6 million in funding under the American Rescue Plan to assist with the impacts of COVID-19 as well as replace lost revenues for the provision of general government services.
- Efforts commenced to remove one and repurpose two of the buildings at 2890 West 90th Place located on the 11,252 SF parcel of land the City purchased at the end of 2020. The repurposed buildings are allowing for much needed expansion of the city's public works facility located on the adjacent lot. The remaining unused building would have required significant investments to bring into a useable condition for city purposes. A result it was determined preferable to raze the structure and replace with a more suitable building.
- Working with Adams County, the city completed improvements to the intersection at 84th and Pecos improving the safety and accessibility by pedestrians and vehicles.
- Vehicle replacements included a new ambulance and two new patrol vehicles.
- The construction of 43 condominiums at Roth Park located at 1405 West 84th Avenue was completed. The 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.

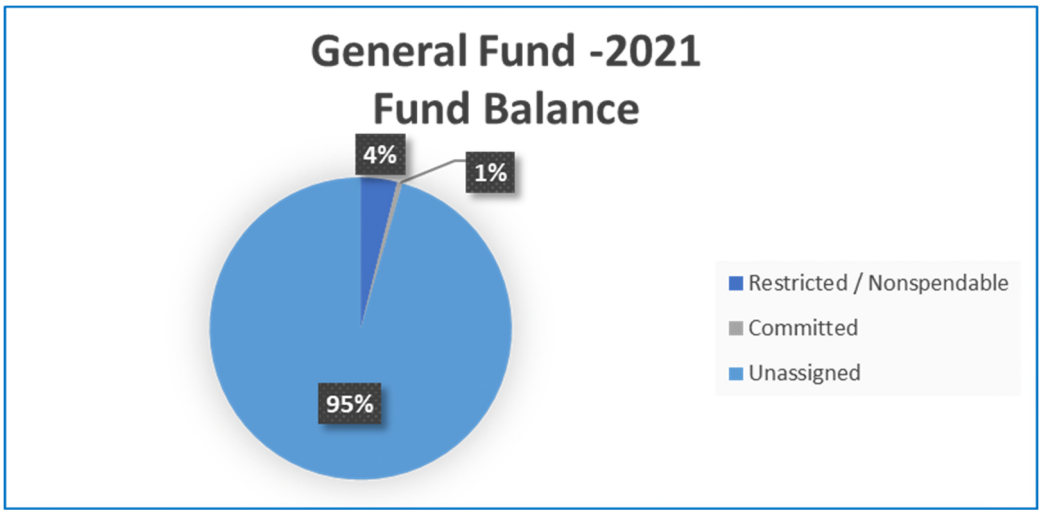
Looking Forward

The drainage and storm-water project at Ruston Park continues to progress. Construction activities commenced in early 2021 and is now nearing completion. The project is now anticipated to be completed by the fall of 2022 and is expected to greatly enhance the attractiveness of the park as an amenity to area residents providing both a location for groups and individuals to enjoy outdoor activities. The city was awarded a $1.8 million grant from Adams County Open Space in 2019 and Mile High Flood District has contributed approximately $1.1 million to help finance the overall project costs.

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 $18 million. This represents 96 percent of the overall General Fund balance and just over 100 percent of the budgeted expenditures for the General Fund in 2022. 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 2022, the City has appropriated $1.7 million for Water, Sewer and Drainage capital improvements including the continuation of the Water Main Replacements and the city-wide sewer manhole lining project. Anticipated Water Main Replacements include Royal St., Mandel St., W. 91st Place from Royal to Rampart, Federal Blvd in the 8800 Block area and under the City Police Parking lot. Manhole lining for twenty-nine sewer manholes and improvements to the Fayette St. retention pond are also expected to be completed. Road paving projects for 2022 include Decatur St., W 98th Dr and West 99th Place in Northborough; Tejon St., Tejon Way, W. 85th Ave., W. 86th Ave. in the Hyland Park Heights area; and Zuni St. in the 8600 block area.

Significant projects that took place in 2021 included the completion of the Northborough water main replacements on Decatur Street, W. 98th Drive and W. 99th Place. Road maintenance included mill & overlay of W. 85th Avenue and Inca Court in the Northmoor neighborhood and Elliot St., W. 99th Circle, Clay Ct. W. 98th Drive in the Northborough neighborhood.

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 has 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. For 2021 the City contributed between The City contributed at least 3.5 percent and up 5.5 percent if two precent was matched, by the employee.

Previous to December 2021, the City's postretirement health insurance benefit was limited to employees hired before 2012 for up to $300 per month per retiree. At the end of 2021, this benefit became available to all employees for an amount limited up to $400 per month. 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, 2020. In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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.

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 Annual Comprehensive 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 City Council
City of Federal Heights
Federal Heights, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

We have audited the 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 (the "City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Federal Heights, Colorado, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages c-o; the budgetary comparison schedules and pension information on pages 44-50, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements.

The supplementary information and other information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken 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

June 2, 2022

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, 2021. 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 $77.7 million at the end of 2021 on the Government – Wide Financial Statements. Of this amount, $28.7 million or 33% is unrestricted and may be used to meet the City's ongoing obligations.

- The fund balance for General Fund increased by $3.3 million and totaled $18.9 million. Unassigned fund balance was $18.1 million or 115% 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 13.2% to $13.9 million. Overall, Sales and Use tax and admissions tax revenues increased by $1.6 million to $13.4 million. Increases were primarily due to admissions tax, auto use tax and remote sales tax remittances. These increases helped offset decreases in other categories including Intergovernmental and Miscellaneous Revenues. Intergovernmental revenues were boosted in 2020 due to CARES Act funding provided to the City through Adams County.

- The Redevelopment Agency Fund's total fund balance totaled $4.0 million at the end of 2021. 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 $.5 million and totaled $4.4 million. Capital outlay of $.4 million was spent during the year for infrastructure improvements and repairs.

- The Capital Improvement Fund's total fund balance totaled $2.7 million at the end of 2021, an increase of approximately $.7 million as compared with the prior year.

- Other Governmental Funds reported combined restricted fund balance of $1.6 million, an increase of $1.0 million in comparison with the prior year.

- The Utility Fund and Drainage Fund (proprietary/business type funds) net positions increased $.6 million to $21.0 million. However, on a budgetary basis including the cost of capital acquisitions, the Utility Fund spend was approximately $.5 million more than current revenues, while the Drainage Fund spend was approximately equivalent to current revenues.

- Utility Fund capital system investment totaled $.6 million and the Drainage Fund capital system improvement totaled $.2 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, the E911 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 2021, total net position was $77.7 million. The largest portion of the net position was the investment in capital assets (net of related debt) of $35.5 million (46%). 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 $13.6 million (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $28.7 million (37%) 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 2021 and 2020.

Statement of Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	$ 38,975.0	$ 31,631.6	$ 7,729.7	$ 7,589.6	$ 46,704.7	$ 39,221.2
Capital Assets	21,797.8	21,366.9	13,661.8	13,564.9	35,459.7	34,931.8
Total Assets	60,772.8	52,998.5	21,391.6	21,154.5	82,164.4	74,153.0
Deferred Outflow of Resources	1,517.4	1,529.1	-	-	1,517.4	1,529.1
					-	-
Total Assets & Deferred Outflows	62,290.2	54,527.6	21,391.6	21,154.5	83,681.8	75,682.1
Current and Other Liabilities	2,783.4	1,854.5	332.6	686.9	3,116.0	2,541.4
Long-term Liabilities	1,310.4	1,382.7	78.4	80.9	1,388.9	1,463.6
Total Liabilities	4,093.9	3,237.2	411.0	767.8	4,504.9	4,005.0
Deferred Inflow of Resources	1,449.9	679.4	-	-	1,449.9	679.4
Total Liabilities & Deferred Inflows	5,543.7	3,916.6	411.0	767.8	5,954.8	4,684.4
Net Position						
Net Investment in Capital Assets	21,797.8	21,366.9	13,661.8	13,564.9	35,459.7	34,931.8
Restricted	13,583.2	11,326.5	0.0	-	13,583.2	11,326.5
Unrestricted	21,365.4	17,917.7	7,318.7	6,821.8	28,684.1	24,739.5
Total Net Position	56,746.5	50,611.1	20,980.5	20,386.7	77,727.0	70,997.8

The changes in net position from 2020 to 2021 are primarily the result favorable sales tax and intergovernmental revenues and lower than expected ongoing operational costs 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 2021 total revenues of $23.9 million exceeded program expenses of $17.2 million. The 2021 increase in net position after special items and transfers was $6.1 million compared to the $5.1 million during 2020.

Changes in Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Service	$ 989.2	$ 930.6	$ 5,914.1	$ 5,295.2	$ 6,903.3	$ 6,225.9
Operating Grants & Contribution	646.2	1,772.2	-	-	646.2	1,772.2
Capital Grants & Contributions	1,952.1	636.5	-	29.7	1,952.1	666.2
					-	-
General Revenues					-	-
Sales & Admission Taxes	13,433.0	11,862.4	-	-	13,433.0	11,862.4
Property Taxes	75.7	76.1	-	-	75.7	76.1
Tax Increment Financing	1.3	3.8	-	-	1.3	3.8
Other Taxes	811.0	693.8	-	-	811.0	693.8
Investment Earnings	(42.8)	403.3	(12.5)	81.2	(55.3)	484.5
Miscellaneous	94.2	343.8	63.2	8.3	157.3	352.0
Total Revenues	17,959.9	16,722.6	5,964.8	5,414.4	23,924.7	22,137.0
Program Expenses						
General Government	2,981.6	2,947.9	-	-	2,981.6	2,947.9
Public Safety	6,633.1	6,582.0	-	-	6,633.1	6,582.0
Community Services	2,634.5	2,319.3	-	-	2,634.5	2,319.3
Parks and Recreation	17.3	22.9	-	-	17.3	22.9
Community Development	15.9	174.3	-	-	15.9	174.3
Interest on Long-Term Debt	-	-	-	-	-	-
Utility	-	-	4,622.5	4,715.4	4,622.5	4,715.4
Drainage	-	-	290.5	266.6	290.5	266.6
Total Expenses	12,282.5	12,046.4	4,913.0	4,982.0	17,195.5	17,028.4
Excess before Special Items &Transfers	5,677.5	4,676.2	1,051.8	432.3	6,729.2	5,108.6
Transfers	458.0	439.0	(458.0)	(439.0)	-	-
Increase (decrease) in Net Position	6,135.5	5,115.2	593.8	(6.7)	6,729.2	5,108.6
Net Position, Beginning	50,611.0	45,495.8	20,386.8	20,393.4	70,997.8	65,889.2
Net Position, Ending	$ 56,746.5	$ 50,611.0	$ 20,980.5	$ 20,386.8	$ 77,727.0	$ 70,997.8

Governmental Activities

Total program expenses of $12.2 million exceeded program revenue of $3.6 million by $8.7 million for 2020 compared to $8.3 million during 2019. The 2020 increase in net position was $5.1 million and $6.5 million in 2019. The following illustrates the governmental activities program revenues and expenses by function:

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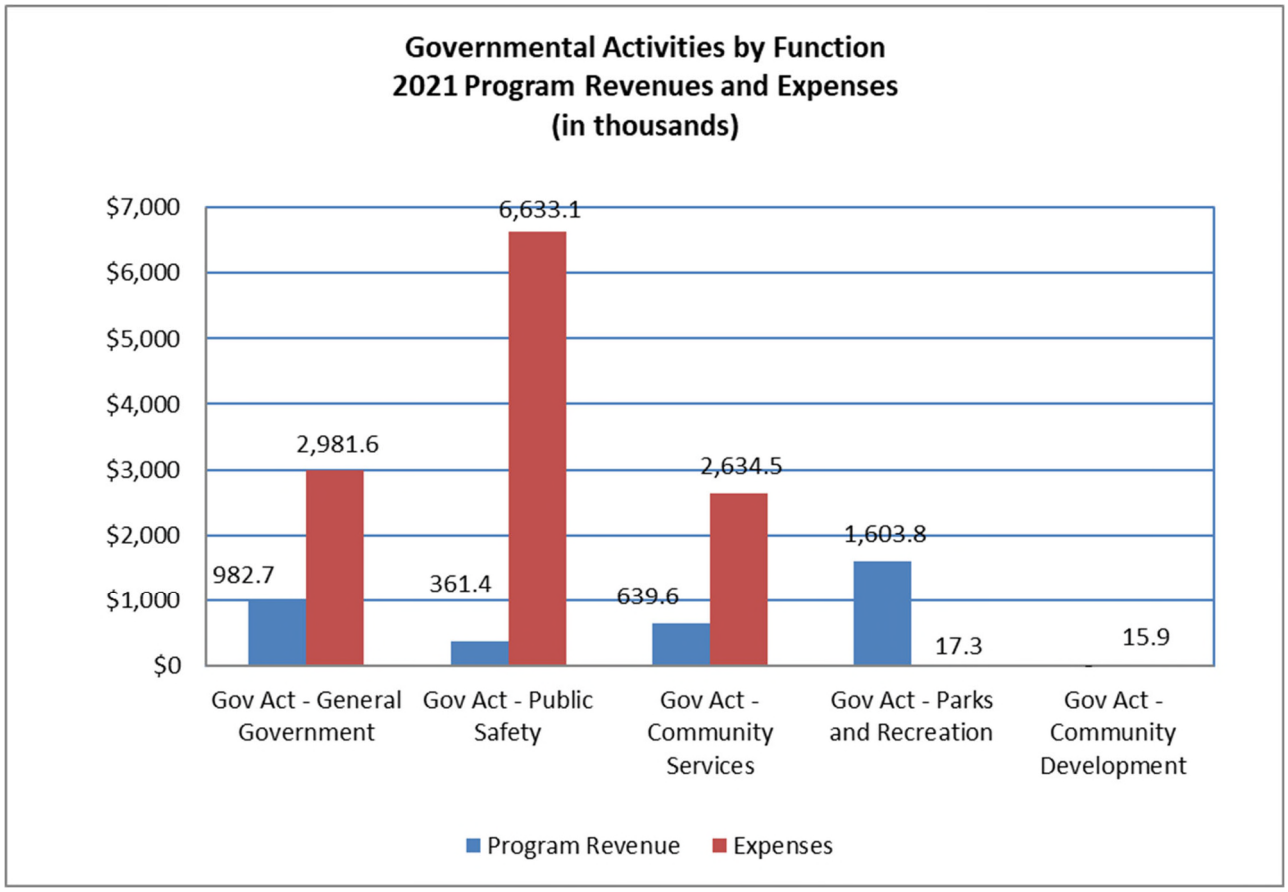
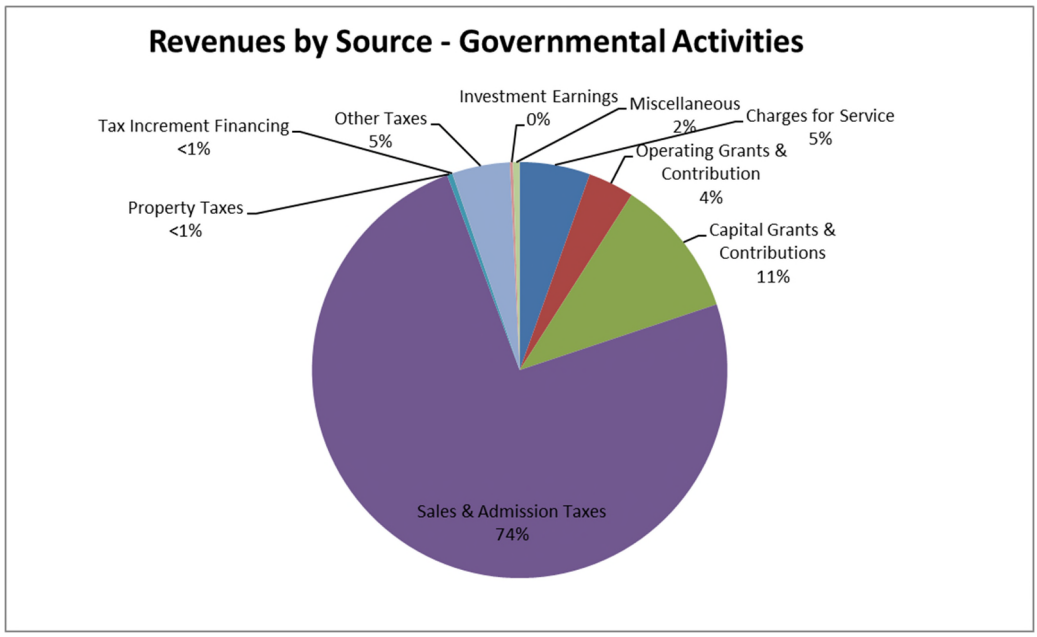
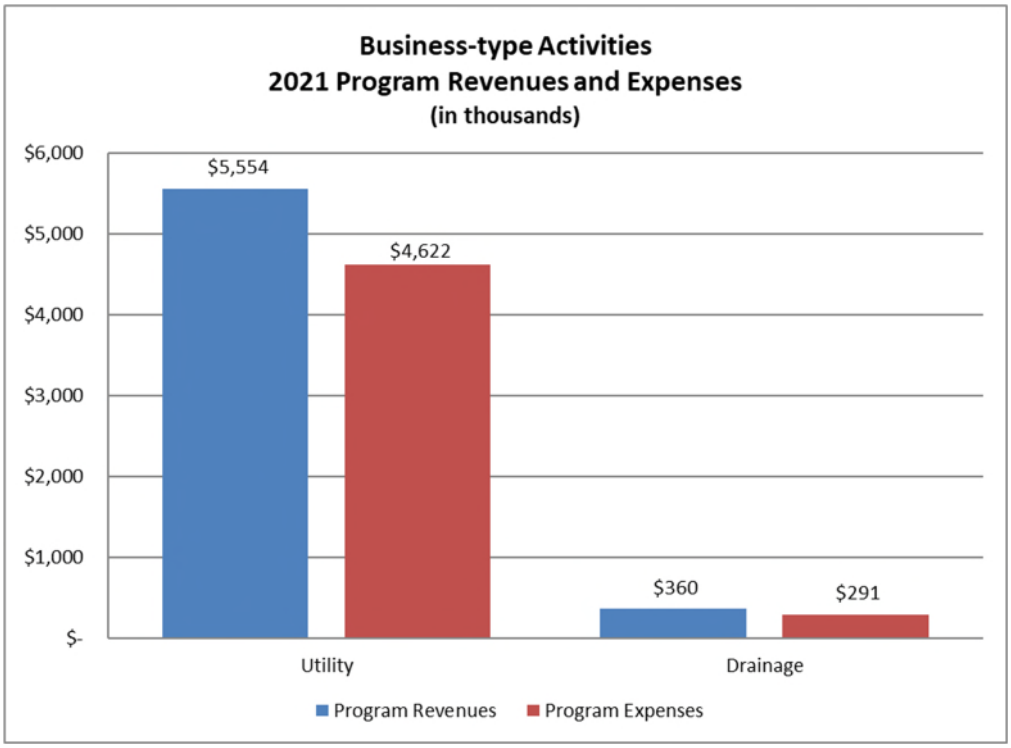


Sales and admission taxes increased 13.2% in 2021, from $11.8 million to $13.4 million. Interest Earnings decreased All sources of Governmental activities revenues increased $1.2 million or approximately 7.4% and totaled $18.0 million in 2021.

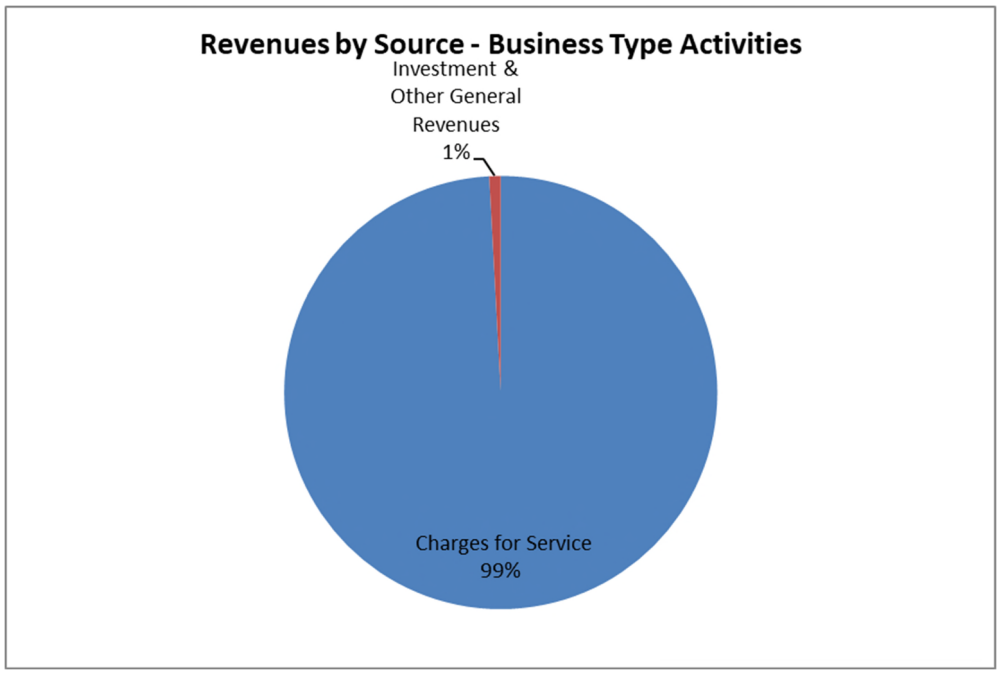


Business-type Activities

Business-type activities including Utilities (water and sewer) and Drainage, for the year resulted in an increase of approximately $.6 million in net position. Charges for services in 2021 totaled $5.9 million and also increased approximately $.6M as compared with 2020. The following chart illustrates the business-type activities program revenues and expenses:



The 2021 water and sewer customer rates were unchanged from 2020. Total 2021 business type revenues totaling $6.0 million increased $.6 million when compared to 2020.



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 2021, the City's governmental funds reported combined ending fund balances of $31.8 million, an increase of $5.4 million. The primary fluctuations in fund balances were in the General Fund which improved $3.3 million, the Capital Improvement which increased $.7 million, the Road Fund which increased .5 million, the Open Space Fund improved $1.1 million offset by a slight decrease of $.2 in the Redevelopment Agency Fund 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 originally appropriated. The Redevelopment Agency fund balance decreases as property tax increment revenues collected in prior years are expended for qualifying redevelopment activities. Committed, restricted, and nonspendable fund balances in all governmental funds amounted to $13.7 million. The General Fund's unassigned fund balance that is available for subsequent years' spending totaled $18.1 million.

Balance Sheet - Governmental Funds	
General Fund:	
Unassigned	18,052,009
Committed	98,411
Restricted	718,582
NonSpendable	18,123
	18,887,125
Redevelopment Agency Fund:	
Restricted	4,045,702
Road Improvement Fund:	
Restricted	4,396,748
Capiital Improvement Fund:	
Restricted	2,748,567
Other Government Funds:	
NonSpendable	-
Restricted	1,673,599
	1,673,599
	31,751,741
Committed, restricted, nonspendable	13,699,732
Unassigned	18,052,009
	31,751,741

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 increased by approximately 7% from $6.8 million at the end of 2020 to approximately $7.3 million as the end of 2021. 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 increased $.6 million compared to 2020 to $21.0 million as of the end of 2021.

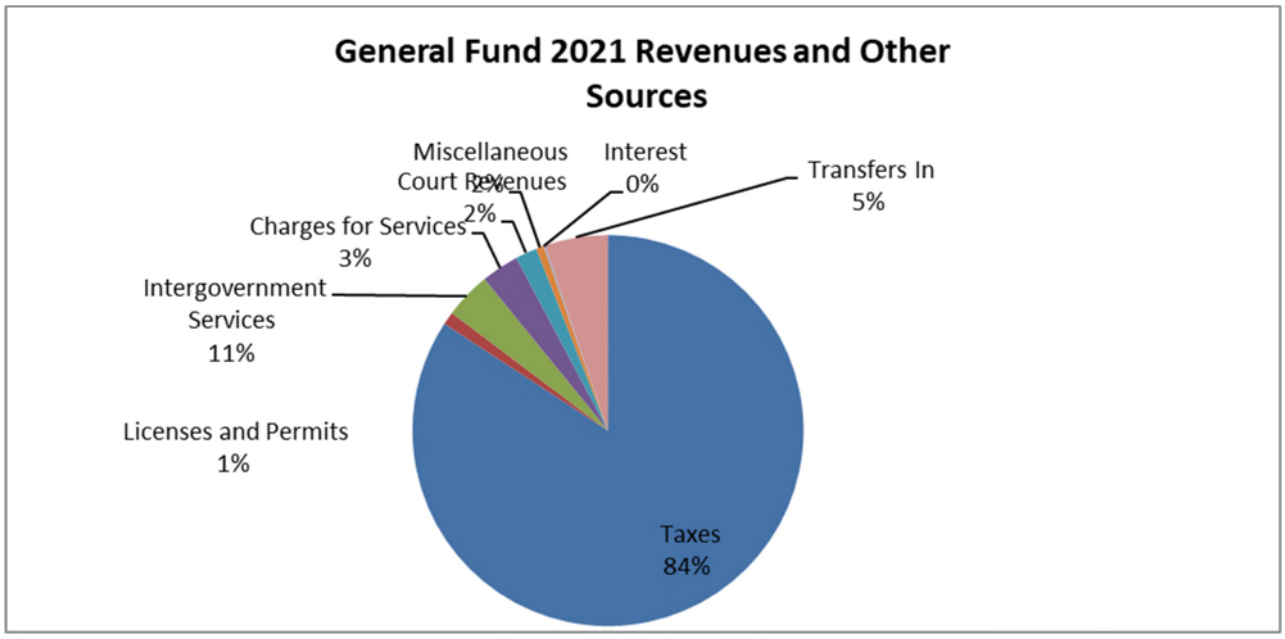
General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the City. The General Fund 2021 Amended Final Budget included $16.3 million of revenues/inflows, and $13.3 million of expenditures/outflows. Fund balance was anticipated to be $17.3 million at the end of 2020 compared to the $18.9 million actual ending balance.

Revenues and transfers into the General Fund were $.7 million unfavorable to the $16.3 million anticipated in the final budget. This un-favorability was primarily due to lower than anticipated final sales tax, intergovernmental revenues and interest income.

General Fund Revenues and Other Sources
Compared to 2021 Adopted Budget
(In Thousands)

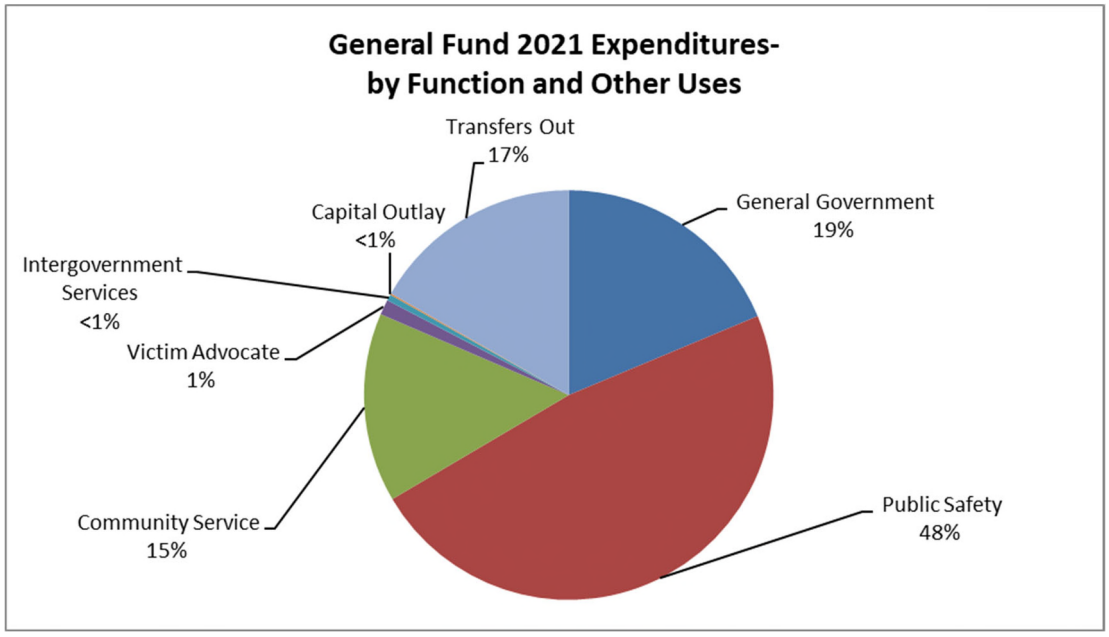
	Budget	Actual	Variance Favorable (Unfavorable)
Taxes	$ 14,064	$ 13,942	$ (122)
Licenses and Permits	160	177	17
Intergovernmental Services	1,102	636	(466)
Charges for Services	578	516	(62)
Court Revenues	279	296	17
Miscellaneous	53	104	51
Interest	103	(21)	(124)
Transfers In	875	865	(10)
Total	$ 17,214	$ 16,515	$ (699)



General Fund expenditures and transfers out totaling $13.2 million were $2.3 million favorable to the $15.5 million appropriation.

General Fund Expenditures by Function and Other Uses (In Thousands) Compared to 2021 Adopted Budget

	Budget	Actual	Variance Favorable (Unfavorable)
General Government	$ 3,386	$ 2,464	$ 922
Public Safety	7,495	6,298	1,197
Community Service	2,121	1,968	153
Victim Advocate	198	158	40
Intergovernmental Services	66	64	2
Capital Outlay	14	15	(1)
Transfers Out	2,225	2,205	20
Total	$ 15,505	$ 13,172	$ 2,333



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, 2021, amounts to $35.5 compared to $34.9 million at the end of 2020. 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, 2021 and 2020:

Capital Assets (Net of Depreciation, In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	$ 496.7	$ 496.7	200.2	$ -	$ 696.9	$ 496.7
Construction in Progress	2,410.0	1,823.9	-	200.2	2,410.0	2,024.1
Buildings	647.7	703.1	47.2	52.9	694.9	756.0
Improvements	15,189.3	15,137.5			15,189.3	15,137.5
Machinery, Equpment, and Furniture	3,054.1	3,205.7	253.1	269.4	3,307.2	3,475.1
Sewer Lines	-	-	2,644.1	2,790.6	2,644.1	2,790.6
Water Plant, Tanks, and Wells	-	-	7,007.4	6,780.5	7,007.4	6,780.5
Drainage System	-	-	3,509.8	3,471.3	3,509.8	3,471.3
Total Net Capital Assets	$ 21,797.8	$ 21,366.9	$ 13,661.8	$ 13,564.9	$ 35,459.6	$ 34,931.8

Major expenditures added to capital assets during 2021 included:

Road Improvements	541,501
Water and Sewer System Improvements	578,583
Drainage Improvements	199,832
Communications, Fire, Police, Other City Equipment and Vehicles	561,435

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 2021, 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 are ongoing and cannot be fully estimated at this time.

At the start of 2021 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 2022 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 2022 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 2021. The 2022 budget anticipated sales and admissions tax revenues to increase 3% over projected 2010 amounts. Through March 2022 receipts, total sales and admissions revenue were up approximately .5% when compared to the same time period in 2021, however the after effects 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. However, for 2021 and 2022, there were no increases to water or wastewater rates. 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

BASIC FINANCIAL STATEMENTS

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF NET POSITION
As of December 31, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 31,942,518	$ 7,323,593	$ 39,266,111
Receivables			
Property Taxes	84,008	-	84,008
Accounts	2,436,375	406,154	2,842,529
Accrued Interest Receivable	45,118	-	45,118
Prepaid Items	18,123	-	18,123
Net Pension Asset - Volunteer Pension	3,752,243	-	3,752,243
Net Pension Asset - SWDB Pension	696,608		696,608
Capital Assets, Not Depreciated	2,906,696	200,243	3,106,939
Capital Assets, Depreciated			
Net of Accumulated Depreciation	18,891,141	13,461,580	32,352,721
TOTAL ASSETS	60,772,830	21,391,570	82,164,400
DEFERRED OUTFLOWS OF RESOURCES			
Related to Volunteer Pension	118,349	-	118,349
Related to SWDB Pension	1,331,957	-	1,331,957
Related to OPEB Plan	67,071	-	67,071
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,517,377	-	1,517,377
LIABILITIES			
Accounts Payable	611,459	242,125	853,584
Accrued Liabilities	497,766	31,773	529,539
Unearned Revenues	1,554,574	-	1,554,574
Deposits	26,595	50,000	76,595
Compensated Absences - Due within One Year	93,030	8,714	101,744
Due in More Than One Year			
Compensated Absences	837,267	78,436	915,703
Net OPEB Liability	473,180	-	473,180
TOTAL LIABILITIES	4,093,871	411,048	4,504,919
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	84,008	-	84,008
Related to Volunteer Pension	417,166	-	417,166
Related to SWDB Pension	747,166	-	747,166
Related to OPEB Plan	201,528	-	201,528
TOTAL DEFERRED INFLOWS OF RESOURCES	1,449,868	-	1,449,868
NET POSITION			
Investment in Capital Assets	21,797,837	13,661,823	35,459,660
Restricted for Emergencies	530,000	-	530,000
Restricted for Capital Projects	6,983,944	-	6,983,944
Restricted for Highways and Streets	4,396,748	-	4,396,748
Restricted for Parks and Recreation	617,176	-	617,176
Restricted for Open Space	1,055,330	-	1,055,330
Unrestricted	21,365,433	7,318,699	28,684,132
TOTAL NET POSITION	$ 56,746,468	$ 20,980,522	$ 77,726,990

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

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 2,981,622	$ 515,711	$ 448,844	$ 18,120
Public Safety	6,633,150	296,432	64,922	-
Community Services	2,634,495	177,057	69,136	393,444
Parks and Recreation	17,279	-	63,299	1,540,514
Community Development	15,907	-	-	-
Total Governmental Activities	12,282,453	989,200	646,201	1,952,078
Business-Type Activities				
Utility	4,622,497	5,553,956	-	-
Drainage	290,513	360,133	-	-
Total Business-Type Activities	4,913,010	5,914,089	-	-
Total Primary Government	$ 17,195,463	$ 6,903,289	$ 646,201	$ 1,952,078
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
$ (1,998,947)	$ -	$ (1,998,947)
(6,271,796)	-	(6,271,796)
(1,994,858)	-	(1,994,858)
1,586,534	-	1,586,534
(15,907)	-	(15,907)
(8,694,974)	-	(8,694,974)
-	931,459	931,459
-	69,620	69,620
-	1,001,079	1,001,079
(8,694,974)	1,001,079	(7,693,895)
75,706	-	75,706
13,433,003	-	13,433,003
1,333	-	1,333
811,020	-	811,020
(42,789)	(12,469)	(55,258)
94,165	63,155	157,320
458,000	(458,000)	-
14,830,438	(407,314)	14,423,124
6,135,464	593,765	6,729,229
50,611,004	20,386,757	70,997,761
$ 56,746,468	$ 20,980,522	$ 77,726,990

CITY OF FEDERAL HEIGHTS, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2021

	GENERAL FUND	SPECIAL REVENUE REDEVELOPMENT AGENCY FUND	CAPITAL PROJECT ROAD IMPROVEMENT FUND	CAPITAL PROJECT CAPITAL IMPROVEMENT FUND
ASSETS				
Cash and Investments	$ 19,433,314	$ 4,052,179	$ 4,529,784	$ 2,942,559
Property Taxes Receivable	84,008	-	-	-
Accounts Receivable	1,643,397	-	68,174	-
Accrued Interest Receivable	45,118	-	-	-
Prepaid Items	18,123	-	-	-
Due From Other Funds	35,126	-	-	-
TOTAL ASSETS	$ 21,259,086	$ 4,052,179	$ 4,597,958	$ 2,942,559
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	$ 209,020	$ 6,477	$ 201,210	$ 193,992
Accrued Liabilities	497,766	-	-	-
Due To Other Funds	-	-	-	-
Deposits	26,595	-	-	-
TOTAL LIABILITIES	733,381	6,477	201,210	193,992
DEFERRED INFLOWS OF RESOURCES				
Deferred Grant Revenue	1,554,574	-	-	-
Deferred Property Tax Revenue	84,008	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,638,582	-	-	-
FUND EQUITY				
Nonspendable	18,123	-	-	-
Restricted for Emergencies	530,000	-	-	-
Restricted for Capital Projects	179,877	4,045,702	-	2,748,567
Restricted for Highways and Streets	-	-	4,396,748	-
Restricted for Parks and Recreation	8,704	-	-	-
Restricted for Open Space	-	-	-	-
Committed for Victims Advocate	93,417	-	-	-
Committed for Graffiti	4,994	-	-	-
Unassigned	18,052,008	-	-	-
TOTAL FUND EQUITY	18,887,123	4,045,702	4,396,748	2,748,567
TOTAL LIABILITIES, DEFERRED INFLOWS INFLOWS, AND FUND EQUITY	$ 21,259,086	$ 4,052,179	$ 4,597,958	$ 2,942,559

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 ($473,180), deferred outflows related to OPEB Plan $67,071, deferred inflows related to OPEB Plan ($201,528), accrued compensated absences ($930,297), net pension assets of $4,448,851, deferred outflows related to pensions of $1,450,306 and deferred inflows related to pensions of ($1,164,332).

Net position of governmental activities

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS 2021	2020
$ 984,682	$ 31,942,518	$ 26,124,127
-	84,008	75,976
724,804	2,436,375	1,912,889
-	45,118	44,752
-	18,123	-
-	35,126	223,867
$ 1,709,486	$ 34,561,268	$ 28,381,611
$ 760	$ 611,459	$ 1,285,749
-	497,766	447,932
35,126	35,126	223,867
-	26,595	26,556
35,886	1,170,946	1,984,104
-	1,554,574	-
-	84,008	75,976
-	1,638,582	75,976
-	18,123	-
-	530,000	460,000
9,798	6,983,944	6,375,199
-	4,396,748	3,897,417
608,472	617,176	593,845
1,055,330	1,055,330	-
-	93,417	164,064
-	4,994	5,046
-	18,052,008	14,825,960
1,673,600	31,751,740	26,321,531
$ 1,709,486		
	21,797,837	21,366,876
	3,196,891	2,922,597
	$ 56,746,468	$ 50,611,004

CITY OF FEDERAL HEIGHTS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2021

		SPECIAL REVENUE	CAPITAL PROJECT	
	GENERAL FUND	REDEVELOPMENT AGENCY FUND	ROAD IMPROVEMENT FUND	CAPITAL IMPROVEMENT FUND
REVENUES				
Taxes	$ 13,942,797	$ 1,333	$ -	$ -
Licenses and Permits	177,057	-	-	-
Intergovernmental	636,404	-	393,444	18,120
Charges for Services	515,711	-	-	-
Court Revenues	296,432	-	-	-
Miscellaneous	104,248	-		23,977
Interest	(20,892)	(11,295)	(7,686)	(3,401)
TOTAL REVENUES	15,651,757	(9,962)	385,758	38,696
EXPENDITURES				
Current				
General Government	2,464,688	-	-	-
Public Safety	6,298,216	-	-	-
Community Services	1,967,637	-	114,720	-
Victim Advocate	158,048	-	-	-
Parks and Recreation	-	-	-	-
Community Development	-	11,742	-	-
Intergovernmental Services	63,511	-	-	-
Capital Outlay	14,654	127,508	447,707	743,628
TOTAL EXPENDITURES	10,966,754	139,250	562,427	743,628
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,685,003	(149,212)	(176,669)	(704,932)
OTHER FINANCING SOURCES (USES)				
Transfers In	864,800	-	755,000	1,450,000
Transfers Out	(2,205,000)	(98,000)	(79,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,340,200)	(98,000)	676,000	1,450,000
NET CHANGE IN FUND BALANCES	3,344,803	(247,212)	499,331	745,068
FUND BALANCES, Beginning	15,542,320	4,292,914	3,897,417	2,003,499
FUND BALANCES, Ending	$ 18,887,123	$ 4,045,702	$ 4,396,748	$ 2,748,567

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

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS 2021	2020
$ 376,932	$ 14,321,062	$ 12,636,152
-	177,057	206,062
1,550,311	2,598,279	2,408,752
-	515,711	439,260
-	296,432	285,320
-	128,225	344,816
485	(42,789)	403,316
1,927,728	17,993,977	16,723,678
2,541	2,467,229	2,660,797
-	6,298,216	6,152,348
-	2,082,357	1,806,708
-	158,048	146,579
7,168	7,168	6,797
-	11,742	166,712
-	63,511	36,970
600,000	1,933,497	4,884,581
609,709	13,021,768	15,861,492
1,318,019	4,972,209	862,186
-	3,069,800	3,660,277
(229,800)	(2,611,800)	(3,221,277)
(229,800)	458,000	439,000
1,088,219	5,430,209	1,301,186
585,381	26,321,531	25,020,345
$ 1,673,600	$ 31,751,740	$ 26,321,531

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, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ 5,430,209
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 depreciation expense ($1,303,292), exceeded capital outlay $1,168,312, and loss on disposal of assets ($34,059) in the current period.	430,961
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 $43,409 and a change in accrued compensated absences of ($12,394).	(31,015)
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	305,309
Change in Net Position of Governmental Activities	$ 6,135,464

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, 2021

ASSETS	UTILITY FUND	DRAINAGE FUND	TOTALS 2021	TOTALS 2020
Current Assets				
Cash and Investments	$ 6,867,657	$ 455,936	$ 7,323,593	$ 7,100,558
Accounts Receivable	375,863	30,291	406,154	489,057
Total Current Assets	7,243,520	486,227	7,729,747	7,589,615
Noncurrent Assets				
Capital Assets, Not Depreciated	200,243	-	200,243	200,243
Capital Assets, Net of Accumulated Depreciation	9,951,783	3,509,797	13,461,580	13,364,688
Total Noncurrent Assets	10,152,026	3,509,797	13,661,823	13,564,931
TOTAL ASSETS	17,395,546	3,996,024	21,391,570	21,154,546
LIABILITIES				
Current Liabilities				
Accounts Payable	123,118	119,007	242,125	605,188
Accrued Liabilities	27,547	4,226	31,773	22,671
Current Portion - Compensated Absences	7,357	1,357	8,714	8,993
Total Current Liabilities	158,022	124,590	282,612	636,852
Noncurrent Liabilities				
Escrow Deposits	50,000	-	50,000	50,000
Compensated Absences	66,225	12,211	78,436	80,937
Total Noncurrent Liabilities	116,225	12,211	128,436	130,937
TOTAL LIABILITIES	274,247	136,801	411,048	767,789
NET POSITION				
Investment in Capital Assets	10,152,026	3,509,797	13,661,823	13,564,931
Unrestricted	6,969,273	349,426	7,318,699	6,821,826
TOTAL NET POSITION	$ 17,121,299	$ 3,859,223	$ 20,980,522	$ 20,386,757

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, 2021

	UTILITY FUND	DRAINAGE FUND	TOTALS 2021	TOTALS 2020
OPERATING REVENUES				
Water Sales	$ 3,652,637	$ -	$ 3,652,637	$ 3,354,321
Sewer Fees	1,901,319	-	1,901,319	1,582,660
Drainage Fees	-	360,133	360,133	358,233
Other Income	61,934	1,221	63,155	8,288
TOTAL OPERATING REVENUES	5,615,890	361,354	5,977,244	5,303,502
OPERATING EXPENSES				
Water Supply	2,629,923	-	2,629,923	2,758,755
Water Distribution	348,214	-	348,214	249,715
Sewer Collection and Treatment	1,034,136	-	1,034,136	1,136,784
General and Administrative	90,030	129,184	219,214	192,776
Depreciation	520,194	161,329	681,523	643,985
TOTAL OPERATING EXPENSES	4,622,497	290,513	4,913,010	4,982,015
OPERATING INCOME	993,393	70,841	1,064,234	321,487
NON-OPERATING REVENUES				
Interest Income	(11,894)	(575)	(12,469)	81,189
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	981,499	70,266	1,051,765	402,676
TRANSERS AND CAPITAL CONTRIBUTIONS				
Transfers Out	(378,000)	(80,000)	(458,000)	(439,000)
Capital Contributions	-	-	-	29,671
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	(378,000)	(80,000)	(458,000)	(409,329)
CHANGE IN NET POSITION	603,499	(9,734)	593,765	(6,653)
NET POSITION Beginning	16,517,800	3,868,957	20,386,757	20,393,410
NET POSITION, Ending	$ 17,121,299	$ 3,859,223	$ 20,980,522	$ 20,386,757

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, 2021
Increase (Decrease) in Cash and Cash Equivalents

	UTILITY FUND	DRAINAGE FUND	TOTALS 2021	TOTALS 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 5,698,894	$ 361,253	$ 6,060,147	$ 5,287,224
Cash Paid to Suppliers	(4,562,237)	(25,991)	(4,588,228)	(4,206,900)
Net Cash Provided by Operating Activities	1,136,657	335,262	1,471,919	1,080,324
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Payments (To) From Other Funds	(378,000)	(80,000)	(458,000)	(436,025)
Net Cash Used by Noncapital and Related Financing Activities	(378,000)	(80,000)	(458,000)	(436,025)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Property and Equipment	(578,583)	(199,832)	(778,415)	(895,267)
Capital Contributions	-	-	-	29,671
Net Cash Used by Capital and Related Financing Activities	(578,583)	(199,832)	(778,415)	(865,596)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	(11,894)	(575)	(12,469)	81,189
Net Increase in Cash and Cash Equivalents	168,180	54,855	223,035	(140,108)
CASH AND CASH EQUIVALENTS, Beginning	6,699,477	401,081	7,100,558	7,240,666
CASH AND CASH EQUIVALENTS, Ending	$ 6,867,657	$ 455,936	7,323,593	$ 7,100,558
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	$ 993,393	$ 70,841	1,064,234	$ 321,487
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	520,194	161,329	681,523	643,985
Changes in Assets and Liabilities				
Accounts Receivable	83,004	(101)	82,903	(16,278)
Accounts Payable	(465,010)	101,947	(363,063)	113,088
Accrued Liabilities	8,336	766	9,102	5,670
Accrued Compensated Absences	(3,260)	480	(2,780)	12,372
Total Adjustments	143,264	264,421	407,685	758,837
Net Cash Provided by Operating Activities	$ 1,136,657	$ 335,262	$ 1,471,919	$ 1,080,324

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

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. Exceptions to this general rule are charges for interfund services that are reasonably equal to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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.

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.

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. This fund would typically be used to liquidate pension and OPEB liabilities if required.

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.

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 purchased 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

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 assets 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 10 years of continuous service and have reached age 60 and who retire absent termination. The City may pay up to 50% of the benefit offered to regular full-time employees with a limit of $400 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.

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.

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, 2021, the City reported its prepaid expenses as nonspendable.

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, 2021, the City has classified the following amounts as restricted:

General Fund – Emergency Reserves (TABOR)	$ 530,000
General Fund – Other Capital Expenses 1% Sales Tax	179,877
General Fund – Parks and Recreation	8,704
Redevelopment Agency Fund – Capital Projects	4,045,702
Road Improvement Fund – Highways and Streets	4,396,748
Capital Improvement Fund – Capital Projects	2,748,567
Open Space Fund – Parks and Recreation	1,663,802
Special Investigations Fund	9,798
Total	**$ 13,583,198**

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, 2021, the City has classified the following amounts as committed:

General Fund – Victims Advocate	$ 93,417
General Fund - Graffiti	4,994
Total	**$ 98,411**

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

Fund Balance Classification (Continued)

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, 2021, 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.
- 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, 2021 follows:

Petty Cash	$ 2,862
Cash Deposits	3,374,299
Investments	35,888,950
Total	**$ 39,266,111**

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

Governmental Activities	$ 31,942,518
Business-type Activities	7,323,593
Total	**$ 39,266,111**

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, 2021, 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, 2021, the City had deposits with financial institutions with a carrying amount of $3,374,299. The bank balances with the financial institutions were $3,423,721. Of these balances, $250,000 was covered by federal depository insurance and $3,173,721 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

NOTE 3: ***DEPOSITS AND INVESTMENTS*** (Continued)

Investments

At December 31, 2021, the City had the following investments:

Investment Type	Fair Value	Investment Maturity (Years) Less Than One Year	One to Five Years
U.S. Agency Securities	$ 18,270,647	$ 5,303,794	$ 12,966,853
Money Market Funds	73,716	73,716	-
Local Government Pools	17,618,587	17,618,587	-
Total	**$ 35,888,950**	**$ 22,996,097**	**$ 12,966,853**

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.

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

NOTE 3: ***DEPOSITS AND INVESTMENTS*** (Continued)

Investments (Continued)

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, 2021, the City had investments in US Treasury Notes, 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 $16,583,242 in the Colorado Surplus Asset Fund Trust CORE Fund ("Colorado Core") an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statues, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. Colorado Core is an ultra-short duration enhanced cash fund seeking to maintain a constant share price of $2.00 with an emphasis placed on limiting the risk of negative fair market valuations while maintaining high credit quality and adequate liquidity. The fund operates under GASB Statements 31 and 72 methodology for calculating fair market values and maintains a weighted average maturity of 180 days or less and a weighted average life of 365 days or less.

Colorado Core is rated AAAf/S1 by Fitch Ratings. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Colorado Core investments primary included, highly rated commercial paper, Colorado depositories in which the deposits are collateralized at 102% of market value under the provisions of the Public Depository Protection Act, and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed for by C.R.S 24-75-601.1(1)(i). Redemption requests must be made at least one day in advance and are limited to three per month

The City had invested $1,095,345 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 Statues, 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.

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 statues, 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, 2021, the City held investments in U.S. Agency Securities in the amount of $18,196,647 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 $73,716 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.

NOTE 3: ***DEPOSITS AND INVESTMENTS*** (Continued)

Investments (Continued)

Concentration of Credit Risk

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

U.S. Treasury Notes	32.55%
Federal Home Loan Bank	6.32%
Federal National Mortgage Association	4.19%
Federal Home Loan Mortgage Corporation	6.23%
Federal Farm Credit Bank	1.40%
Money Market Funds	0.21%
Local Government Pools	49.09%

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, 2021, 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, 2021.

Transfers To Other Funds	Transfers From Other Funds		Amount
General Fund	Road Improvement Fund	$	79,000
General Fund	Utility Fund		378,000
General Fund	Redevelopment Agency Fund		98,000
General Fund	Drainage Fund		80,000
General Fund	E911 Fund		229,800
Road Improvement Fund	General Fund		755,000
Capital Improvement Fund	General Fund		1,450,000
Total		**$**	**3,069,800**

All transfers to the General Fund are budgeted annually to subsidize operating costs paid from the General Fund. Transfers to the General Fund from the E911 Fund are used for costs incurred in support of E911 services. The transfers from the General Fund to the Road Improvement and Capital Improvement Funds are used to allocate sales taxes collected as required following the November 2002 election and Ordinance 02-12 and for routine operating subsidies.

NOTE 5: *CAPITAL ASSETS*

Capital assets activity for the year ended December 31, 2021 is summarized below:

	Balances 12/31/2020	Additions	Deletions	Balances 12/31/2021
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 496,696	$ -	$ -	$ 496,696
Construction in Progress	1,823,896	600,000	13,896	2,410,000
Total Capital Assets, not depreciated	2,320,592	600,000	13,896	2,906,696
Capital Assets, depreciated				
Buildings	2,773,203	-	-	2,773,203
Improvements	21,149,323	606,877	-	24,756,200
Machinery and Equipment	6,908,953	575,331	439,651	7,044,633
Total Capital Assets, depreciated	33,831,479	1,182,208	439,651	34,574,036
Less Accumulated Depreciation				
Buildings	2,070,060	55,367	-	2,125,427
Improvements	9,011,857	555,079	-	9,566,936
Machinery and Equipment	3,703,278	692,846	405,592	3,990,532
Total Accumulated Depreciation	14,785,195	1,303,292	405,592	15,682,895
Total Capital Assets, depreciated, Net	19,046,284	(121,084)	(34,059)	18,891,141
Governmental Activities, Capital Assets, Net	**$ 21,366,876**	**$ 478,916**	**$ (47,955)**	**$ 21,797,837**
Business-Type Activities				
Capital Assets, not depreciated				
Land	$ 200,243	$ -	$ -	$ 200,243
Total Capital Assets, not depreciated	200,243	-	-	200,243
Capital Assets, depreciated				
Sewer Lines	$ 5,171,031	$ -	$ -	$ 5,171,031
Water Plant, Tanks, and Wells	11,111,884	546,212	-	11,658,096
Drainage System	4,647,446	199,832	14,280	4,832,998
Buildings	254,309	-	-	254,310
Furniture and Equipment	842,934	32,371	26,900	848,405
Total Capital Assets, depreciated	22,027,605	778,415	41,180	22,764,840
Less: Accumulated Depreciation				
Sewer Lines	2,380,406	146,571	-	2,526,977
Water Plant, Tanks, and Wells	4,331,459	319,227	-	4,650,687
Drainage System	1,176,151	161,329	14,280	1,323,200
Buildings	201,388	5,733	-	207,121
Furniture and Equipment	573,512	48,663	26,900	595,275
Total Accumulated Depreciation	8,662,916	681,523	41,180	9,303,260
Total Capital Assets, depreciated, Net	13,364,688	96,892	-	13,461,580
Business-Type Activities, Capital Assets, Net	**$ 13,564,931**	**$ 96,892**	**$ -**	**$ 13,661,823**

NOTE 5: ***CAPITAL ASSETS*** (Continued)

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

Governmental Activities	
General Government	$ 96,635
Public Safety	640,243
Community Services	552,138
Parks and Recreation	10,111
Community Development	4,165
Total	**$ 1,303,292**
Business-Type Activities	
Water and Sewer Utility	$ 520,194
Drainage Utility	161,329
Total	**$ 681,523**

NOTE 6: ***LONG-TERM DEBT***

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2021.

	Balance 12/31/2020	Additions	Payments	Balance 12/31/2021	Due In One Year
Governmental Activities					
OPEB Liability (Note 9)	$ 534,291	$ -	$ 58,111	$ 473,180	$ -
Compensated Absences	942,691	603,816	616,210	930,297	93,090
Total	**$ 1,476,982**	**$ 603,816**	**$ 674,321**	**$ 1,403,477**	**$ 93,090**
Business-Type Activities					
Compensated Absences	**$ 89,930**	**$ 42,559**	**$ 45,339**	**$ 87,150**	**$ 8,714**

The OPEB Liability and 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.

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, 2021, 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 2021.

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	5
Active Members	1
Total	**11**

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

At December 31, 2021, the City reported asset of $3,752,243. The net pension asset was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2021.

For the year ended December 31, 2021 the City recognized pension income of $293,244. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$9,968	$44,480
Net difference between projected and actual earnings on pension plan investments	$98,625	$372,686
Change in assumptions and other inputs	$9,756	N/A
Total	$118,349	$417,166

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,	
2021	($ 91,115)
2022	($ 46,361)
2023	($ 103,057)
2024	($ 54,747)
2025	($ 3,537)

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:	7.00%
Retirement Age:	50% per year of eligibility until 100% at age 65.
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.

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)

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.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.00%	2.32%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%
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.

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)

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.

Changes in the Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at 1/1/2021	$ 456,129	$ 3,717,606	($ 3,261,477)
Changes for the year:			
Service Cost	11,453	-	11,453
Interest on the total pension liability	31,625	-	31,625
Benefit Changes	-	-	-
Difference between expected and actual experience	(44,807)	-	(44,807)
Changes of assumptions	-	-	-
Net investment income	-	491,893	(491,893)
Benefit Payments	(20,280)	(20,280)	-
Pension plan administrative expense	-	(2,856)	2,856
Net Changes	(22,009)	468,757	(490,766)
Balances at 12/31/2021	**$ 434,120**	**$ 4,186,363**	**($ 3,752,243)**

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	($3,685,438)	($3,752,243)	($3,805,835)

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.

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

The 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

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).

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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Summary of Significant Accounting Policies (Continued)

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

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 pensionable earnings. Employer contributions are 8 percent in 2020 and 2021. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2021, members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of pensionable earnings for a total contribution rate of 20 percent.

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Summary of Significant Accounting Policies (Continued)

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 23 percent and 23.5 percent of pensionable earnings in 2020 and 2021, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.5 percent in 2020 and 9.75 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent and 4.25 percent in 2020 and 2021, respectively. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

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

At December 31, 2021, the City reported an asset in the amount of $696,608 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The City's proportion of the net pension asset was based on the City's contributions to the SWDB Plan for the calendar year 2020 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2020 the City's proportion was 0.3209%, which was an decrease of 0.00547% from its proportion measured as of 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 the year ended December 31, 2021 the City recognized a pension expense of $14,257. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$590,792	$2,771
Net difference between projected and actual earnings on pension plan investments	N/A	$715,517
Changes in proportion and differences between contributions recognized and proportionate share of contributions	$217,080	$28,878
Change in assumptions and other inputs	$296,278	N/A
Contributions subsequent to the measurement date	$227,807	N/A
Total	**$1,331,957**	**$747,166**

$227,807 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2022	($54,674)
2023	$38,133
2024	($82,244)
2025	$37,199
2026	$148,385
Thereafter	$270,185

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, 2020. The valuations used the following actuarial assumptions and other inputs:

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)

Total Pension Liability:

Actuarial Valuation Date	January 1, 2021
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, 2020
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.0 percent
Projected salary increases*	4.25-11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

For determining the total pension liability and actuarially determined contributions, 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 preretirement 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.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 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. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
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 payments 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).

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 the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (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 percent.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, 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)	$701,027	($696,608)	($1,854,025)

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.

The following table summarized each of the City's FPPA plans and the respective pension activity recorded in the financials.

	Net Pension Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Income)
Volunteer Firefighter	$ 3,752,243	$ 118,349	$ 417,166	$ (293,244)
FPPA - SWDB	696,608	1,331,957	747,166	215,742
Total	**$ 4,448,851**	**$ 1,450,306**	**$ 1,164,332**	**$ (77,502)**

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.

For 2021, both the City and the employee contribute 3.5% 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 5.5% 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, 2021, 2020, and 2019, the City made contributions of $162,889, $133,874, and $128,473, and the employees made contributions of $151,745, $125,627, and $119,544 to the Plan, respectively. The Plan investments are managed by Mission Square.

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. For 2021, both the City and the employee contribute 7.5% 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, 2021, 2020, and 2019, the City and employee each made contributions of $12,029, $11,621, and $11,347 to the Plan, respectively. The Plan investments are managed by Mission Square.

City Council Money Purchase Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of the mayor and members of City Council. For 2021, the members are required to contribute 10.5% of their base salary. The City matches this contribution at a maximum of 10.5%. The employee is fully vested in all contributions immediately. During the years ended December 31, 2021, 2020, and 2019, the City and plan members each made contributions of $8,708, $7,994, and $8,327 to the Plan, respectively. The Plan investments are managed by Mission Square.

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 10 years of continuous service and have reached age 60 and who retire absent termination. During the year ended December 31, 2011, the City made modifications to the plan to only allow coverage until a retiree is Medicare eligible. During the year ended December 31, 2021, the City increased the maximum benefit to $400 per month. 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 $400 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	0
Eligible Active Employees	80
Total	**80**

Total OPEB Liability

The Net OPEB liability measured by an actuarial valuation dated December 31, 2021.

NOTE 9: ***POST-EMPLOYMENT BENEFITS*** (Continued)

Actuarial Methods and Assumptions

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 rollforward 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	December 31, 2021
Discount Rate	2.06% per annum
Salary Increase Rate	3.50% per annum
Census Data	The census was provided by the City as of December 15, 2021.
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	*Experience/Assumptions:* gains and losses are amortized over a closed period of 22.7 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.

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, 2021	$ 534,291
Service Cost	13,438
Interest Cost	11,612
Changes in Assumptions or Other Inputs	14,867
Difference Between Expected and Actual Experience	(131,980)
Change in Benefit Terms	30,952
Employer Contributions	-
Benefit Payments	-
Balance at December 31, 2021	**$ 473,180**

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 2.12% to 2.06%
Mortality	PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2020, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable). Medical Trend Updated from an initial rate or 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 (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Proportionate share of the net pension liability (asset)	$422,000	$473,180	$534,000

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 (6.00% decreasing to 3.00%) or 1-percentage-point higher (8.00% decreasing to 5.00%) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.00%)	Current Health Care Cost Trend (7.00% decreasing to 4.00)	1% Increase (8.00% decreasing to 5.0%)
Proportionate share of the net pension liability (asset)	$407,000	$473,180	$549,000

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

For the year ended December 31, 2021, the City recognized OPEB expense of $43,411, which includes the City's current year contribution expense of $0.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	N/A	$191,839
Change in assumptions and other inputs	$67,071	$9,689
Total	$67,071	$201,528

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

Year ended December 31	
2022	($ 13,823)
2023	($ 13,639)
2024	($ 9,912)
2025	($ 9,070)
2026	($ 1,856)
Thereafter	($ 86,157)

NOTE 10: ***RISK RELATED ACTIVITIES***

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

For other risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers' compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, and officers.

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

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

The City self-insures for an employee short-term disability plan. Claims paid during the years ended December 31, 2021, 2020, and 2019 were $3,642, $1,549, and $1,741, 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.

NOTE 11: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

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, 2021, the emergency reserve of $530,000 was recorded in the General Fund.

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, 2021:

	General Fund	Open Space	Total
Balance 12/31/2020	$ 8,464	$ 585,382	$ 593,846
Receipts	63,299	21,100	84,399
Interest Earned	-	1,990	1,990
Expenditures	(63,059)	-	(63,059)
Balance 12/31/2021	**$ 8,704**	**$ 608,472**	**$ 617,176**

NOTE 13: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered though June 1, 2022. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FEDERAL HEIGHTS, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	2021				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Taxes	$ 12,264,300	$ 14,064,300	$ 13,942,797	$ (121,503)	$ 12,320,641
Licenses and Permits	195,700	159,700	177,057	17,357	206,062
Intergovernmental	577,485	1,102,485	636,404	(466,081)	1,772,222
Charges for Services	577,900	577,900	515,711	(62,189)	439,260
Court Revenues	469,800	278,800	296,432	17,632	285,320
Miscellaneous	17,000	53,000	104,248	51,248	300,480
Interest	103,000	103,000	(20,892)	(123,892)	211,072
TOTAL REVENUES	14,205,185	16,339,185	15,651,757	(687,428)	15,535,057
EXPENDITURES					
Current					
General Government	2,811,497	3,386,497	2,464,688	921,809	2,629,993
Public Safety	7,495,350	7,495,350	6,298,216	1,197,134	6,152,348
Community Services	2,120,940	2,120,940	1,967,637	153,303	1,784,718
Victim Advocate	198,398	198,398	158,048	40,350	146,579
Intergovernmental Services	65,747	65,747	63,511	2,236	36,970
Capital Outlay	13,850	13,850	14,654	(804)	1,850
TOTAL EXPENDITURES	12,705,782	13,280,782	10,966,754	2,314,028	10,752,458
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,499,403	3,058,403	4,685,003	1,626,600	4,782,599
OTHER FINANCING SOURCES (USES)					
Transfers In	755,000	875,000	864,800	(10,200)	696,167
Transfers Out	(2,225,000)	(2,225,000)	(2,205,000)	20,000	(2,625,837)
TOTAL OTHER FINANCING SOURCES (USES)	(1,470,000)	(1,350,000)	(1,340,200)	9,800	(1,929,670)
NET CHANGE IN FUND BALANCE	29,403	1,708,403	3,344,803	1,636,400	2,852,929
FUND BALANCE, Beginning	13,217,839	15,542,320	15,542,320	-	12,689,391
FUND BALANCE, Ending	$ 13,247,242	$ 17,250,723	$ 18,887,123	$ 1,636,400	$ 15,542,320

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

REDEVELOPMENT AGENCY FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	2021			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Property Taxes	$ -	$ 1,333	$ 1,333	$ 3,829
Charges for Services	30,000	-	(30,000)	-
Change in Value of Asset	-	-	-	(50,000)
Interest	-	(11,295)	(11,295)	86,785
TOTAL REVENUES	30,000	(9,962)	(39,962)	40,614
EXPENDITURES				
Community Development	27,000	11,742	15,258	166,712
Capital Outlay	1,300,000	127,508	1,172,492	940,551
TOTAL EXPENDITURES	1,327,000	139,250	1,187,750	1,107,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,297,000)	(149,212)	1,147,788	(1,066,649)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(498,000)	(98,000)	400,000	(338,273)
NET CHANGE IN FUND BALANCE	(1,795,000)	(247,212)	1,547,788	(1,404,922)
FUND BALANCE (DEFICIT), Beginning	3,874,057	4,292,914	418,857	5,697,836
FUND BALANCE (DEFICIT), Ending	$ 2,079,057	$ 4,045,702	$ 1,966,645	$ 4,292,914

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

SCHEDULE OF CONTRIBUTIONS
December 31, 2021

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2020	-	-	-	N/A	N/A
2021	-	-	-	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

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

VOLUNTEER FIREFIGHTERS' PENSION PLAN

Measurement Period Ending December 31,	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service Cost	$ 8,261	$ 9,684	$ 9,684	$ 4,459	$ 4,459	$ 11,453	$ 11,453
Interest on the Total Pension Liability	18,016	19,258	20,578	18,754	19,351	30,134	31,625
Benefit Changes	-	-	-	-	112,551	-	-
Difference Between Expected and and Actual Experience	930	-	(42,807)	-	27,056	-	(44,807)
Assumption Changes	-	-	2,120	-	25,411	-	-
Benefit Payments	(11,340)	(11,340)	(11,340)	(11,340)	(19,305)	(20,280)	(20,280)
Net Change in Total Pension Liability	15,867	17,602	(21,765)	11,873	169,523	21,307	(22,009)
Total Pension Liability - Beginning	241,722	257,589	275,191	253,426	265,299	434,822	456,129
Total Pension Liability - Ending	$ 257,589	$ 275,191	$ 253,426	$ 265,299	$ 434,822	$ 456,129	$ 434,120
Plan Fiduciary Net Position							
Employer Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pension Plan Net Investment Income	175,814	48,972	149,764	425,111	(63)	469,836	491,893
Benefit Payments	(11,340)	(11,340)	(11,340)	(11,340)	(19,305)	(20,280)	(20,280)
Pension Plan Administrative Expenses	(4,992)	(5,673)	(5,274)	(5,907)	(5,104)	(6,143)	(2,856)
State of Colorado Supplemental Discretionary Payment	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	159,482	31,959	133,150	407,864	(24,472)	443,413	468,757
Plan Fiduciary Net Position - Beginning	2,566,210	2,725,692	2,757,651	2,890,801	3,298,665	3,274,193	3,717,606
Plan Fiduciary Net Position - Ending	2,725,692	2,757,651	2,890,801	3,298,665	3,274,193	3,717,606	4,186,363
Net Pension Liability/(Asset)	$ (2,468,103)	$ (2,482,460)	$ (2,637,375)	$ (3,033,366)	$ (2,839,371)	$ (3,261,477)	$ (3,752,243)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	1058.16%	1002.09%	1140.69%	1243.38%	753.00%	815.03%	964.33%
Covered Payroll	N/A	N/A	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	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,

	2013	2014	2015	2016	2017	2018	2019	2020
City's proportionate share of the Net Pension Liability (Asset)	0.562%	0.502%	0.525%	0.498%	0.411%	0.408%	0.376%	0.321%
City's proportionate share of the Net Pension Liability (Asset)	$ (502,336)	$ (566,954)	$ (9,256)	$ 179,887	$ (591,851)	$ 515,431	$ (212,415)	$ (696,608)
City's covered payroll	$ 2,198,747	$ 2,080,599	$ 2,345,907	$ 2,328,554	$ 2,303,527	$ 2,303,527	$ 2,666,409	$ 227,807
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%	22.4%	-8.0%	-305.8%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%	101.9%	106.7%

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,

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily required contributions	195,203	$ 180,731	$ 203,697	$ 203,826	$ 192,308	$ 218,475	$ 221,454	$ 206,180	$ 227,807
Contributions in relation to the statutorily required contributions	195,203	180,731	203,697	203,826	192,308	218,475	221,454	206,180	227,807
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$ 2,464,281	$ 2,711,988
Contributions as a percentage of covered payroll	8.88%	8.69%	8.68%	8.75%	8.35%	8.54%	8.31%	8.37%	8.40%

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	2020	2021
Total OPEB Liability					
Service Cost	$ 16,613	$ 16,613	$ 16,334	$ 11,543	$ 13,438
Interest	20,238	24,942	23,385	14,086	11,612
Benefit Changes	-	-	-	-	30,952
Difference Between Expected and Actual Experience	-	-	(116,192)	-	(131,980)
Assumption Changes	18,468	15,185	58,074	25,322	14,867
Benefit Payments	(34,141)	(34,141)	(30,625)	(38,378)	-
Employer Contributions	-	(12,900)	(10,800)	-	-
Other OPEB Expense	-	-	(37,986)	-	-
Net Change in Total OPEB Liability	21,178	9,699	(97,810)	12,573	(61,111)
Total OPEB Liability - Beginning	588,651	609,829	619,528	521,718	534,291
Total OPEB Liability - Ending	$ 609,829	$ 619,528	$ 521,718	$ 534,291	$ 473,180
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

Notes:
Changes of assumptions and other inputs reflect a change in the discount rate which is 2.12% as of December 31, 2020.

There are no assets accumulated in a trust to pay related benefits for this plan.

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, 2021

	2021			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Licenses and Permits	$ 1,000	$ -	$ (1,000)	$ -
Intergovernmental	235,000	393,444	158,444	350,870
Interest	30,000	(7,686)	(37,686)	60,931
	-			
TOTAL REVENUES	266,000	385,758	119,758	411,801
EXPENDITURES				
Community Services	279,000	114,720	164,280	21,990
Capital Outlay	1,192,875	447,707	745,168	915,235
TOTAL EXPENDITURES	1,471,875	562,427	909,448	937,225
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,205,875)	(176,669)	1,029,206	(525,424)
OTHER FINANCING SOURCES (USES)				
Transfers In	980,000	755,000	(225,000)	1,093,273
Transfers Out	(79,000)	(79,000)	-	(74,000)
TOTAL OTHER FINANCING SOURCES (USES)	901,000	676,000	(225,000)	1,019,273
NET CHANGE IN FUND BALANCE	(304,875)	499,331	804,206	493,849
FUND BALANCE, Beginning	3,272,693	3,897,417	624,724	3,403,568
FUND BALANCE, Ending	$ 2,967,818	$ 4,396,748	$ 1,428,930	$ 3,897,417

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	2021			
	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Intergovernmental	$ -	$ 18,120	$ 18,120	$ 14,858
Miscellaneous	20,000	23,977	3,977	94,336
Interest	-	(3,401)	(3,401)	34,869
TOTAL REVENUES	20,000	38,696	18,696	144,063
EXPENDITURES				
Capital Outlay	1,269,223	743,628	525,595	1,666,945
TOTAL EXPENDITURES	1,269,223	743,628	525,595	1,666,945
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,249,223)	(704,932)	544,291	(1,522,882)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,450,000	1,450,000	-	1,670,000
NET CHANGE IN FUND BALANCE	200,777	745,068	544,291	147,118
FUND BALANCE, Beginning	1,459,700	2,003,499	543,799	1,856,381
FUND BALANCE, Ending	$ 1,660,477	$ 2,748,567	$ 1,088,090	$ 2,003,499

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2021

	SPECIAL REVENUE			TOTALS	
	SPECIAL INVESTIGATIONS FUND	E911 FUND	OPEN SPACE FUND	2021	2020
ASSETS					
Cash and Investments	$ 12,298	$ -	$ 972,384	$ 984,682	$ 299,506
Accounts Receivable	-	33,386	691,418	724,804	108,068
Due from Other Funds	-	-	-	-	200,837
TOTAL ASSETS	$ 12,298	$ 33,386	$ 1,663,802	$ 1,709,486	$ 608,411
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	$ -	$ 760	$ -	$ 760	$ -
Due to Other Funds	2,500	32,626	-	35,126	23,030
TOTAL LIABILITIES	2,500	33,386	-	35,886	23,030
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	9,798	-	1,663,802	1,673,600	585,381
TOTAL FUND BALANCES	9,798	-	1,663,802	1,673,600	585,381
TOTAL LIABILITIES AND FUND BALANCES	$ 12,298	$ 33,386	$ 1,663,802	$ 1,709,486	$ 608,411

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, 2021

	SPECIAL REVENUE			TOTALS	
	SPECIAL INVESTIGATIONS FUND	E911 FUND	OPEN SPACE FUND	2021	2020
REVENUES					
Taxes	$ -	$ 232,341	$ 144,591	$ 376,932	$ 311,682
Intergovernmental	9,797	-	1,540,514	1,550,311	270,802
Interest	1	-	484	485	9,659
TOTAL REVENUES	9,798	232,341	1,685,589	1,927,728	592,143
EXPENDITURES					
General Government	-	2,541	-	2,541	30,804
Parks and Recreation	-	-	7,168	7,168	6,497
Capital Outlay	-	-	600,000	600,000	1,360,000
TOTAL EXPENDITURES	-	2,541	607,168	609,709	1,397,301
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,798	229,800	1,078,421	1,318,019	(805,158)
OTHER FINANCING (USES)					
Transfers In	-	-	-	-	200,837
Transfers Out	-	(229,800)	-	(229,800)	(183,167)
TOTAL OTHER FINANCING SOURCES (USES)	-	(229,800)	-	(229,800)	17,670
NET CHANGE IN FUND BALANCES	9,798	-	1,078,421	1,088,219	(787,488)
FUND BALANCES, Beginning	-	-	585,381	585,381	1,373,169
FUND BALANCES, Ending	$ 9,798	$ -	$ 1,663,802	$ 1,673,600	$ 585,681

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

E911 FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	2021				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Taxes	$ 120,000	$ 240,000	$ 232,341	$ (7,659)	$ 183,167
TOTAL REVENUES	120,000	240,000	232,341	(7,659)	183,167
EXPENDITURES					
General Government	-	-	2,541	(2,541)	-
TOTAL EXPENDITURES	-	-	2,541	(2,541)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	120,000	240,000	229,800	(10,200)	183,167
OTHER FINANCING SOURCES (USES)					
Transfers Out	(120,000)	(240,000)	(229,800)	10,200	(183,167)
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -	$ -

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

OPEN SPACE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2021

	2021			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Taxes	$ 86,500	$ 144,591	$ 58,091	$ 128,515
Intergovernmental	1,785,000	1,540,514	(244,486)	270,802
Interest	5,000	484	(4,516)	9,645
TOTAL REVENUES	1,876,500	1,685,589	(190,911)	408,962
EXPENDITURES				
Parks and Recreation	7,500	7,168	332	6,797
Capital Outlay	1,855,000	600,000	1,255,000	1,360,000
TOTAL EXPENDITURES	1,862,500	607,168	1,255,332	1,366,797
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,000	1,078,421	1,064,421	(957,835)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	200,837
NET CHANGE IN FUND BALANCE	14,000	1,078,421	1,064,421	(756,998)
FUND BALANCE, Beginning	1,261,379	585,381	(675,998)	1,342,379
FUND BALANCE, Ending	$ 1,275,379	$ 1,663,802	$ 388,423	$ 585,381

See the accompanying independent auditors' report.

CITY OF FEDERAL HEIGHTS, COLORADO

UTITLITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION -
BUDGET TO ACTUAL
Year Ended December 31, 2021

	2021			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES				
Water Sales	$ 3,742,860	$ 3,652,637	$ (90,223)	$ 3,354,321
Sewer Fees	1,740,440	1,901,319	160,879	1,582,660
Other Income	-	61,934	61,934	5,260
Tap Fees and Other Contributions	-	-	-	29,671
Interest	100,000	(11,894)	(111,894)	74,543
TOTAL REVENUES	5,583,300	5,603,996	20,696	5,046,455
EXPENDITURES				
Water Supply	2,987,306	2,629,923	357,383	2,758,755
Water Distribution	457,363	348,214	109,149	249,715
Sewer Collection and Treatment	1,481,950	1,034,136	447,814	1,136,784
General and Administrative	79,748	90,030	(10,282)	77,286
Capital Outlay	1,340,500	578,583	761,917	734,569
Transfer Out	378,000	378,000	-	363,000
TOTAL EXPENDITURES	6,724,867	5,058,886	1,665,981	5,320,109
NET INCOME, Budget Basis	$ (1,141,567)	545,110	$ 1,686,677	(273,654)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		578,583		734,569
Depreciation Expense		(520,194)		(492,851)
NET INCOME, GAAP Basis		603,499		(31,936)
NET POSITION, Beginning		16,517,800		16,549,736
NET POSITION, Ending		$ 17,121,299		$ 16,517,800

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, 2021

	2021				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2020 ACTUAL
REVENUES					
Drainage Fees	$ 357,000	$ 357,000	$ 360,133	$ 3,133	$ 358,233
Other Income	1,200	1,200	1,221	21	3,028
Interest	3,000	3,000	(575)	(3,575)	6,646
TOTAL REVENUES	361,200	361,200	360,779	(421)	367,907
EXPENDITURES					
General and Administrative	167,030	167,030	129,184	37,846	115,490
Capital Outlay	230,000	230,000	199,832	30,168	160,697
Transfers Out	80,000	80,000	80,000	-	76,000
TOTAL EXPENDITURES	477,030	477,030	409,016	68,014	352,187
NET INCOME, Budget Basis	$ (115,830)	$ (115,830)	(48,237)	$ 67,593	15,720
GAAP BASIS ADJUSTMENTS					
Capital Outlay			199,832		160,697
Depreciation Expense			(161,329)		(151,134)
NET INCOME, GAAP Basis			(9,734)		25,283
NET POSITION, Beginning			3,868,957		3,843,674
NET POSITION, Ending			$ 3,859,223		$ 3,868,957

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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Financial Trends 59

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

Revenue Capacity 63

These schedules contain information to help the reader assess the government's most significant local revenue sources – sales taxes and property taxes.

Debt Capacity 69

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

Demographic and Economic Information 74

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

Operating Information 77

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 2012 - 2021
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net Investment in capital assets	$ 11,402,905	$ 11,815,536	$ 11,713,411	$ 12,018,995	$ 12,963,928	$ 14,082,864	$ 15,544,134	$ 17,704,072	$ 21,366,876	$ 21,797,837
Restricted	5,081,452	4,990,859	4,990,859	5,015,859	6,103,682	9,726,902	10,545,466	12,887,540	11,326,461	13,583,198
Unrestricted	1,221,810	2,478,838	4,557,394	10,392,172	11,711,916	10,791,780	12,888,748	14,904,157	17,917,667	21,365,433
Total governmental activities net position	17,706,167	19,285,233	21,261,664	27,427,026	30,779,526	34,601,546	38,978,348	45,495,769	50,611,004	56,746,468
Business Type Activities										
Net Investment in capital assets	8,089,939	8,750,906	9,737,609	10,274,485	11,002,153	12,036,135	12,848,139	13,313,649	13,564,931	13,661,823
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,603,756	8,476,924	8,111,694	7,836,777	7,719,835	7,359,734	7,033,520	7,079,761	6,821,826	7,318,699
Total business-type activities net position	16,693,695	17,227,830	17,849,303	18,111,262	18,721,988	19,395,869	19,881,659	20,393,410	20,386,757	20,980,522
Primary government										
Net Investment in capital assets	19,492,844	20,566,442	21,451,020	22,293,480	23,966,081	26,118,999	28,392,273	31,017,721	34,931,807	35,459,660
Restricted	5,081,452	4,990,859	4,990,859	5,015,859	6,103,682	9,726,902	10,545,466	12,887,540	11,326,461	13,583,198
Unrestricted	9,825,566	10,955,762	12,669,088	18,228,949	19,431,751	18,151,514	19,922,268	21,983,918	24,739,493	28,684,132
Total primary government net position	$ 34,399,862	$ 36,513,063	$ 39,110,967	$ 45,538,288	$ 49,501,514	$ 53,997,415	$ 58,860,007	$ 65,889,179	$ 70,997,761	$ 77,726,990

Source: City of Federal Heights Financial Statements.

City of Federal Heights
Changes in Net Position
Fiscal Years 2012-2021
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	$ 2,286,479	$ 2,498,600	$ 2,195,756	$ 2,690,058	$ 2,760,615	$ 2,958,274	$ 5,862,730	$887,296	$2,947,900	$2,981,622
Public Safety	4,757,564	4,968,971	4,894,313	4,419,375	4,862,109	5,236,063	5,388,329	6,043,652	6,582,022	6,633,150
Community Services	1,534,548	1,788,926	1,737,252	1,820,951	1,870,024	1,864,885	2,103,951	2,361,761	2,319,298	2,634,495
Parks and Recreation	70,222	71,534	62,961	44,243	30,147	29,733	32,751	479,914	22,872	17,279
Community Development	303,260	64,800	351,074	132,285	151,832	154,598	158,807	1,385,318	174,295	15,907
Interest on Long-Term Debt	239,196	186,796	117,767	75,482	74,956	63,999	38,463	-	-	-
Total governmental activities expenses	9,191,269	9,579,627	9,359,123	9,182,394	9,749,683	10,307,552	13,585,031	11,157,941	12,046,387	12,282,453
Business-type activities:										
Utility	3,163,249	3,213,755	3,341,407	3,585,736	3,803,002	4,064,922	4,296,976	4,537,850	4,715,391	4,622,497
Drainage	128,306	121,180	121,595	157,072	180,448	195,581	203,923	239,047	266,624	290,513
Fire Academy	50	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	3,291,605	3,334,935	3,463,002	3,742,808	3,983,450	4,260,503	4,500,899	4,776,897	4,982,015	4,913,010
Total primary government expenses	12,482,874	12,914,562	12,822,125	12,925,202	13,733,133	14,568,055	18,085,930	15,934,838	17,028,402	17,195,463
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	42,491	130,259	696,936	511,420	550,302	496,656	541,927	597,843	439,260	515,711
Public Safety	1,294,416	1,286,289	476,099	479,961	406,745	399,701	559,711	727,256	285,320	296,432
Community Services	149,676	74,926	137,945	206,367	200,161	204,649	249,089	247,627	206,062	177,057
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	611,879	369,615	555,306	680,833	688,239	585,028	654,344	725,645	1,772,222	646,201
Capital grants	50,286	460,312	304,919	385,488	973,385	1,196,142	3,604,030	509,624	636,530	1,952,078
Total governmental activities program revenues	2,148,748	2,321,401	2,171,205	2,264,069	2,818,832	2,882,176	5,609,101	2,807,995	3,339,394	3,587,479
Business-type activities:										
Charges for services										
Utility	3,503,115	3,557,308	3,542,121	3,803,009	4,369,993	4,345,729	4,810,892	5,069,104	4,936,981	5,553,956
Drainage	364,608	371,893	372,657	378,926	379,773	397,591	378,465	357,162	358,233	360,133
Capital grants and contributions	300,033	-	-	-	-	380,199	-	59,461	29,671	-
Total business-type activities program revenues	4,167,756	3,929,201	3,914,778	4,181,935	4,749,766	5,123,519	5,189,357	5,485,727	5,324,885	5,914,089
Total primary government program revenues	6,316,504	6,250,602	6,085,983	6,446,004	7,568,598	8,005,695	10,798,458	8,293,722	8,664,279	9,501,568
Net (Expense)/Revenue										
Government activities	(7,042,521)	(7,258,226)	(7,187,918)	(6,918,325)	(6,930,851)	(7,425,376)	(7,975,930)	(8,349,946)	(8,706,993)	(8,694,974)
Business-type activities	876,151	594,266	451,776	439,127	766,316	863,016	688,458	708,830	342,870	1,001,079
Total primary government net expense	(6,166,370)	(6,663,960)	(6,736,142)	(6,479,198)	(6,164,535)	(6,562,360)	(7,287,472)	(7,641,116)	(8,364,123)	(7,693,895)
General Revenues										
Governmental activities:										
Taxes										
Property Taxes	28,205	29,080	30,170	31,596	39,128	39,489	45,666	45,636	76,137	75,706
Sales & Admissions Taxes	5,999,533	6,138,605	6,660,358	7,110,293	7,547,332	8,159,783	9,633,214	10,811,303	11,862,384	13,433,003
Property Tax Increment Financing	1,368,167	1,379,632	1,637,035	1,779,492	1,882,640	1,846,624	2,146,533	2,492,626	3,829	1,333
Other Taxes	468,193	505,267	501,502	739,941	465,724	507,374	504,883	513,920	693,802	811,020
Interest	135,155	96,061	125,751	120,863	184,833	188,896	386,094	632,481	403,316	(42,789)
Miscellaneous	192,384	86,892	131,564	50,930	170,127	117,035	53,142	16,401	343,760	94,165
Transfers	230,169	252,155	252,597	255,000	255,000	280,000	340,000	355,000	439,000	458,000
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	8,421,806	8,837,292	9,164,349	10,076,132	10,283,351	11,131,409	12,352,732	14,867,367	13,822,228	14,830,438
Business-type activities:										
Interest	150,695	82,273	105,836	69,502	87,988	80,409	117,237	138,659	81,189	(12,469)
Miscellaneous	11,313	16,601	10,343	8,330	11,422	10,456	20,095	19,262	8,288	63,155
Transfers	(230,169)	(252,155)	(252,597)	(255,000)	(255,000)	(280,000)	(340,000)	(355,000)	(439,000)	(458,000)
Capital Contributions - Special Item	-	93,150	306,115	-	-	-	-	-	-	-
Total business-type activities	(68,161)	(60,131)	169,697	(177,168)	(155,590)	(189,135)	(202,668)	(197,079)	(349,523)	(407,314)
Total primary government	8,353,645	8,777,161	9,334,046	9,898,964	10,127,761	10,942,274	12,150,064	14,670,288	13,472,705	14,423,124
Change in Net Position										
Governmental activities	1,379,285	1,579,066	1,976,431	3,157,807	3,352,500	3,706,033	4,376,802	6,517,421	5,115,235	6,135,464
Business-type activities	807,990	534,135	621,473	261,959	610,726	673,881	485,790	511,751	(6,653)	593,765
Total Change in Net Position	$ 2,187,275	$ 2,113,201	$ 2,597,904	$ 3,419,766	$ 3,963,226	$ 4,379,914	$ 4,862,592	$ 7,029,172	$ 5,108,582	$ 6,729,229

Source: City of Federal Heights Financial Statements.

City of Federal Heights
Fund Balance, Governmental Funds
Fiscal Years 2012 - 2021
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	$ 2,114,195	$ 1,701,066	$ 1,256,806	$ 866,309	$ 912,356	$ 962,268	$ 695,730	$ 117,049	$ -	$ 18,123
Restricted	1,385,545	568,119	531,641	524,463	700,575	755,723	571,771	556,586	547,250	718,581
Commited	323,939	332,783	329,526	316,542	295,290	282,703	258,798	228,092	169,111	98,411
Unassigned	2,597,318	3,298,843	4,215,706	5,681,649	5,937,499	7,246,375	9,090,395	11,787,664	14,825,959	18,052,008
Total General Fund	6,420,997	5,900,811	6,333,679	7,388,963	7,845,720	9,247,069	10,616,694	12,689,391	15,542,320	18,887,123
All Other Governmental Funds										
Nonspendable	1,568,231	1,568,233	1,568,233	1,568,233	1,306,800	-	113,784	-	-	-
Restricted	3,695,907	4,422,740	4,620,699	4,567,589	5,403,107	8,971,179	9,973,695	12,330,954	10,779,211	12,864,617
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(4,195,457)	(3,130,804)	(1,743,648)	(154,567)	1,032,011	-	-	-	-	-
Total all other governmental funds	1,068,681	2,860,169	4,445,284	5,981,255	7,741,918	8,971,179	10,087,479	12,330,954	10,779,211	12,864,617
Total Fund Equity	$ 7,489,678	$ 8,760,980	$ 10,778,963	$ 13,370,218	$ 15,587,638	$ 18,218,248	$ 20,704,173	$ 25,020,345	$ 26,321,531	$ 31,751,740

Source: City of Federal Heights Financial Statements

City of Federal Heights
Changes in Fund Balances, Governmental Funds
Fiscal Years 2012 - 2021
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	$ 7,864,098	$ 8,052,584	$ 8,829,065	$ 9,661,322	$ 9,934,824	$ 10,511,067	$ 12,372,499	$ 13,863,485	$ 12,636,152	$ 14,321,062
Licenses and Permits	152,220	105,732	137,945	206,367	200,161	204,649	249,089	247,627	206,062	177,057
Intergovernmental	662,166	846,250	860,225	1,066,321	1,661,624	1,781,170	4,258,374	1,235,269	2,408,752	2,598,279
Charges for Services	762,282	758,592	696,936	511,420	550,302	496,656	541,927	597,843	439,260	515,711
Court revenues	572,080	627,150	476,099	479,961	406,745	399,701	559,711	727,256	285,320	296,432
Interest	135,155	96,061	125,751	120,863	184,833	188,896	386,094	632,481	403,316	128,225
Miscellaneous	192,384	70,569	131,564	50,930	170,127	117,035	(703,658)	27,357	344,816	(42,789)
Change in Value of Asset	-	-	-	-	(261,433)	-	-	-	-	-
Total revenues	10,340,385	10,556,938	11,257,585	12,097,184	12,847,183	13,699,174	17,664,036	17,331,318	16,723,678	17,993,977
Expenditures										
General Government	1,951,040	1,972,136	2,040,551	2,096,601	2,086,425	1,993,027	2,131,264	2,229,560	2,660,797	2,467,229
Public Safety	4,498,433	4,729,285	4,706,213	4,541,834	4,835,191	4,944,336	5,527,909	5,758,072	6,152,348	6,298,216
Community Services	1,193,203	1,380,800	1,373,876	1,441,761	1,462,362	1,453,998	1,675,826	1,895,945	1,806,708	2,082,357
Victim Advocate	90,595	103,177	99,215	95,214	110,063	76,905	124,255	142,409	146,579	158,048
Parks and Recreation	8,069	7,823	5,145	6,304	7,101	7,006	10,024	457,187	6,797	7,168
Community Development	290,980	52,520	70,167	121,030	141,576	143,964	147,436	1,374,318	166,712	11,742
Intergovernmental Services	34,919	36,121	39,244	49,244	72,713	70,910	58,354	44,968	36,970	63,511
Capital outlay	369,682	1,069,133	1,040,021	1,333,459	2,094,376	2,594,419	5,804,580	1,467,687	4,884,581	1,933,497
Debt service										
Interest	239,196	186,796	117,767	75,482	74,956	63,999	38,463	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,676,117	9,537,791	9,492,199	9,760,929	10,884,763	11,348,564	15,518,111	13,370,146	15,861,492	13,021,768
Excess of revenues over (under) expenditures	1,664,268	1,019,147	1,765,386	2,336,255	1,962,420	2,350,610	2,145,925	3,961,172	862,186	4,972,209
Other Financing Sources (Uses)										
Transfers in	719,723	1,884,670	1,171,202	1,138,000	2,232,829	1,491,917	3,165,642	2,855,000	3,660,277	3,069,800
Transfers out	(489,554)	(1,632,515)	(918,605)	(883,000)	(1,977,829)	(1,211,917)	(2,825,642)	(2,500,000)	(3,221,277)	(2,611,800)
Total other financing sources (uses)	230,169	252,155	252,597	255,000	255,000	280,000	340,000	355,000	439,000	458,000
Net changes in fund balances	1,894,437	1,271,302	2,017,983	2,591,255	2,217,420	2,630,610	2,485,925	4,316,172	1,301,186	5,430,209
Debt services as a percentage of noncapital expenditures (a)	2.9%	2.2%	1.4%	0.9%	0.8%	0.7%	0.3%	0.0%	0.0%	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.*
Interest expense for 2012 - 2018 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 (a)	Assessed Value as a Percentage of Actual Value
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%
2020	57,836,730	46,227,520	1,532,490	6,133,100	-	111,729,840	0.68	994,743,625	11%
2021	66,123,450	48,900,500	1,378,160	7,138,660	-	123,540,770	0.68	1,122,794,255	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 (a)	Assessed Value as a Percentage of Actual Value
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
2020	-	-	-	-	-	-	na	-	na
2021	-	-	-	-	-	-	na	-	na

Source: Adams County Assessors Office.

(a) Property in Federal Heights is reassessed every two years by Adams County. For 2021, 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) For 2021, Oil and Gas Personal Property is reported in State Assessed to be consistent with Adams County Assessment Reporting. Prior year's Oil and Gas Personal Property was reported by Adams County in the category - Industrial Property.

(c) 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.

(d) 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	Adams County	Urban Drainage District	School District 12	School District 50	Westminster Public Schools FKA #50	Hyland Hills Recreation District	Rangeview Library District
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
2020	0.680	0.680	26.897	1.000	69.785	na	66.180	5.116	3.670
2021	0.680	0.680	27.069	1.000	68.677	na	64.800	5.123	3.689

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 12 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 12/31/21 there are no direct debt service mills.

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

	2021			2012		
	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	$ 6,291,990	1	5%	$ -	-	-
CR Tuscan Heights Communities LLC	6,120,980	2	5%	-	-	-
Public Service Co of Colorado	5,161,950	3	4%	1,764,300	3	4%
MHC Holiday Hills Village LLC	3,693,700	4	3%	1,187,240	8	3%
GKT Market Square LLC	3,472,610	5	3%	-	-	-
Lodge on 84th LLC	3,396,250	6	3%	-	-	-
WH- Denver LLC	3,046,410	7	2%	-	-	-
Comcast or Colorado IX LLC	2,986,550	8	2%	-	-	-
Dean Ventures LLC	2,659,040	9	2%	-		-
Kimberly Hills	2,471,430	10	2%	889,370	10	2%
Fairfield Legacy Heights	-	-	-	2,391,120	1	6%
West 85th Avenue Apartments	-	-	-	1,830,910	2	4%
Buckingham West - Federal Plaza LLC	-	-	-	1,740,000	4	4%
ADLP - 84th LLC	-	-	-	1,371,960	5	3%
Miller International	-	-	-	1,228,710	6	3%
Safeway Stores 45 Inc	-	-	-	1,213,360	7	3%
Hunters Cove Residential	-			967,150	9	2%
Total	$ 39,300,910		32%	$14,584,120		34%

Source: Adams County Assessor's Office.

City of Federal Heights
Taxable Sales & Admissions and Sales & Admissions Taxes Collections By Category
Fiscal Years 2012 - 2021

Taxable Sales	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Utility	$ 13,321,850	$ 13,778,325	$ 14,124,025	$ 14,045,325	$ 14,794,200	$ 15,281,309	$ 14,336,892	13,684,484	14,761,067	17,358,333
Grocery	35,550,100	35,657,900	39,442,600	40,305,125	41,706,475	42,557,544	42,656,901	43,456,359	49,053,716	46,451,807
Retail	18,136,450	21,201,925	22,434,300	24,965,850	26,103,850	34,190,351	47,281,593	58,108,271	71,386,531	84,921,080
Entertainment	16,592,200	15,510,450	14,645,175	15,483,425	15,215,375	14,459,641	14,034,132	14,439,832	938,437	18,139,584
Eating and drinking establishments	21,083,500	21,466,250	23,114,750	25,228,725	26,029,900	28,086,243	30,373,766	32,977,560	32,938,589	35,918,697
Auto sales, dealers and auto supplies (a)	27,481,275	31,755,600	34,497,025	46,844,500	41,254,075	42,730,211	44,116,647	45,270,752	43,477,405	52,988,356
Liquor stores	5,727,700	6,762,550	7,751,225	8,313,550	8,889,750	9,368,293	9,887,106	8,982,558	10,020,039	11,044,379
Building materials (b)	6,086,100	1,735,949	4,055,325	453,825	6,384,700	7,193,462	4,077,075	8,500,459	3,399,208	3,518,976
All other outlets	6,009,150	5,596,175	6,444,525	6,789,825	8,304,975	9,192,834	16,610,325	12,250,100	16,464,473	6,917,108
Total	$ 149,988,325	$ 153,465,124	$ 166,508,950	$ 182,430,150	$ 188,683,300	$ 203,059,888	$ 223,374,437	$ 237,670,375	$ 242,439,465	$ 277,258,318

Sales and Admission Tax Collected	2012	% of Total	2013	% of Total	2014	% of Total	2015	% of Total	2016	% of Total	2017	% of Total	2018	% of Total	2019	% of Total	2020	% of Total	2021	% of Total
Utility	$ 532,874	9%	$ 551,133	9%	$ 564,961	8%	$ 561,813	8%	$ 591,768	8%	$ 611,252	7%	$ 573,476	6%	$ 547,379	5%	$ 590,443	5%	694,333	5%
Grocery	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%	$ 1,962,149	17%	1,858,072	14%
Retail	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%	$ 5,020,266	42%	5,739,514	43%
Entertainment	663,688	11%	620,418	10%	585,807	9%	619,337	8%	608,615	8%	578,386	7%	561,365	6%	$ 577,593	5%	$ 37,537	0%	725,583	5%
Eating and drinking establishments	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%	$ 1,317,544	11%	1,436,748	11%
Auto sales, dealers and auto supplies (a)	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%	$ 1,739,096	15%	2,119,534	16%
Liquor stores	229,108	4%	270,502	4%	310,049	5%	332,542	5%	355,590	5%	374,732	5%	395,484	4%	$ 359,302	3%	$ 400,802	3%	441,775	3%
Building materials (b)	243,444	4%	69,438	1%	162,213	2%	18,153	0%	255,388	3%	287,738	4%	163,083	2%	$ 340,018	3%	$ 135,968	1%	140,759	1%
All other outlets	240,366	4%	223,847	4%	257,781	4%	271,593	4%	332,199	4%	367,713	5%	664,413	7%	$ 490,006	5%	$ 658,579	6%	276,684	2%
Total	$ 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%	$ 11,862,384	100%	$ 13,433,003	100%

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

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

(c) In November 2014, the citizens of Federal Heights passed a 4% sales tax on medical marijuanna 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
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%
2020	4.00%	0.75%	2.90%	1.00%	0.10%	-	8.75%
2021	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 2012 - 2021

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)
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	-	-	76,137	76,137	99.0%
2020	75,976	-	-	75,706	75,706	99.6%
2021	84,008					

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 2012 - 2021

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			
2012	-	-	-	-	na	na
2013	-	-	-	-	na	na
2014	-	-	-	-	na	na
2015	-	-	-	-	na	na
2016	-	-	-	-	na	na
2017	-	-	-	-	na	na
2018	-	-	-	-	na	na
2019	-	-	-	-	na	na
2020	-	-	-	-	na	na
2021	-	-	-	-	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
2012	(1)
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	

(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, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Adams County School District 12	$ 562,407,259	3%	$ 16,872,218
Adams County	$ 157,420,606	1%	$ 1,574,206
Westminster Public School District 50	$ 148,351,763	3%	$ 4,450,553
Rangeview Library District	$ 22,030,000	2%	$ 440,600
Hyland Hills Recreation District	$ 7,499,782	8%	$ 599,983
Urban Drainage	$ -	na	$ -
Subtotal Overlapping Debt	$ 897,709,410		$ 23,937,559
City Direct Debt	$ -	-	$ -
Total Direct and Overlapping Debt	$ 897,709,410		$ 23,937,559

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 governement's assessed value as provided by Adams County.

City of Federal Heights
Legal Debt Margin Information
Fiscal Years 2012 - 2021

Legal Debt Margin Computation for Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maximum Debt Allowed:										
Actual value	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	994,743,625	1,122,794,255
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	$ 12,441,389	$ 13,857,425	$ 14,208,234	$ 18,599,673	$ 18,785,971	$ 23,863,944	$ 24,202,340	$ 30,361,957	$ 29,842,309	$ 33,683,828
Debt Applicable to Limit:										
Total bonds outstanding	-	-	-	-	-	-	-	-	-	-
Less: Sales and Use Tax Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Debt subject to limitation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	$ 12,441,389	$ 13,857,425	$ 14,208,234	$ 18,599,673	$ 18,785,971	$ 23,863,944	$ 24,202,340	$ 30,361,957	$ 29,842,309	$ 33,683,828
Total net debt applicable to limit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal debt margin	$ 12,441,389	$ 13,857,425	$ 14,208,234	$ 18,599,673	$ 18,785,971	$ 23,863,944	$ 24,202,340	$ 30,361,957	$ 29,842,309	$ 33,683,828
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, 2012 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 2012 - 2021

	Sales and Use Tax			
		Debt Service		
Fiscal Year	Sales and Use Tax Revenue (1)	Principal	Interest	Coverage
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
2020	$ 11,862,384	$ -	$ -	na
2021	$ 13,433,003	$ -	$ -	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)
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%
2020	14,382	326,514,546	22,703	29.6	2,596	9%
2021	14,382	326,514,546	22,703	29.6	2,628	4%

Source:
(a) Table Data based on US Census 2020.
(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	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Waterworld (seasonal employer)	919	1	*Note 1*	1,089	1	*Note 1*
Comcast	165	3		191	3	
Pinnacle Learning Center	164	2		270	2	
King Soopers	100	4		150	4	
City of Federal Heights	94	5		87	6	
McDonalds	90	6		75	7	
Miller International	70	7		102	5	
Safeway	60	8		60	9	
Federal Heights Elementary	57	9		62	8	
Walgreens	44	10		44	10	
Total	1,763			2,130		

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, 2021 is 265,498. Adams County employment as of December 31, 2012 was 216,056.

City of Federal Heights
Full-time Equivalent City Government Employees by Function/Program
Fiscal Years 2012 - 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	16	16	13	13	18	18	17	18	20	19
Public Safety										
Police	37	37	37	37	38	38	39	42	41	42
Fire /Ambulance	17	17	18	18	18	18	18	18	18	18
Public Works/Parks	11	12	12	12	8	9	9	9	8	8
Utility - Water/Sewer/Drainage	6	5	6	6	6	5	5	5	5	7
Total	87	87	86	86	87	88	88	92	92	94

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 2012 - 2021

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	1,099	924	798	1,303	1,260	1,111	1,146	913	434	526
Traffic violations	3,874	4,120	3,106	2,924	2,385	3,181	5,312	5,035	1,393	1,655
Fire/Ambulance										
Ambulance responses	1,373	1,400	1,465	1,383	1,497	2,065	1,886	1,965	1,854	2,088
Fire responses	513	432	372	416	449	439	478	643	629	558
Ambulance transports	884	928	986	974	1,162	1,370	1,327	1,342	1,474	1,616
Fire inspections	417	474	529	637	522	520	781	505	355	452
Water										
Water gallons billed to customers	459,669,000	431,477,000	411,853,000	433,308,000	451,173,000	445,638,000	473,808,000	466,203,000	436,373,000	428,405,000
Average daily consumption in gallons per person per day	110	103	98	104	108	106	113	111	83	82
Public Works										
Street resurfacing (miles)	0.15	0.22	0.60	1.20	4.25	0.39	2.6	1.47	4.12	1.00
Resurfacing as a percentage of total street miles	1%	1%	3%	7%	24%	2%	14%	8%	23%	6%
Administration										
Business licenses	216	216	222	219	219	213	222	223	224	222

Source: Various City of Federal Heights Departments.

City of Federal Heights
Capital Asset Indicators by Function/Program
Fiscal Years 2012 - 2021

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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
Streetlights	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

Form Approved

The public report burden for this information collection is estimated to average 380 hours annually. OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Federal Heights
	YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County 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	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	789,954
3. Other local imposts (from page 2)	1,230,563
4. Miscellaneous local receipts (from page 2)	207,024
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,227,541
B. Private Contributions	
C. Receipts from State government (from page 2)	329,678
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,557,219

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	361,264
2. Maintenance:	40,410
3. Road and street services:	
a. Traffic control operations	8,807
b. Snow and ice removal	120,327
c. Other	73,471
d. Total (a. through c.)	202,605
4. General administration & miscellaneo	154,736
5. Highway law enforcement and safety	1,298,873
6. Total (1 through 5)	2,057,888
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D	2,057,888

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
3,897,418	2,557,219	2,057,888	4,396,749	(0)

Notes and Comments:

FORM FHWA-536 (Rev.06/2000) PREVIOUS EDITIONS OBSOLETE Excel (Next Page)

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2021

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	75,707	a. Interest on investments	639
b. Other local imposts:		b. Traffic Fines & Penalities	206,385
1. Sales Taxes	755,000	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	399,856	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,154,856	h. Other	0
c. Total (a. + b.)	1,230,563	i. Total (a. through h.)	207,024
	(Carry forward to page 1		(Carry forward to page 1

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	286,962.0	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	42,716	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	42,716	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	329,678	3. Total (1. + 2.g)	
			(Carry forward to page 1

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		6,697	6,697
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		0	0
(3). System Preservation		354,567	354,567
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	354,567	354,567
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	361,264	361,264
			(Carry forward to page 1

Notes and Comments:

FORM FHWA-536